The Merger and Acquisition of Animal Medicine and the Trend of Development

Qia Zhang*
School of Management, Xi’an University of Science and technology, Xi’an 710054, Shaanxi, China
*Corresponding author (E-mail: ankangzhangqia@163.com)

Abstract: In order to promote the concentration and strengthen the animal pharmaceutical industry, as well as significantly increasing the operating income and lowering the costs of animal and pharmaceutical enterprises, giving full play to the scale effects, and achieving the goal of enhancing the competition of enterprises and expanding the share of market, the mergers and acquisitions are utilized to improve the industrial concentration of animal medicine. Besides, during the actions of mergers and acquisitions, the interests of CEO, shareholders, government, and government officials, as well as CEO corruption, are analyzed. The research results show that the merger and acquisition and development of animal pharmaceutical enterprises have brought the impetus for the development and quality improvement of animal-specific medicine, which has ensured the prevention and treatment of animal diseases in China. The transparent on-the-job consumption of CEO can prevent the CEO from using the on-the-job consumption for power rent-seeking, which causes enormous wastes for merger and acquisition of animal medicine. The merger and acquisition of animal medicine have accelerated the reform pace of the pharmaceutical circulation system, promoted the structural adjustment of the pharmaceutical circulation system and the modernization of the management methods, accelerated the scale and intensive development of the pharmaceutical circulation field, and improved the market share and economic benefits.

Key words: Animal Medicine, Merger and Acquisition of Enterprise, Power Rent-Seeking

1. Introduction

In all the countries with emerging markets, enterprises need to maintain reasonable expansion in the survival and development of competition. At present, the values of merger and acquisition cases of pharmaceutical companies have exceeded 5 billion USD [1]. Mergers and acquisitions can optimize the industrial structure and increase the degree of competition in the industry. Integrating a large number of pharmaceutical enterprises that belong to redundant construction will significantly increase the market concentration of the Chinese pharmaceutical market, thereby improving the existing decentralized situations. Consequently, market competition in the pharmaceutical industry will become orderly.

The excessive power of the CEO will inevitably lead to power rent-seeking for personal gain in significant capital investment activities such as mergers and acquisitions. Therefore, enterprises should improve the management mechanisms, effectively balance the power of the CEO, and prevent the power of the CEO from being excessive. The solutions lie in 3 significant aspects. First, from the aspect of the board of directors, the internal committees should be established and perfected [2]. The establishments of the remuneration committee, the nomination committee, the strategic decision-making committee, and the audit committee of the board of directors have vigorous checks, which can balance the power of the CEO and effectively reduce the dictatorship and rent-seeking ability of the CEO in significant capital investment decisions such as mergers and acquisitions. Second, from the aspect of control right, the control of the CEO over the board of directors must be reduced [3]. The board of directors is critical to the management of enterprises. Only by reducing the control of the CEO on the board of directors can the management mechanisms of enterprises operate effectively, which requires a system of separation of incompatible positions [4]. CEO shall not concurrently serve as chairman, board member, or member of the internal committees under the board of directors. Otherwise, the combination of the CEO and the chairman, the CEO and the board member, or the CEO and the member of the remuneration committee or the nomination committee will significantly enhance the power of CEO, which will strengthen the control of CEO on the board, thereby reducing the effectiveness of the supervision of the board on CEO. In turn, the self-determined compensation and power rent-seeking behavior of CEO may happen in mergers and acquisitions [5]. Third, from the aspect of supervision, the adequate supervision of the CEO by the board of directors, the board of supervisors and internal audit departments must be fully realized. The functions of independent directors and board of supervisors, act effectively to increase the proportion of outside directors, especially the independent directors, and ensure the independence of independent directors. The supervisory responsibilities of the board of supervisors and the internal audit department get strengthened to reduce the problem of internal control of the enterprises [6]. The power rent-seeking of CEO in mergers and acquisitions enterprises gets increasingly severe. CEO utilizes mergers and acquisitions to increase their salaries and gain powers. The implicit income of power rent-seeking has become the choice of CEO. Therefore, controlling the
power rent-seeking behaviors of CEO in mergers and acquisitions is vital to regulate the motives of mergers and acquisitions of enterprises and to improve the performance of mergers and acquisitions.

