Goodwill and M&A Performance - Evidence from Chinese A-Share Listed Companies

Fan Wei[1, a]

[1]School of Accounting, Shanghai University of Finance and Economics, Shanghai 200433, China;

[a]weifan@163.sufe.edu.cn

Abstract

In recent years, with the transformation of China's economy and the support of relevant policies, M&A activities in the capital market have become increasingly frequent. With the rise of mergers and acquisitions, the amount of goodwill has also increased year by year. With its increasingly prominent position in the enterprise, the issue of goodwill has sparked heated discussions and controversies in the theoretical and academic circles. This paper selects A-share non-financial listed companies that have acquired mergers and acquisitions in Shenzhen and Shanghai in 2010-2015 and disclosed goodwill as a research sample, empirically testing the correlation between goodwill and M&A performance. The study found that goodwill is significantly positively correlated with M&A performance. The performance of the listed company's goodwill in the current year can significantly improve the financial performance of the current period of mergers and acquisitions, the first period of lag, and the two periods of lag; compared with non-state-owned enterprises, the state-owned enterprises confirm Goodwill promotes financial performance more significantly; further research finds that after the completion of mergers and acquisitions, the stronger the integration ability, the more positive the positive impact of goodwill on its financial performance.

Keywords

Goodwill; Financial Performance; Nature of Corporate Property.

1. Introduction

With the development of China's economy and the transformation of enterprises, corporate mergers and acquisitions have become more and more common in commercial activities, and the number of transactions have also shown an upward trend. In recent years, under the background of China's economic transformation, M&A has become more and more popular among enterprises as an important means to cope with fierce market competition and achieve rapid development. At the same time, the goodwill generated by mergers and acquisitions has also risen. According to the wind database, the number of M&A transactions announced in 2016 has reached 2,828, up 16.45% year-on-year. In the 2,259 disclosures, the total transaction amount was approximately 1.29 trillion yuan, and the amount of goodwill recognized during the same period was 37.6 billion yuan.As of the end of 2016, the stock of goodwill reached 193 billion yuan, and the importance of goodwill is evident. In 2006, China promulgated the "New Enterprise Accounting Standards", which stipulates that business combinations not under the same control, the purchaser shall recognize the portion of the merger cost greater than the fair value of the identifiable net assets of the acquiree as goodwill, and merge It is disclosed in the statement. Since this goodwill is listed as an asset of the company on the consolidated statement, it is tested at the end of each year.

The relevant analysis report shows that from the above-mentioned goodwill confirmation criteria, the merged goodwill is no longer subordinated to intangible assets, but is accounted

for as an independent accounting account. Chinese listed companies begin to recognize huge goodwill in the M&A transaction and the stock of goodwill is also Showing a rapid growth trend. As of 2016, the net profit of the final assets of more than 40 enterprises accounted for more than 25% of the total assets. With the further advancement of the wave of mergers and acquisitions in the Chinese market, the proportion of goodwill assets will continue to increase. At the same time, investors, creditors and other stakeholders have gradually begun to pay attention to the information of the enterprise's emerging resource, goodwill. For stakeholders, the goodwill information disclosed in the statement can reflect the excess profitability of the company; for the enterprise itself, the excess return ability contained in the goodwill will have an important impact on the company's future performance; therefore, The importance of reputation is self-evident.

According to existing research, goodwill represents the future excess profitability of the enterprise, that is, there is a certain correlation between goodwill and business performance. The goodwill disclosed by a listed company in accordance with the new accounting standards is bound to affect the decision-making of stakeholders, which in turn affects the realization of the daily business activities and final profits of the company. Then, can the goodwill disclosed in the financial statements truly represent the relationship between the excess return ability of the enterprise in the future period and the business performance of the enterprise? Secondly, under the background of economic transformation and reform of state-owned enterprises, the mergers and acquisitions of state-owned enterprises have sprung up. Given the difference in the nature of property rights and social functions, the goodwill recognized by state-owned enterprises and private enterprises in mergers and acquisitions will also have certain differences. How will this difference affect mergers and acquisitions? What is the relationship between goodwill and financial performance? Finally, the purpose of M&A is to seek capital appreciation of enterprises, and the realization of M&A performance is expected to depend on the integration of the two parties after the merger. Then, the enterprises with different integration capabilities will affect the financial performance of the company. ? Although some scholars have conducted relevant research on the economic value of goodwill, the conclusions of the research have not reached an agreement, and most scholars have studied the value of goodwill from the capital market, and there are relatively few studies on financial indicators. Therefore, this paper uses accounting theory research method to study the relationship between goodwill and financial performance, consider the situation of goodwill with different property rights and different integration capabilities, and further verify the impact of goodwill on M&A performance. Reveal the impact of mergers and acquisitions on the future development of both parties.

The main problem of this paper is the impact of goodwill recognized by the company in the merger and expansion activities on the company's financial performance, including:

(1) With the rise of mergers and acquisitions, more and more enterprises have begun to confirm huge commercial reputation, so how much impact on the performance of the company will affect the company's performance? In the academic world, goodwill is considered to be the excess return ability of an enterprise, and it is a competitive resource that can bring excessive profits to the enterprise. In the current accounting standards, goodwill is equal to the merger consideration paid by the acquirer and the acquired merger. The difference between the fair value of the net assets is identified, and whether the goodwill calculated is really as the scholars say, can create excess returns for the enterprise, and further verification is needed.

(2) The difference between state-owned and non-state-owned enterprises has always been the focus of Chinese scholars. So, in terms of goodwill recognition, is there a difference between the two, and how will this difference affect their financial performance? With the new round of state-owned enterprise reform, the mergers and acquisitions of state-owned enterprises have sprung up, and the goodwill recognized in the merger will naturally attract the attention of

scholars. Based on China's special national conditions, there are big differences between state-owned and non-state-owned enterprises in terms of governance structure and resource authority. Therefore, their operation and investment efficiency will be different. M&A and reorganization as the investment activity of the enterprise, on the one hand, the investment efficiency of the investor is reflected by the M&A performance; on the other hand, the investment management ability of the investor determines the integration after the merger. Under the background of China's socialist market economy, the impact of goodwill recognized by state-owned and non-state-owned enterprises in their mergers and acquisitions on their respective performances needs further consideration.

(3) It has been found that goodwill represents the future excess return ability of the enterprise. The degree and speed of M&A integration determines the success or failure of M&A. Then, is the M&A integration ability as we think will further stimulate the income-generating potential of goodwill? As a profit organization, M&A expansion is to seek capital appreciation. The key to judging the success of a company's acquisition expansion is whether the acquirer can achieve the expected synergy. Compared with the acquisition negotiation, price payment and other links, the integration of the two companies after the merger is the biggest test for M&A companies. Bert (2003) found that the degree of integration and speed determine the value of M&A. In view of its own characteristics and development stage, the M&A integration ability of each enterprise is different. Under different integration capabilities, the goodwill recognized in M&A activities will play a role in financial performance, which needs further study.

