

## **Productivity and spillover effect of merger and acquisitions in Malaysia**

### **ABSTRACT**

**Purpose:** This paper aims to examine the productivity and spillover effect of Malaysian horizontal merger and acquisition (M&A) activities in the long run. **Design/methodology/approach:** In terms of analytical tools, economic value added (EVA) and data envelopment analysis (DEA) are used. **Findings:** The results of this study reveal that M&As in the absence of antitrust laws could be driven by managerial self-interest to create market power instead of realizing synergistic gains. Also, in Malaysia, the non-merging rival firms have significantly higher productivity improvement than the control bidder firms, and therefore, this study has identified the spillover effect as a behavior of M&A reaction. **Originality/value:** This paper differs from previous studies in that it attempts not only to examine the real long-term gains of horizontal M&A activities in Malaysia but also the spillover effects of M&A activities on similar but non-merging firms.

**Keyword:** DEA; EVA; Government policy; Malaysia; Merger