In summary, the interests of CEO, shareholders, government, and government officials in mergers and acquisitions are analyzed to provide appropriate theoretical guidance for regulating the behaviors of stakeholders, allocating the control right and residual claim, and supervising the transactions of enterprises in mergers and acquisitions. On the one hand, the mergers and acquisitions of animal pharmaceutical enterprises are the principal means for industrial integration, enterprise expansion, enterprise development, and the increase of technological innovation capability, which is the current and future strategic positioning for Chinese pharmaceutical companies to choose and rely on. On the other hand, changes in the internal and external competition environments have also forced pharmaceutical enterprises to integrate essential resources with technological innovation as the core. Technical capabilities will become an important factor restricting the development of enterprises, and pharmaceutical enterprises will pay more attention to mergers and acquisitions from the perspective of technology acquisition and innovation.

2. Literature Review

Lam et al. (2019) proposed that industrial animal food production is characterized by intensive animal housing, high throughput, specialization, vertical integration, and enterprise integration; the research in high-income countries records the impact on public health, environment, and animal welfare [7]. By using data from the Statistical Database of Food and Agriculture Organization of the United Nations (FAO), ten countries with mid-to-low incomes whose food animal productions are expanding are selected for the evaluation of National Information Program. A mixed approach review is conducted to explore the factors that influence the growth, evidence, and information gap. Some countries have promoted expansion through clear-cut government policies. The animal density, enterprise structure, and drug dependence in some regions reflect the situation in high-income countries. Kanagaratnam et al. (2018) studied the relationship between social trust and CEO compensation levels, as well as the annual shareholding ratio of enterprises [8]. They found that in countries with a high degree of social trust, CEO compensation levels and equity-based compensation rates are low. It suggests that in a jurisdiction with a high degree of social trust, high regulation of CEO compensation may not be necessary. They also studied the relationship between pay gaps and social trust. Consistent with the results that CEO positions are low, they found that countries with higher levels of social trust have smaller pay differences. Research by Lewis and Bozos (2019) showed that international acquirers could reduce their overall risks through various uncertain interactions [9]. By using asset pricing to measure the risk transfer and significant international acquisitions of US companies during 2000-2014, they found that acquirers can reduce risks and country-level risk factors through the internal risk factors of transactions and transactional risk factors (information asymmetry and moral hazard) (“foreign responsibility” and “double cultural adaptation”). Vizcaíno and Navio (2018) suggested that by using data from the US banking industry, the investigation showed that the support of fund disclosures in enterprise conferences affects the success of merger and acquisition [10]. Methodological methods rely on the use of instrumental variables and generalized method of moments (GMM). The results showed that voting support hurts the success of merger and acquisition, which explains the possible existence of agent-driven behavior when interpreting the completion of merger and acquisition and shows that low management and radicalism stimulate the independent behaviors of managers that violate their wishes, positions, or the interests of shareholders. Considering that voting performance has been reported as an agent of reputational damage, the results provide some insight into the success of Mars Incorporation (the M&M).

Xu and Li (2018) studied the impact of corruption on cash holdings of Chinese enterprises, and their political extraction arguments predicted that enterprises might hedge their liquid assets to avoid being extracted by corrupt officials [11]. They found that enterprises located in shadier areas hold less cash to support their assumption. Political resources help reduce the risks of exploitation and the extent to which liquid assets are sheltered. They found that for non-state-owned enterprises, the negative correlation between corruption and cash holdings is more important than that for state-owned enterprises. Research by Zhang (2019) showed that as CEO positions are low, they found that countries with higher levels of social trust have smaller pay differences. Research by Lewis and Bozos (2019) showed that international acquirers could reduce their overall risks through various uncertain interactions [9]. By using asset pricing to measure the risk transfer and significant international acquisitions of US companies during 2000-2014, they found that acquirers can reduce risks and country-level risk factors through the internal risk factors of transactions and transactional risk factors (information asymmetry and moral hazard) (“foreign responsibility” and “double cultural adaptation”). Vizcaíno and Navio (2018) suggested that by using data from the US banking industry, the investigation showed that the support of fund disclosures in enterprise conferences affects the success of merger and acquisition [10]. Methodological methods rely on the use of instrumental variables and generalized method of moments (GMM). The results showed that voting support hurts the success of merger and acquisition, which explains the possible existence of agent-driven behavior when interpreting the completion of merger and acquisition and shows that low management and radicalism stimulate the independent behaviors of managers that violate their wishes, positions, or the interests of shareholders. Considering that voting performance has been reported as an agent of reputational damage, the results provide some insight into the success of Mars Incorporation (the M&M).