2. Theoretical Basis and Literature Review

2.1. Related research on goodwill Sub-section Headings

Since the end of the 19th century, with the rise of mergers and acquisitions, goodwill has always been a hot topic for scholars. The difference is that different stages have different research focuses. In general, scholars' research on goodwill is mainly based on the definition and essence of goodwill, the confirmation and measurement of goodwill, and the empirical research on the correlation of goodwill.

In 1859, the British legal community gave a more complete definition of goodwill: goodwill is all the resources that a company obtains when it participates in social production activities. At the end of the 19th century, goodwill first appeared in the accounting books of enterprises. Since then, goodwill has been introduced into the accounting profession and has attracted the attention of scholars from all over the world.

For the first time, Moore and Dichsee proposed that goodwill is the “excessive value of excess profit”. Leake elaborated on “excessive profitability” in the early 20th century. The most representative is the well-known American accounting scholar Hendricksen (1956) in his monograph "Accounting Theory" summed up the goodwill "three-dimensional theory" - good value theory, excess income theory and total price account theory.

In Hendricksen's "Ternary Theory", the good value theory believes that goodwill stems from the good image of the company and the customer's goodwill towards the company. This kind of good feeling stems from the good business relationship, effective management, and the superior geographical position occupied by the enterprise. And good labor relations, etc. Since these factors that generate goodwill cannot be measured objectively, the good value theory is also called intangible assets theory. Excess income theory believes that goodwill is the part of the company's expected future earnings that exceeds the normal income of the company's tangible assets and identifiable intangible assets, which enables the company to obtain higher than the average income level of the same industry for a long time. Resources. It can't be separated from the whole enterprise, it can't be identified and measured separately, and it can't play its role alone. It can only exist according to the whole enterprise. The total price account

theory believes that there is a certain difference between the fair value of the identifiable net assets of the target company and the overall value of the enterprise. This difference, that is, the goodwill we call, cannot be explained by the existing various financial accounting models. Goodwill is a company's total price account, including the unrecorded assets and continuing business value of the company, such as a stable customer base, good human resources, and superior geographical location. Therefore, goodwill depends on the enterprise to make sense. Cannot be independently identified as an asset.

Judging from the existing research literature on the nature of goodwill, although academics have studied it more, they have not yet reached a completely consistent conclusion. The typical views on the nature of goodwill include the following three types: (1) Goodwill is the enterprise Obtaining excess profitability exceeding the average profit in the industry; (2) goodwill is the discounted value of this excess profitability; (3) goodwill is reflected as a difference, which is the overall value of the enterprise minus the internal identifiable net assets the value of. At present, the widely accepted view is that goodwill is an asset of an enterprise and an economic resource that can bring excess returns to the enterprise. However, most of the above research on goodwill is based on the enterprise itself. In addition to the self-made goodwill, there is also the out-of-purchase goodwill arising from the merger, which is equal to the difference between the merger cost and the fair value of the identifiable net assets of the merged enterprise. . IASC believes that the purchased goodwill includes: (1) the excess return ability of the acquired company itself; (2) the synergy effect of the merger; (3) the premium paid by the acquiring company in the negotiation of the consideration; (4) the asset evaluation error . The first two parts can bring excess return ability to the enterprise, which is in line with the essence of goodwill. The latter two parts are unfavorable factors in mergers and acquisitions, and do not conform to the concept of goodwill. Therefore, the goodwill of mergers and acquisitions needs to be considered more carefully.

2.2. Related research on M&A performance

Jennings and Robinson (1996) used the companies that confirmed goodwill in the United States from 1982 to 1988 as a research sample to study the relationship between the goodwill and the company's stock price confirmed by the company. The stock price after the three months after the end of the year is a measure of market value. Excluding the goodwill and net assets, the value of net goodwill, the value of fixed assets and the value of debt, the company regressed as an explanatory variable, and found that there is a significant positive correlation between the goodwill of the merger and the stock price. Chauvin and Hirschey (1994) used non-manufacturing as the research object and found that there is a positive positive relationship between the goodwill of mergers and acquisitions and the market value of the enterprise. Henning et al. (2000) based on 1576 mergers and acquisitions between US listed companies in 1990-1994, distinguishing goodwill into continuing goodwill and synergistic goodwill, and studying the reaction of the stock market to these two goodwill. The study found that investors are more concerned about the goodwill generated by the synergies of mergers and acquisitions than the business reputation of continuing operations. Godfry and Koh (2001), based on data from Australian listed companies, explored goodwill, asset-based R&D expenditures, and the correlation between identifiable intangible assets and corporate value, and found that intangible assets are more value-related and comparable to identifiable intangible assets. The value of goodwill is more relevant. Both Shahwan (2004) and Dahmash (2009) conducted research on Australian companies. Through empirical research, it was found that mergers and acquisitions and identifiable intangible assets are related to the market value of the company. In comparison, goodwill has higher Value relevance. In addition, Dahmash also pointed out that the market often gives an amount higher than the book value of goodwill for goodwill, while for identifiable intangible assets, the value given by the market is lower than its book value.

On the whole, scholars' research on goodwill and M&A performance starts from the essence of goodwill. On the basis of analyzing the source of goodwill, it further explores the mechanism of goodwill on company performance. In empirical research, most scholars start from two directions, one is to measure the relationship between goodwill cost and stock value, and the other is to explore the impact of goodwill on the company's accounting profit, but no consensus has been reached yet. In addition, there are few studies on the impact of property rights on the relationship between goodwill and M&A performance, but there is almost no literature on the relationship between goodwill cost and financial performance and property rights. In China's unique economic environment, the nature of property rights will affect the quality of goodwill recognition, which in turn will affect its ability to create value; and integration ability is the basis for the later goodwill, and will also affect the excess return ability of goodwill. Therefore, this article will cut into these two points to further study the property rights and integration capabilities that affect the quality of goodwill and the potential of goodwill.

3. Theoretical Analysis and Hypothesis Development

3.1. The Effect of Goodwill on Financial Performance

With the innovation of science and technology and the intensification of market competition, M&A has become a means for enterprises to acquire competitive resources and optimize resource allocation, which has led to academic research on M&A transactions and M&A performance. With the increasing amount of goodwill, the influence of mergers and acquisitions on financial performance has become a research hotspot for scholars. Zheng Haiying et al. (2014) empirically studied the impact of goodwill on financial performance with large sample data. The results show that goodwill has a positive effect on financial performance. Dong Birong (2008) believes that as a special resource of a company, goodwill can create excessive profits for the enterprise.

