

PRE, DURING AND POST EFFECT OF MERGER AND ACQUISITION ON DANNEX AYRTON STARWIN (DASPHARMA) PLC

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ABSTRACT

The study intended at confirming the synergy theory and a statement by Mr. Daniel Appegyei (Chief Executive Officer of Daspharma) in a circular that the merger of the three manufacturing firms (Dannex, Ayrton and Starwin) will improve profitability and efficiency. The study as well determined the reason for the positive or negative effect of merger and acquisition. Profitability ratio aids to determine firms' ability to generate earnings relative to its assets, revenue, shareholders equity or operating costs over time utilizing financial data from a specific point in time. Efficiency ratio measures how effective a firm utilizes its resources to generate revenue. The study was quantitative in nature using secondary data from the financial statement of the sampled firm for a period of six years (2016, 2017, 2018, 2019, 2021 and 2022). The pre period was proxied with 2016 and 2017; during M&A period was represented by 2018 and 2019; and post M&A period was represented by 2021 and 2022. Data was analyzed using accounting ratios, averages, and ANOVA statistics to make conclusions at 5% significant level. It was discovered that there is no significant effect on profitability and efficiency of Daspharma after the merger, and that the main reason for the negative effect was as a result of high administrative cost.

Keywords: Merger and Acquisition, Profitability, Efficiency.