In summary, the interests of CEO, shareholders, government, and government officials in mergers and acquisitions are analyzed to provide appropriate theoretical guidance for regulating the behaviors of stakeholders, allocating the control right and residual claim, and supervising the transactions of enterprises in mergers and acquisitions. On the one hand, the mergers and acquisitions of animal pharmaceutical enterprises are the principal means for industrial integration, enterprise expansion, enterprise development, and the increase of technological innovation capability, which is the current and future strategic positioning for Chinese pharmaceutical companies to choose and rely on. On the other hand, changes in the internal and external competition environments have also forced pharmaceutical enterprises to integrate essential resources with technological innovation as the core. Technical capabilities will become an important factor restricting the development of enterprises, and pharmaceutical enterprises will pay more attention to mergers and acquisitions from the perspective of technology acquisition and innovation.
between the size of the acquirer and the performance results of different merger and acquisition processes in China, as well as the role of political connections in the scale-performance relations [14]. The relation between the size of the acquirer and the earnings of the announcement is examined to determine whether the scale effect of the acquirer exists in China. It is found that the size of the acquirer has a significant adverse effect on the announcement revenue, which indicates that the scale effect of the acquirer also exists in China. However, the size of the acquirer has a significant positive impact on long-term performance, indicating better performances of large acquirers during the integration process.

Through reviewing and combing the relevant literature, it is evident that most of the research findings indicate that the mergers and acquisitions of pharmaceutical enterprises have positive effects. Regarding the merger and acquisition of animal pharmaceutical enterprises, from the perspective of managerial behavior motivation, experience learning, transaction cost and synergy, it is essential to explore the main motives of merger and acquisition and reorganization, which has critical significance for the follow-up study on the motivation of mergers and acquisitions in Chinese animal pharmaceutical enterprises.

3. Analysis of Merger and Acquisition of Animal Pharmaceutical Enterprises

3.1. The Non-Government Participated Games between the CEO and Shareholders

Shareholders are more concerned with long-term interests, such as the developmental strategies of enterprises. They regard the value of future cash flows of enterprises as essential to obtain higher long-term returns. As the business operator, the CEO is more concerned about personal remuneration and professional reputation. CEO only cares about the personal cash flow during the contract period and private income during the performance period. Therefore, the short-term behavior of CEO mergers and acquisitions is more prominent. When making merger and acquisition decisions, the CEO are more concerned with the effects of decisions during his term of office [15]. Since mergers and acquisitions with higher long-term values may require a more extended payback period, early investments are often more substantial and cannot generate positive cash flows or negative returns. These values of mergers and acquisitions are not reflected in the earnings of enterprises, but in the overall values of the images, reputations, market shares, and resource occupancy of enterprises. The current performance evaluation indicators are based on the operating performance of enterprises and do not consider these indicators. Therefore, from the performance appraisal, it is extremely unfavorable to the CEO. It has made CEO pay more attention to the immediate interests in the merger and acquisition, obtain private incomes through power rent-seeking, and concern less about the long-term values and the efficiency of the enterprises after merger and acquisition [16]. Therefore, such decisions of mergers and acquisitions will inevitably run counter to the interests of shareholders.

A successful merger and acquisition make CEO get only a small part of the benefits; however, a failed merger and acquisition may not only damage the benefits of CEO but also affect the professional reputation and future career of CEO. Therefore, the CEO tends to be more conservative in mergers and acquisitions. Also, in the process of merger and acquisition implementation, the CEO is more inclined to seek compensations of the additional risks through power rent-seeking. If a case of merger and acquisition can bring higher returns to shareholders but fails to bring real returns to the CEO, the CEO tends to let it run aground [17]. Also, if a case of merger and acquisition has no value to shareholders but can bring real benefits to the CEO, the CEO is likely to promote it actively.

In summary, due to different interests and benefits, it is difficult to reach a consensus between the merger and acquisition policies of the CEO and the shareholders. The process of determining the merger and acquisition is the process of the game between the two parties. Due to the information asymmetry, CEO with control rights of enterprises has more advantages than shareholders in merger and acquisition decision-making. CEO directly dominates the merger and acquisition through his resource advantages. Only by designing reasonable incentive and restraint mechanisms can shareholders maximize the interests of CEO, the performance of merger and acquisition, and the interests of shareholders so that CEO can make merger and acquisition decisions that are beneficial to both the value of the enterprise and the wealth of shareholders. The effective incentives of shareholders for the CEO mainly share the excess surplus through the CEO and bear the corresponding decision risks. Common shareholder incentives for CEO are stock options and performance compensations [18]. For private enterprises, the interests of shareholders and CEO are more comfortable to coordinate; however, for state-owned enterprises, due to the particularity of state-owned shares, the number of equity incentives for CEO is too small to motivate CEO. Besides, due to the absent ownership of state-owned shares, the CEO has an absolute advantage in the decision-making game of mergers and acquisitions. In the case of weak external supervision and internal corporate governance, it is inevitable for the CEO to seek power rent-seeking in mergers and acquisitions.
3.2. Decentralization Reform, Control Right Allocation, and CEO Corruption: Analysis of Institutional Background