This paper believes that based on the theory of enterprise resources, mergers and acquisitions represent the intangible assets accumulated in the daily production and operation activities of the acquirer and can create excess returns for the enterprise. The acquisition enterprise voluntarily pays the excess price to obtain the intangible resources. According to the theory of contract and the theory of transaction cost, the acquisition of goodwill can be understood as a price paid by the enterprise for the purpose of achieving the merger. The two parties realize the transfer of property rights through the transaction contract, and the acquirer becomes the controller of the original control and invisible resources of the party. These invisible resources are the brand appeal and customer recognition accumulated by the acquirer in the production and operation process for a long time. Intangible resources. M&A companies need to pay a certain fee to inherit and use these invisible resources, thus forming a goodwill for the company. After the completion of the merger, the acquirer uses these invisible resources to create new excess value in the future production and operation. Part of the excess value is used to make up for the excess cost paid in the consideration of the merger, part of which becomes the excess profit of the enterprise, and finally realizes the increase of the enterprise profit and The company's performance has improved.

After the completion of the merger, as the cooperation between the two parties increases, the internal production efficiency of the enterprise will increase, and the goodwill assets recognized in the merger will be transformed into favorable resources that can generate excess returns, and continue to play its role in income generation. Based on the above theoretical analysis, this paper proposes hypothesis 1:

H1: Goodwill is positively related to M&A performance;

3.2. The Influence of the Nature of the Firm on the Relationship between Goodwill and Financial Performance

Compared with other countries, Chinese enterprises have a more special property rights system environment, and state-owned enterprises and private enterprises have differences in policy support, mergers and acquisitions, and information acquisition. Objectively, state-owned enterprises are more likely to obtain policy support and high-quality information because of their natural political background, which provides a basis for enterprises to occupy a dominant position in mergers and acquisitions. Subjectively speaking, as the pillar of the national economy, in M&A transactions, state-owned enterprises will consider more of their own good public reputation and mass base, which will supervise the formulation of their trading decisions to some extent.

In view of the nature of property rights and social functions, when the state-owned enterprises and non-state-owned enterprises conduct mergers and acquisitions, the quality of goodwill they confirm will be different. In China's special market economy environment, in addition to considering financial performance, state-owned enterprises will further measure their dominant position, social responsibility and other factors in M&A transactions, so the confirmation of goodwill will be more objective and cautious. In addition, state-owned enterprises have their own strength, plus strong support from relevant government departments and high social credibility. Therefore, state-owned enterprises' merger and acquisition goodwill can send positive signals to stakeholders, which in turn will promote the value of corporate stocks. Improvement. Zhang Wei (2013) pointed out that the goodwill reported by state-owned enterprises promoted financial performance significantly stronger than non-state-owned enterprises.

This paper believes that, in combination with its own government background, state-owned enterprises will be more objective and cautious in formulating mergers and acquisitions decisions, and price negotiations will be relatively reasonable, thus confirming that the quality of goodwill will be higher. Non-state-owned enterprises may have certain risk factors in mergers and acquisitions. It is easy to expand the weight of mergers and acquisitions, and ignore the quality control. Therefore, the goodwill cost recognized by private enterprises does not necessarily represent its ability to create excess returns. The improvement of financial performance is not obvious to state-owned enterprises. Based on the above analysis, hypothesis 2 is proposed:

H2: Compared with non-state-owned holding companies, the positive correlation between goodwill and M&A performance is more significant in state-owned holding companies.

3.3. The Influence of Integration Ability on the Relationship between Merger and Financial Performance

Mergers and acquisitions are an important means for enterprises to achieve industrial restructuring and optimize resource allocation. Goodwill is the price paid by the acquirer in the M&A activity to obtain the invisible resources of the acquired party. These invisible resources cover the brand effect of the acquiree, customer recognition and other potential resources that can create excess returns. However, in order to make M&A truly play its expected value, the key depends on the ability of the M&A entity to absorb and assimilate the target company. Therefore, whether the goodwill measured by the M&A enterprise can create value for the enterprise in the future business activities. It depends on the speed and depth of integration between the two parties.

Corporate mergers and acquisitions is a complex trading activity. It is not only simple to negotiate and negotiate payment, but the comprehensive integration of both parties after merger and acquisition is the biggest problem that the merger and acquisition party faces in this transaction, which directly determines the success or failure of the merger. Therefore,

when making a merger and acquisition decision, the company should know as much as possible about the target company and its own digestion and absorption capacity. Based on their understanding of each other, further imagine the contradictions and conflicts that the two parties may encounter during the integration process and the corresponding solutions. Only with sufficient upfront preparation, the odds of corporate mergers and acquisitions will be even greater. In addition to the formulation of the preliminary plan, the implementation and implementation of the integration plan after the completion of the merger is also very important. The acquirer needs to have sufficient manpower and financial resources to implement and supervise the integration process. Relevant personnel need to have sufficient capacity to appear in the integration process. Various emergencies. These issues test the ability of the acquirer to integrate enterprises.

Based on the synergy theory, the overall performance or value of the company after the merger is significantly better than the sum of the performance or value of the two independent companies. In order to achieve this ideal result, the acquirer must absorb and integrate the acquired company from the perspectives of organizational structure, human resources and corporate culture. When the merger and acquisition ability of the merger is strong, the company's cooperation after the merger will increase year by year, the internal production efficiency will also increase, and the goodwill will be transformed into the factors that are beneficial to the production and operation of the enterprise. The conduct of business activities will bring more benefits to the company. Based on the above analysis, this paper proposes hypothesis 3:

H3: The stronger the integration ability after merger and acquisition, the more positive the positive correlation between goodwill and M&A performance.

4. Reserach Design

4.1. Sample Selection and Data Sources

This paper takes A-share listed companies that disclose goodwill in all financial statements of Shenzhen and Shanghai from 2010 to 2015 as research samples. In order to ensure the reliability of the sample, some observations are excluded according to the following criteria: (1) Excluding the special financial and insurance industries; (2) Excluding ST and ST special treatment enterprises; (3) Deleting data shortage or other Samples with incomplete data of control variables; (4) Delete the company whose annual review report is non-qualified; a total of 1,792 research samples were obtained, and 1% of each of the relevant continuous variables was tail-finished to eliminate the influence of extreme values.

The data used in this article are all from the CSMAR database and the company's annual report. Manually search for the missing sample of the company's annual report supplemented by the total return on assets; the nature of the property rights of the enterprise is defined by the attributes of the actual controller of the enterprise in the database; the data of the integration ability is manually calculated according to the Z-score model constructed by Altman and is carried out. End and end 1% tail processing.

4.2. Definition of Variables

4.2.1. Interpreted Variables

In this paper, with reference to the research methods of Bai Yunxia and Wu Liansheng (2008) and Zheng Haiying (2014), the M&A performance is measured by ROAi, representing the total return on assets in the i-th period after the merger, and the variables are delayed, and the merger is completed in the current year. Data for the first year and the second year after the completion of the merger. The impact of goodwill on M&A performance is studied by using the financial performance data confirmed in the current period for the financial performance data

of the due period, the lag period and the lag period. Referring to the existing research, the robustness test section uses the net profit to take the Tobin Q value instead of ROA to measure the company's financial performance.

4.2.2. Interpreting Variables

Goodwill is reflected in the merger and acquisition transaction. In the current standard, the goodwill of the merger is equal to the portion of the acquirer's consideration that exceeds the fair value of the acquiree's identifiable net assets. Considering that the goodwill in the balance sheet is the net accumulated year by year, this paper selects the current increase as disclosed in the notes to the report as the initial research data. In order to exclude the influence of the scale of the enterprise, the goodwill recognized in the current period of the merger is divided by the total assets at the end of the period to standardize the goodwill, that is, the standardized goodwill GW is used as the explanatory variable.

The property property nature of Nat is measured by the property of the actual controller of the listed company, and the state-owned holding takes 1 and vice versa. The integration ability Zi draws on the research of Zhang Chuancai et al. (2014) to measure the change of bankruptcy risk. By calculating the increase and decrease of the Z index (Altman, 1968) before and after the merger, the definition of enterprise integration is good. If the difference is greater than 0, take 1 And vice versa.

4.2.3. Control Variables

Based on the research models of Zheng Haiying and Liu Zhengyang et al. (2014), this paper introduces the following control variables in the regression model based on the literature on goodwill research at home and abroad:

Concentration of equity: expressed as the proportion of the largest shareholder. This indicator measures the distribution of the company's equity, and also reflects the stability of the company's internal stability. The concentration of ownership will have an impact on M&A decisions and the M&A process, which indirectly affects the quality of goodwill. In the long run, high equity concentration will promote the company's performance improvement, but limited to a reasonable range, that is, within a reasonable range, the more concentrated the equity, the better the financial performance.

Balance of equity: This article is measured by the sum of the shareholding ratio of the second to fifth largest shareholders. This indicator can reflect the mutual restraint within the shareholders, and achieve the purpose of restraining the major shareholders from harming the interests of the company by decentralizing the control. The quality of the goodwill can be controlled to a certain extent.

Asset-liability ratio: This indicator reflects the level of corporate debt and the extent to which the company's use of debt funds. Studies have shown that reasonable liabilities will motivate managers to make efforts to complete the profit indicators of the year; excessive debt will increase the financial risks of enterprises and harm the interests of enterprises. Wang Feng (2007) shows that the liability level is positively correlated with company performance within a reasonable interval.

Size of the company: Some scholars have suggested that the company's large scale will drag down its integration speed and affect the M&A performance. Some scholars hold the opposite view and believe that large-scale enterprises have sufficient resources, rich operations, and easier mergers and acquisitions. Shenghu (2009) research shows that the size of the main M&A company will have an impact on the post-merger performance, and further found that large-scale enterprises are more likely to profit from large-scale mergers and acquisitions, and small-scale mergers are small-scale enterprises that are easy to profit.

Years of listing: The number of years of listing of the company can reflect the company's operating capacity to a certain extent. As time-to-market increases, companies will accumulate more experience, and corporate decisions and behaviors will change as the company grows.

4.3. Development of Models

When designing the model, refer to the research of Zheng Haiying et al. (2014), and adjust it according to the research questions in this paper, and finally get the following model.

To test hypothesis 1, goodwill is positively correlated with M&A performance, and model 1:

$$ROA_i=\alpha+\beta_1\times GW+\beta_2\times BIG_1+\beta_3\times BIG_{(2\text{-}5)}+\beta_4\times Size+\beta_5\times OUTR +\beta_6\times PLN+\beta_7\times CAPR+\beta_8\times lev +\beta_9\times RAT+\beta_{10}\times age+Year+\varepsilon \quad (1)$$

In order to verify hypothesis 2: how the property nature affects the correlation between goodwill and the company's financial performance, introduce relevant interaction terms and get model 2:

$$ROA_i=\alpha+\beta_1\times GW+\beta_2\times Nat+\beta_3\times GW\times Nat+\beta_4\times BIG\_1+\beta_5\times BIG_{(2\text{-}5)}+\beta_6\times Size+\beta_7\times OUTR+\beta_8\times PLN+\beta_9\times CAPR+\beta_{10}\times lev +\beta_{11}\times age+Year+\varepsilon \quad (2)$$

It should be specially stated that the dummy variable of the property rights of the enterprise is added to the model. Considering the problem of multi-collinearity, the proportion of state-owned shares is not included in the model.

To verify the hypothesis 3: the impact of integration capabilities on the relationship between purchase goodwill and company performance, introduce the intersection of standardized goodwill and integration capabilities, and establish model 3:

$$ROA_i=\alpha+\beta_1\times GW+\beta_2\times GW\times Z_i+\beta_3\times BIG_1+\beta_4\times BIG_{(2\text{-}5)}+\beta_5\times Size+\beta_6\times OUTR+\beta_7\times PLN+\beta_8\times CAPR+\beta_9\times lev +\beta_{10}\times RAT+\beta_{11}\times age+Year+\varepsilon \quad (3)$$

Based on the above model, the M&A reputation is firstly compared with the ROA of the three years after the merger, and the correlation between the goodwill and the financial performance is tested by regression coefficient and significance. Then the samples are grouped according to the nature of property rights and integration ability. , set interactive items, use model 2, model 3 regression, analyze the impact of different property rights and different integration capabilities on the correlation between goodwill and financial performance.