Fundamentally, corruption is a kind of power rent-seeking. In the significant investment such as mergers and acquisitions, CEO corruption must face the topic of decentralization reform of Chinese enterprises. In 1984, China officially launched the “decentralization of government” reform, whose fundamental purpose was to expand the autonomy of enterprises and thus improve the operational efficiency of enterprises [19]. With the deepening of decentralization reform, the power of the CEO is increased, and correspondingly assumes greater responsibility, which inevitably requires a return that matches the responsibility. Although with the acceleration of marketization and the deepening of state-owned enterprise reform, most listed enterprises have established a performance-oriented market-based compensation system. However, since the manager market is not developed, and the government implements strict wage-restriction policies for state-owned enterprise executives, this has formed the dual characteristics of Chinese manager market [20]. According to the paradigm of contract theory analysis, the contract provides the contracting parties with the judgment criteria of the gains and losses. When the CEO market-based monetary compensation is controlled by the government, it will generate negative feelings of self-interest erosion, and then substitute the hidden power rent-seeking income such as on-the-job consumptions and sexual incentives to compensate for the loss of monetary compensation contracts.

As the marketization process of China in the emerging and transitional period is gradual, the multiplicity of government intervention in corporate objectives leads to an ambiguous causal relation between business performance and behavior and also provides an excuse for the power of CEO to post-lease [21]. State-owned enterprises are more likely to receive government support when they are in a challenging business situation. Such expectations and welfare guarantee further reduce the responsibility of their CEO [22]. Moreover, local government performance-based assessment relies on controlled enterprises to provide support in fiscal deficits, profits and taxes, increased employment, and platform financing. It is likely to adopt a palliative attitude toward CEO corruption signs or behaviors, thereby further contributing to the corruption of executives such as CEO.

![Figure 1. Configuration of control rights in the enterprises](image-url)

Under the modern enterprise system, the board of directors plays an increasingly important role in the development strategy and business decision-making of enterprises. As shown in Figure 1, the board of directors plays a central role in both internal governance and external governance of enterprises [23]. From the perspective of internal governance, the board of directors is the link that connects the business operators with the interests of shareholders, accepts the entrust of executive power from shareholders, and entrusted the operating power to the operators for daily operations. Due to the dispersion of equity, the role of shareholders’ conference on corporate governance has weakened, and the board of directors has become the core of corporate governance.

3.3. Analysis on Merger and Acquisition Models of Animal Pharmaceutical Enterprises

It is assumed that the control income of merger and acquisition for animal medicine and its target enterprise is a, and the monetary income is m. In terms of the new enterprise formed after the merger and acquisition of animal medicine, the control income is A, and the monetary income is M. When A≥a and M≤2m, the control income of the newly formed CEO after the merger and acquisition is higher than that of the single enterprise CEO before the merger and acquisition. However, the net monetary income brought to shareholders by the merger and acquisition is less than zero. At the same time, the CEO who does not enjoy the right to monetary
income has a higher enthusiasm to promote the occurrence of mergers and acquisitions, even if the merger and acquisition are unfavorable to shareholders [24]. When $M \geq 2m$ and $A \leq a$, shareholders who only enjoy the monetary income of the enterprises without control gains will actively promote mergers and acquisitions, even if such mergers bring negative control gains to the CEO [25]. This also shows that the occurrence of mergers and acquisitions depends mainly on the changes in monetary income and control income caused by mergers and acquisitions. It indicates that the institutional arrangement of control rights and residual claims of enterprises has an essential impact on the interests of shareholders and CEO, as well as the occurrence of mergers and acquisitions.

If excluding the problem of the income distribution, the equilibrium solution of Pareto optimality is as shown in Equation (1):

$$A + M \geq 2(a + m)$$  \hspace{1cm} (1)

The merger and acquisition should happen; otherwise, it should never happen. In Equation (2), $\Delta M$ is defined as the net monetary benefits after merger and acquisition.

$$\Delta M = M - 2m$$  \hspace{1cm} (2)

It indicates Equation (3):

$$\gamma = M - 2m \geq 2a - A \geq 0$$  \hspace{1cm} (3)

$\gamma$ Indicates that only if the net monetary benefits brought by merger and acquisition exceed the net loss of control right will merger and acquisition happen. The Pareto optimality of merger and acquisition for enterprises is shown in Figure 2:

**Figure 2.** The decision-making diagram of optimal merger and acquisition

The $(a, \Delta M)$ interval of Figure 2 describes the merger and acquisition set of Pareto optimality, which is the upper-half interval enclosed by the $\gamma=2a-A$ straight line. As shown in Figure 3, Pareto optimality means that, on the one hand, even if the net monetary income from the merger and acquisition is less than zero, the control gain is large enough ($A > 2a$), and the merger will occur, such as point P. On the other hand, even if the net monetary income from the merger and acquisition is positive, in addition to the small control gains ($A < a$), the merger and acquisition will not happen. Generally, after the merger and acquisition, the control income of the newly formed enterprise is higher than the control income of the individual enterprise before the merger and acquisition. However, it is less than the sum of the control income of the two enterprises, that is, $a \leq A \leq 2a$. At the same time, the Pareto optimality merger and acquisition interval is the line segment surrounded by $\gamma=2a-A$ and two perpendicular lines $a=A/2$ and $b=B$. The monetary net benefit brought by the merger and acquisition being more significant than zero is a necessary condition for the Pareto optimality merger and acquisition.
Figure 3. The optimal decision-making diagram of merger and acquisition in which the control right and residual claim are separated

If the control right and residual claim of the enterprise are held by the same individual, that is, the control income and the monetary income are owned by the shareholders. If \( p \) is the price paid to the acquire by the acquirer, and the acquirer has the same bargaining power as the acquire, the Nash equilibrium with a bargaining equilibrium means that the net surplus of each company obtained from mergers and acquisitions is equal, as shown in Equation (4):

\[
p - (m + a) = (M + A) - (m + a) - p
\]  

(4)

In Equation (4), the net surplus of the acquirer is on the left, while the net surplus of the acquire is on the right. Equation (5) can be solved:

\[
p = (M + A)/2
\]  

(5)

If and only if the net benefits of the acquirer exceed zero, the acquirer proposes merger and acquisition, as shown in Equation (6):

\[
(M + A) - (m + a) - p = (M + A)/2 - (m + a) \geq 0
\]  

(6)

At the same time, the acquirer will also accept the merger and acquisition. The reason lies in Equation (7), which is the indication of the aforementioned equations:

\[
p = (M + A)/2 \geq m + a
\]  

(7)

Given sufficient power of bargaining, the acquirer solely takes the net surplus of \( p=m+a \) merger and acquisition. Similarly, given sufficient power of bargaining, the acquirer may solely take the net surplus, as shown in Equation (8):

\[
p = (M + A) - (m + a)
\]  

(8)

If \( p \geq m+a \), the acquirer solely takes the net surplus of merger and acquisition. However, given both situations, the merger and acquisition will never occur unless Equation (9) is established.

\[
(M + A) - (m + a) - (m + a) \geq 0
\]  

(9)

Referring to the above analysis, if the control right and the residual claim are combined, regardless of the bargaining power of the acquirer and the acquire, as long as no information asymmetry and transaction cost exist, the necessary and sufficient condition for the merger and acquisition of the enterprise is Pareto optimality conditions, that is, efficient mergers and acquisitions will undoubtedly occur, and inefficient mergers and acquisitions will never happen.

The electronic information, animal medicine, animal medical device, and network communication industries are still hot spots for venture capital in the past two years. However, compared with the investment quota, animal pharmaceutical enterprises are far from the information and technology enterprises. As shown in Figure 4, from the perspective of animal medicine market, although it is accessible, the actual investment obtained is indeed relatively small. Currently, in the whole pharmaceutical industry, the overall quality has been significantly improved, and related research enterprises have also increased a lot, followed by mergers and acquisitions of related enterprises, and increased investment in research on animal medicine. Despite each point of view, the current development trend of animal medicine is still speedy, and it is also one of the hot industries of previous investment.