5. Empirical Results and Analysis

5.1. Descriptive Statistics

After screening the listed companies that disclosed goodwill in Shenzhen and Shanghai in 2010-2015, they finally got 1,792 samples. In order to eliminate the impact of enterprise scale, this paper descriptive statistics on the goodwill after standardization. In order to understand the distribution of goodwill samples more comprehensively, this paper analyzes and describes goodwill by year and industry classification, as shown in the following Table1:

Table 1. Distribution of Standardized Goodwill of the Total Sample for Year

Year	Numbers	Mean	Std	Min	Max
2010	135	0.0083	0.0213	2.31e-06	0.1995
2011	197	0.0120	0.0215	7.30e-07	0.1434
2012	289	0.0166	0.0345	4.58e-06	0.2981
2013	341	0.0191	0.0431	2.18e-06	0.4995
2014	364	0.0269	0.0565	1.37e-08	0.4300
2015	466	0.0527	0.0877	5.40e-07	0.6066
总计	1792	0.0274	0.0594	1.37e-08	0.6066

It can be seen from Table1 that with the development of the economy and society, the goodwill of mergers and acquisitions confirmed by enterprises has been increasing year by year from 2009 to 2014. In just six years, the number of companies that confirmed goodwill in mergers and acquisitions rose from 135 to 466, while the average value of standardized goodwill also rose from 0.0082 to 0.0527, indicating that the proportion of mergers and acquisitions in corporate assets has become increasingly fierce. Sex is also becoming increasingly prominent. In addition, the maximum value of standardized goodwill rose to 0.6066 in 2014, accounting for more than 60% of the company's total assets, followed by 2012, but also close to 50% of total assets, further showing the company's enthusiasm for confirming goodwill and The importance of goodwill. From the standard deviation point of view, the previous two years were relatively stable, and then fluctuated greatly. It may be due to the expansion of the scope of mergers and acquisitions, resulting in a more dispersed distribution of goodwill.

Table 2. Distribution of Standardized Goodwill of the Total Sample for industry

Industry	Numbers	Mean	Std	Min	Max
A: Agriculture, forestry, animal husbandry	24	0.0170	0.0375	1.84E-05	0.1569
B: Mining industry	44	0.0265	0.0419	2.31E-06	0.2068
C: Manufacturing	1043	0.0250	0.0520	5.40E-07	0.5778
D: Electricity, heat, gas and water production and supply	68	0.0086	0.0188	5.21E-06	0.1135
E: Construction industry	65	0.0119	0.0259	5.79E-07	0.1202
F: Wholesale and retail	114	0.0127	0.0348	7.23E-07	0.2628
G: Transportation, warehousing and postal services	42	0.0102	0.0177	1.41E-06	0.0844
H: Accommodation and catering industry	7	0.0087	0.0115	0.0003	0.0339
I: Information Transmission, Software and Information Technology Services	185	0.0586	0.0925	2.32E-05	0.4995
K: Real estate industry	56	0.0061	0.0107	1.37E-08	0.0476
L: Leasing and business services	39	0.0423	0.0771	7.30E-07	0.3463
M: Scientific research and technical services	21	0.0336	0.0569	0.0004	0.2218
N: Water conservancy, environment and public facilities management	21	0.0243	0.0419	0.0002	0.1701
Q: Health and social work	8	0.0538	0.0761	0.0047	0.2364
R: Culture, sports and entertainment	43	0.0938	0.1543	4.58E-06	0.6066
S: Comprehensive	13	0.0153	0.0259	3.32E-06	0.0831
Total	1792	0.0274	0.0594	1.37e-08	0.6066

As can be seen from Table 2, almost all industries have mergers and acquisitions events that confirm goodwill, but the distribution of sample sizes varies greatly. Among them, the enterprises that confirmed goodwill in the manufacturing industry accounted for 58%, and the proportion of other industries ranged from 0.39% to 10.32%. In terms of extreme value, the minimum value of standardized goodwill comes from the real estate industry. Information transmission, software and information technology services and culture, sports and entertainment are among the top two, and the average of these two industries is also ranked. The first three. These two industries are all light asset industries. Intangible assets and goodwill account for a large proportion of total assets. They rank high in all industries, so the maximum value and the higher average value are also consistent with these two light asset industries. The basic situation of the industry. From the standard deviation, the value of goodwill recognized by the culture, sports and entertainment industries fluctuated greatly. This shows that although the industry has a higher proportion of intangible assets and goodwill in total assets in all industries, the operation of enterprises in the industry The situation is different, resulting in a large difference in the size of the goodwill it confirms.

Table 3. Summary Statistics of Major Variables

Variable	Numbers	Mean	Std	Min	Max
ROA_0	1792	0.0519	0.0435	-0.3092	0.2446
GW	1792	0.0274	0.0594	1.37E-08	0.6066
BIG	1792	0.3488	0.1511	0.0389	0.8941
BIG1	1792	0.2012	0.1213	0.0037	0.6024
Size	1792	22.1348	1.3759	18.4747	27.6163
OUTR	1792	0.3721	0.0569	0.1818	0.7143
PLN	1792	0.3041	0.4602	0	1
lev	1792	0.4225	0.2096	0.0178	0.8923
age	1785	1.7695	0.8397	0	3.2189
RAT	1792	0.0585	0.1472	0	0.7858
CAPR	1792	2.2847	1.8692	0.1847	43.5584

From the results listed in Table 3, the standard deviation of the total return on assets (ROA0) for the current period is 0.0435, indicating that the sample fluctuation is small, and there is a small difference between the enterprises; the average value of the interpreted variable ROA0 is 0.0519, indicating that each company's operating conditions are good, in line with the expected assumptions of the article, the maximum value of standardized goodwill (GW) is 0.6066, and the minimum value is almost negligible, the extreme value is large, the average is only 0.0274, indicating that each enterprise The situation of confirming goodwill is quite different. The maximum shareholding ratio of the largest shareholder (BIG1) was 89.41% and 3.89%, respectively, and the difference was as high as 80%, indicating that the shareholding structure of each company fluctuated greatly, but the average value was 34.88%, indicating the observation value. The overall equity concentration is higher. The average shareholding ratio of the second to fifth largest shareholders (BIG2-5) is 20.11%, further indicating that the sample equity concentration is higher. The extreme value of the company's size is 9.1416, and the standard deviation is 1.3759, indicating that the size of the companies in the study sample varies. It can be seen from the extreme value and standard deviation of capital intensity that there is a big difference in the capital density of enterprises, which indicates that different enterprises have the same income gap with the same capital, and may also be affected by their own scale. The relevant data of the asset-liability ratio indicates that the average debt level of the sample enterprises is moderate. The average value of double-in-one is 0.3041, indicating that the chairman and general manager are less likely to be in the selected sample.

5.2. Analysis of Regression Results

5.2.1. Impact of Mergers and Acquisitions on Corporate Financial Performance

In order to verify Hypothesis 1, regression is performed using Model 1, and Table 4 reports the regression results of M&A and Phase III financial performance. It can be seen from the table that Hypothesis 1 has passed the test.

Table 4. The Association between Financial Performance and Goodwill

Variable	ROA_0	T	ROA_1	T	ROA_2	T
GW	0.0396***	2.61	0.0642***	3.79	0.0564***	3.30
BIG_1	0.0226***	3.75	0.0331***	4.92	0.0380***	5.58
BIG_{2-5}	0.0262***	3.31	0.0309***	3.50	0.0236***	2.64
Size	0.0074***	8.99	0.0070***	7.62	0.0050***	5.36
OUTR	-0.0230	-1.58	-0.0204	-1.25	-0.0182	-1.11
PLN	0.0022	1.26	0.0011	0.56	0.0031	1.58
RAT	-0.0113**	-1.98	-0.0212***	-3.33	-0.0164**	-2.56
CAPR	-0.0081***	-14.59	-0.0076***	-12.25	-0.0065***	-10.33
lev	-0.1262***	-23.48	-0.1181***	-19.56	-0.0967***	-15.92
age	0.0064***	5.17	0.0065***	4.71	0.0055***	3.95
Constant	-0.0504***	-3.00	-0.0485***	-2.58	-0.0207	-1.09
Year	Control		Control		Control	
N	1785		1785		1785	
R^2	0.3063		0.2547		0.1891	
F	53.52***		41.64***		28.37***	

*, **, *** Represented significant at the 10%, 5%, and 1% levels, respectively

The standardized goodwill (GW) is positively correlated with the current return on total assets (ROA0) at the 1%25 level, and its regression coefficient is 0.0396, which indicates that the excess consideration paid by the company in the merger and reorganization event - goodwill makes the company Financial performance has increased by nearly 4 percentage points, and it has played a positive role in ensuring good financial performance for corporate agents. The adjusted R side is only 0.3063, probably because the company has some self-made goodwill that cannot be disclosed in the balance sheet.

Standardized goodwill (GW) and ROA1 also have a positive correlation at the 1%25 level. The regression coefficients of the two are greater than the regression results of GW and ROA0, indicating that the goodwill cost also plays a certain role in promoting the financial performance of the first phase. That is, the goodwill of M&A can exert its ability to create excess returns in the future, proving its positive positive impact on financial performance. Similar to the regression results of current performance, the variables such as BIG1, BIG2-5, Size, and age are positively correlated with the ROA of the lag phase at the 1%25 level, and the control variables such as CAPR and lev are negatively correlated with the ROA of the lag phase. Relationships can be considered significant at the 1%25 level. The adjustment of the R-party of this return is 0.2547, which may be that the company's own goodwill or other invisible assets are not disclosed in the statement.

The regression coefficient of the independent variable GW and the dependent variable ROA2 is 0.0564, and 99% of the 25 holds that the correlation is significant, which further proves that the excess consideration paid in the merger – the goodwill of the merger can bring excess returns and promote the improvement of its financial performance. Compared with the first phase of mergers and acquisitions, the regression coefficient has decreased, but the high M&A period indicates that the merger goodwill plays a greater role in the future, which may benefit

from the effective M&A integration in the later stage of the enterprise. The regression of other variables is basically the same as the previous two.

In summary, the merger and acquisition of goodwill will not only promote the improvement of the financial performance of the current period of mergers and acquisitions, but also play a more significant positive role in the financial performance of the lag period, which indicates that the company has achieved good resource integration after the completion of the M&A transaction. The ability of goodwill to create excess returns has achieved the expected effect of "1+1>2".

5.2.2. The Effect of Property Rights on The Relationship between Goodwill and Performance

In order to further verify the impact of property rights on the relationship between goodwill and financial performance of mergers and acquisitions, a cross-variable GW*Nat construction model 2 is added on the basis of model 1, and the newly constructed model 2 is used to confirm the goodwill of sample companies with different property rights. The ROA of the third phase is regression, and the regression results are shown in Table 5:

Table 5. Regression Results of different Nature of Property

Variable	ROA_0	T	ROA_1	T	ROA_2	T
Constant	-0.0625***	-3.60	-0.0598***	-3.08	-0.0310	-1.58
GW	0.0688***	3.39	0.0910***	4.40	0.0790***	3.78
Nat	-0.0051**	-2.34	-0.0068***	-2.82	-0.0057**	-2.35
GW*Nat	0.1077**	2.03	0.1260**	2.40	0.1065**	2.01
BIG_1	0.0241***	4.00	0.0338***	5.02	0.0387***	5.69
BIG_{2-5}	0.0247***	3.12	0.0286***	3.32	0.0216**	2.42
Size	0.0080***	9.41	0.0076***	8.01	0.0055***	5.76
OUTR	-0.0228	-1.57	-0.0218	-1.34	-0.0192	-1.16
PLN	0.0015	0.83	0.0005	0.23	0.0026	1.27
CAPR	-0.0082***	-23.57	-0.1176***	-19.57	-0.0962***	-15.87
lev	-0.1264***	-14.67	-0.0076***	-12.19	-0.0065***	-10.29
age	0.0072***	5.63	0.0071***	5.00	0.0061***	4.22
Year	Control		Control		Control	
N	1785		1785		1785	
R^2	0.3173		0.2637		0.1985	
F	51.27***		39.55***		27.36***	

*, **, *** Represented significant at the 10%, 5%, and 1% levels, respectively

The regression results of the ROA of different years in Table 5-7 and the standardized goodwill of each property-type enterprise indicate that Hypothesis 2 passed the regression test. The ROA of the third-phase total return on assets and the cross-term GW*Nat are all significantly correlated at the 5% level. The three-year cross-term coefficients are 0.108, 0.126 and 0.107, respectively, indicating that the influence of the state holdings promotes the goodwill of the M&A balance. The improvement of financial performance. The sum of the cross-term coefficient and the coefficient of standardized goodwill is 0.1768, 0.217, and 0.186, respectively, which is significantly larger than the regression coefficient of the standardized goodwill (GW) of 0.0396, 0.0642, and 0.0564 before the interaction term is added in the model 1, further indicating that the state holding can further Inspire the excess profit potential of goodwill to generate income for the company. In view of its particularity, the information disclosure of state-owned enterprises is more rigorous, and the confirmed merger price difference will be more accurate than that of non-state-owned enterprises, and closer to its potential to create excess returns.

Non-state-owned holding companies, due to overconfidence and blind expansion of executives, the goodwill recognized in mergers and acquisitions has limited ability to create excess profits. In addition, relying on a strong government background, state-owned enterprises have obvious advantages in financing and capturing valuable information, creating favorable conditions for the potential of goodwill.