![Figure 4. Market size and the growth forecast of animal medicine](image)

From the input-output variables of the efficiency evaluation of the pharmaceutical enterprises in Table 1, it can be seen that the concept of merger and acquisition for animal pharmaceutical enterprises becomes more mature, which focuses on the synergy effect of mergers and acquisitions and emphasizes the strengthening of market share in a particular segment. From the perspective of specific fields and links, the previous low-cost expansion has been transformed into the integration effect of focusing on marketing networks, culture, and other resources. Such kind of merger and acquisition is characterized by complementary integration, integration, and a strong alliance of strategic resources. This method has become the mainstream way for the restructuring of listed enterprises in the animal pharmaceutical industry, especially animal pharmaceutical enterprises.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Explanations</th>
<th>Calculations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input</td>
<td>Capital input</td>
<td>The number of funds invested by the investor as the actual capital invested in the enterprise</td>
</tr>
<tr>
<td>Practitioner</td>
<td>Personnel who work in the enterprise and receive remuneration for work</td>
<td>The total number of employees in the annual report of the enterprise</td>
</tr>
<tr>
<td>Main business cost</td>
<td>The direct cost of the production and sales of products or services related to the main business of enterprises</td>
<td>“Main business cost” column in the annual income statement</td>
</tr>
<tr>
<td>Output</td>
<td>Prime operating revenue</td>
<td>Income from the main business</td>
</tr>
<tr>
<td>Total profit</td>
<td>The overall profitability of a listed enterprise</td>
<td>The column of “Total Profits” in the income statement of the annual report of a listed enterprise</td>
</tr>
</tbody>
</table>
As shown in Figure 5, in the next few years, with the deepening of the reform of the animal pharmaceutical industry and the adjustment of the industrial structure, a large number of large enterprises dominated by the listed enterprises will realize resource integration through joint, merger, and reorganization, thereby promoting the leapfrogging development of enterprises, as shown in Table 2.

**Figure 5.** Reform and industrial structure of the animal pharmaceutical industry

Table 2. Analysis of the causes of significant merger and acquisition cases in the domestic pharmaceutical industry

<table>
<thead>
<tr>
<th>Events of merger and acquisition</th>
<th>Value of transactions</th>
<th>Mergers and acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tiankang biological acquires shuguang biological</td>
<td>73.4 million CNY</td>
<td>Pioneering animal medicine business</td>
</tr>
<tr>
<td>Ripple and jingpeng holdings acquire zhongnian biopharmaceuticals</td>
<td>25.34 million CNY</td>
<td>Expecting to directly improve the efficiency and increase the market share</td>
</tr>
<tr>
<td>Jinhe Biological acquires Hangzhou Jianliang Veterinary Biological Products</td>
<td>150 million CNY</td>
<td>Designing to force the animal pharmaceutical equipment industry to increase technical product content</td>
</tr>
<tr>
<td>Bio-share acquires 46.96% stake in yikang bio</td>
<td>400 million CNY</td>
<td>Expecting to directly improve the efficiency and increase the market share</td>
</tr>
</tbody>
</table>

Mergers and acquisitions have also accelerated the reform pace of the pharmaceutical circulation system, promoted the structural adjustment of the pharmaceutical circulation system and the modernization of the management methods, accelerated the scale and intensive development of the pharmaceutical circulation field, and improved the market share and economic benefits. In the reform of the animal medicine circulation system, private enterprises will emerge and become a vital force in the field of circulation. The merger and reorganization of domestic animal pharmaceutical enterprises will enter a peak period. The domestic animal medicine industry will grow stronger, the polarization trend will become more apparent, and the reorganization will be the highlight of the future for a long time.

The animal medicine industry has a high degree of technology exclusivity, and the industry attributes determine the merger and acquisition needs of enterprises. From the overall perspective, the technological innovation in the animal and pharmaceutical industry during the research period is higher compared with that before merger and acquisition. The merger and acquisition of animal medicine are successful, and merger and acquisition are conducive to improving the technological innovation of listed enterprises in the animal pharmaceutical industry.
5. Conclusions

In this study, the merger and acquisition behavior of animal medicine technology is explored. Compared with other types of purposes, seeking mergers and acquisitions can effectively improve the technical level of enterprises, which demonstrates that in the process of animal medicine mergers and acquisitions, due to the excessive government intervention in the transfer of control rights, the transfer of control rights has severe problems in power renting and power rent-seeking in the process of merger and acquisition. Therefore, reducing government intervention and making the transfer of control rights truly market-oriented can give full play to the monitoring role of the control rights market. Due to the limited time, the research on the merger and acquisition of animal medicine and the trend of development could have been more thorough. The series of researches on power rent-seeking of CEO and control allocation could have been better. It is hoped that the subsequent research can be more thorough to improve the standardization of control transfer and effectively reduce the transfer cost of control rights in mergers and acquisitions.

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