5.2.3. Impact of Integration Capability on the Relationship between Goodwill and Corporate Performance

In order to test hypothesis 3: the stronger the integration ability, the positive impact of goodwill on the company's performance is more significant. This paper adds the interaction term GW*Zi of integration ability and standardized goodwill on the basis of model 1, respectively, after the completion of the merger. The three phases of ROA are regression and the results are listed in Table 6:

The regression results of the total return on assets and the standardized goodwill of the companies with different integration capabilities in Table 6 indicate that Hypothesis 3 is established, that is, the integration ability will promote the excess income-generating potential of goodwill. The stronger the integration capability of the enterprise, the easier it is to carry out the merger and acquisition activities. This makes the M&A entity create a good overall environment for the M&A reputation to play its excess profitability, and it is easier to achieve the purpose of M&A and achieve continuous improvement of financial performance. The ROA of the total return on assets for three years after the merger and acquisition showed a positive correlation with the interaction term GW*Zi at the 5% level. The cross-term coefficients corresponding to the three-year period were 0.0873, 0.0769 and 0.0861, respectively, indicating that the enterprise integration capability actually promoted the merger. The positive impact of goodwill on financial performance. The sum of the coefficient of standardized goodwill and cross terms is 0.1486, 0.1566, and 0.1487, which is significantly larger than the regression coefficient of 0.0396, 0.0642, and 0.0564 of the standardized goodwill (GW) before the interaction term is added in Model 1. This further demonstrates that the ability of enterprise integration can promote Mergers and acquisitions have a greater degree of ability to create excess returns.

6. Robustness Check

In the robustness test section, this paper draws on the research of Zheng Haiying et al. (2014) and chooses to use the Tobin Q value instead of the total return on assets (ROA) of the interpreted variable to re-regress the above three models to test the basic regression. The robustness of the conclusion.

Table 6. The Influence of Integration Ability on the Relationship Between Goodwill and Financial Performance

Variable	ROA0	T	ROA1	T	ROA2	T
Constant	-0.0909***	-4.57	-0.0859***	-3.96	-0.0434*	-1.96
GW	0.0613***	3.20	0.0797***	3.78	0.0626***	3.01
GW*Z0	0.0873**	1.97				
GW*Z1			0.0769**	2.03		
GW*Z2					0.0861**	2.14
BIG1	0.0251***	3.84	0.0359***	5.06	0.0382***	5.26
BIG2-5	0.0315***	3.57	0.0377***	3.95	0.0266***	2.72
Size	0.0090***	9.39	0.0083***	7.92	0.0060***	5.63
OUTR	-0.0121	-0.74	-0.0030	-0.17	-0.0161	-0.88
PLN	0.0022	1.13	0.0019	0.89	0.0031	1.43
CAPR	-0.0082***	-13.42	-0.0073***	-11.23	-0.0064***	-9.56
RAT	-0.0116*	-1.76	-0.0173**	-2.42	-0.0118	-1.61
lev	-0.1260***	-21.65	-0.1150***	-18.12	-0.0979***	-15.03
age	0.0063***	3.96	0.0058***	3.37	0.0051***	2.88
Year	Control		Control		Control	
N	1,543		1,550		1,537	
R2	0.3206		0.2716		0.2076	
F	45.00***		35.72***		24.89***	

*, **, *** Represented significant at the 10%, 5%, and 1% levels, respectively

Table 7. The Association between Financial Performance and Goodwill

Variable	TobinQ0	T	TobinQ1	T	TobinQ2	T
Constant	9.2698***	14.73	12.8192***	16.72	11.0430***	18.36
GW	2.6973***	4.59	4.8846***	6.91	1.4664***	2.71
BIG1	0.4828**	2.14	0.8747***	3.18	0.7867***	3.66
BIG2-5	0.9226***	3.11	0.7692**	2.13	0.7865***	2.76
Size	-0.2860***	-9.26	-0.4594***	-12.18	-0.4514***	-15.28
OUTR	1.6799***	3.08	1.5505**	2.32	2.483***	4.47
PLN	0.1921***	2.89	0.2115***	2.61	0.1622**	2.56
RAT	0.1326	0.62	0.0961	0.37	0.0630	0.31
lev	-2.9066***	-14.42	-2.6620***	-10.81	-2.3265***	-12.08
CAPR	-0.0637***	-3.04	-0.0395	-1.54	0.0223	1.11
age	0.0193	0.41	0.0729	1.28	0.0299	0.68
Year	Control		Control		Control	
N	1,746		1,731		1,720	
R2	0.4326		0.4798		0.5184	
F	87.94***		105.46***		122.26***	

From the results listed in Table 7, it can be found that GW is positively promoting the current period of mergers and acquisitions, the first phase of mergers and acquisitions, and the two phases of mergers and acquisitions, which can be considered to be significant at the 1% level. The regression coefficients of the third phase are 2.6973, 4.8846, and 1.4664, respectively, indicating that the goodwill of the merger has a positive impact on the company's financial performance. Comparing the three-phase coefficient, the profit-generating capacity of goodwill is maximized in the second period, and the third period begins to decline. The possible reason is that the current integration work of M&A has not been fully implemented. The integration

work of all parties in the first phase of M&A has begun to work. The decline of the third period may be due to the impact of other times within the company. In addition, in the calculation formula of the explanatory variable Tobin Q, the market factor will affect the market price of the total capital of the enterprise. Therefore, the positive effect of the merger goodwill on Tobin Q can be further extended to its influence on the market value of the enterprise, ie, Reputation has significant value relevance.

Table 8. Regression Results of different Nature of Property

Variable	TobinQ0	T	TobinQ1	T	TobinQ2	T
Constant	7.1823***	20.27	9.4534***	17.96	9.0199***	20.37
GW	1.5809***	3.41	3.6520***	5.63	2.0284***	3.66
Nat	-0.0768*	-1.71	-0.0556	-0.84	-0.0317	-0.56
GW*Nat	2.0044*	1.71	2.8508*	1.72	2.5425*	1.73
BIG1	0.2038*	1.65	0.6129***	3.38	0.4956***	3.25
BIG2-5	0.2742*	1.69	0.6346***	2.67	0.3757*	1.87
Size	-0.2055***	-11.72	-0.3022***	-11.70	-0.3285***	-15.09
OUTR	0.8401***	2.79	1.3237***	2.99	1.1323***	3.02
PLN	0.0983***	2.62	0.1897***	3.47	0.0736	1.60
lev	-1.9931***	-17.77	-2.6035***	-16.04	-2.1654***	-15.83
CAPR	-0.0675***	-5.96	-0.0590***	-3.47	-0.0221	-1.52
age	0.0307	1.16	0.0752*	1.95	0.0332	1.03
Year	Control		Control		Control	
N	1,545		1,656		1,629	
R2	0.537		0.546		0.577	
F	110.88***		123.37***		137.33***	

Table 8 shows the results of the robustness test for the nature of the property rights. The GW*Nat of the state-owned holding company and the Tobin Q of the third phase of the merger were both at the 10% level, and the regression coefficients were 2.0044, 2.8508 and 2.5425 respectively. These results show that, in terms of the nature of property rights, the amount of goodwill recognized by state-owned holding companies in mergers and acquisitions is more reliable than that of non-state-owned enterprises, and the promotion of financial performance is more obvious. The regression results of the relevant control variables are basically the same as those of the basic regression, and the hypothesis 2 is also supported. The regression results show that Model 2 is robust and reliable, and the results of the basic regression are also scientific.

Table 9 shows the results of Model 3: Robustness Tests for adding integration capabilities. The cross-terms of standardized goodwill and integration ability (GW*Z) are significantly positively correlated with the current period of mergers and acquisitions, the first phase of mergers and acquisitions, and the two phases of mergers and acquisitions at the 1% level. The regression coefficients are 7.7411 and 8.7978, respectively. 4.9779. The results further indicate that the M&A integration capability paves the way for goodwill to generate revenue potential, that is, companies with poor M&A integration ability will weaken the potential value of goodwill due to integration difficulties. From the regression coefficient of the control variables, the asset-liability ratio and the scale of the enterprise are considered to impair the financial performance of the enterprise at the level of 1%. The factors such as the shareholding ratio of shareholders and the number of years of listing will promote the improvement of the company's operating performance. In summary, the results in the table are basically consistent with the above

regression results, indicating that the research hypothesis and empirical verification of this paper are scientific and the conclusions are stable and reliable.

Table 9. the Influence of Integration Ability on the Relationship Between Goodwill and Financial Performance

Variable	TobinQ0	T	TobinQ1	T	TobinQ2	T
Constant	9.1186***	12.50	13.0756***	14.92	9.9678***	18.88
GW	1.7332**	2.42	2.2942***	2.59	0.0406	0.08
GW*Z0	7.7411***	4.73				
GW*Z1			8.7978***	5.59		
GW*Z2					4.9779***	4.85
BIG1	0.5733**	2.39	0.7863***	2.74	0.4194**	2.45
BIG2-5	0.9695***	2.99	0.7329*	1.90	0.3101	1.33
Size	-0.2985***	-8.49	-0.4756***	-11.26	-0.3715***	-14.56
OUTR	2.0530***	3.42	1.8764***	2.59	1.0321**	2.34
PLN	0.2553***	3.62	0.2566***	3.30	0.1666***	3.25
CAPR	-0.0601***	-2.70	-0.0381	-1.44	-0.0054	-0.33
RAT	0.1859	0.77	0.0126	0.04	-0.0274	-0.18
lev	-2.8950***	-13.51	-2.796***	-10.90	-2.2861***	-14.77
age	0.0819	1.40	0.0957	1.37	0.0297	0.71
Year	Control		Control		Control	
N	1,521		1,510		1,436	
R2	0.421		0.486		0.567	
F	68.44***		88.26***		118.02***	

7. Conclusions

This paper takes the listed companies with goodwill recognized by Shenzhen and Shanghai in 2010-2015 as the research object, combines relevant theories, conducts empirical research on the relationship between goodwill and M&A performance, and further explores the different integration capabilities and different property rights for M&A. The impact of the relationship between goodwill and financial performance. Through a series of theoretical analysis and empirical research, this paper draws the following conclusions:

First, goodwill is significantly positively correlated with M&A performance, which means that goodwill can improve the company's financial performance during the current and future periods. According to resource theory, excess returns are mainly derived from special resources within the enterprise. The academic community believes that goodwill is a competitive resource that can generate income for the enterprise. Therefore, the goodwill of mergers and acquisitions will theoretically have a positive impact on the financial performance of the enterprise. According to the theory of excess return and synergy, the realization of synergy depends on the subsequent integration of mergers and acquisitions, and the complicated integration procedures such as organization, manpower and culture often take a long time to complete. Therefore, the promotion effect of mergers and acquisitions on financial performance may not be One-off, but with the integration process, gradually realize its potential, that is, the goodwill of mergers and acquisitions also promotes the financial performance of several periods. Through empirical research, this paper finds that the goodwill and the financial performance of the year after the completion of the merger, one year behind, and two years behind, have a significant positive correlation, which indicates that the goodwill confirmed in the merger can be associated with the self-owned goodwill of the acquired company. Effectively integrate and play a synergistic role to enhance the company's financial performance.

Second, compared with non-state-owned holding companies, the positive correlation between goodwill and M&A performance is more significant in state-owned holding companies. In further research, the sample is divided into two categories: state-owned holding and non-state-owned nature, and the cross-term of property rights and mergers and acquisitions (GW*Nat) is added to the research model. The empirical results show that the goodwill recognized by state-owned enterprises in mergers and acquisitions promotes financial performance more significantly than non-state-owned enterprises. This is because state-owned holding companies have relatively stable M&A policies. Considering their own social responsibilities and government interests, the merger and expansion of state-owned enterprises is more cautious, and the quality of mergers and acquisitions is relatively high. Therefore, the state-owned holding companies disclose the acquired goodwill. The positive promotion of corporate financial performance is more significant.

Third, the stronger the integration ability after mergers and acquisitions, the more positive the positive correlation between goodwill and M&A performance. Based on the synergy effect of mergers and acquisitions, this paper further examines the impact of firm's integration capabilities on the correlation between mergers and acquisitions and financial performance. M&A integration is the key to the success of M&A transactions. Enterprise integration is not only simple for financial integration, but also includes organizational restructuring, resource integration, and cultural identity. Good integration capabilities can prompt enterprises to accelerate M&A integration and manage as much as possible. Collaboration, operational synergy and financial synergy to optimize resource allocation and enhance market position. Therefore, the stronger the integration capability, the more obvious the synergy effect of mergers and acquisitions, and the greater the space for goodwill to exert its excess profitability. In the empirical research part, the cross-term of mergers and acquisitions and the ability of enterprise integration (GW*Zi) is added to the regression model. The results show that the stronger the integration ability of the mergers and acquisitions, the more significant the positive effect of mergers and acquisitions on the financial performance of the company.

References

[1] Bert, A. and M. D. Timothy, 2003, "Two Merger Integration Imperatives: Urgency and Execution", Strategy and Leadership, 31(3), pp. 42~49.

[2] Walker, George T. Accountants' Present Concept of Goodwill Depends upon Unusual Earnings Power [J]. The Journal of Accountancy, 1951(1): 100-103.

[3] Yang Yumei. On Intangible Assets [M]. Beijing: China Financial and Economic Publishing House (Reprinted in 1993), 1936.4: 32-53.

[4] Ge Jiazhen. Several Issues in Current Financial Accounting——Derivative Financial Instruments, Self-made Goodwill and Uncertainty [J]. Accounting Research, 1996(1): 3-8.

[5] Deng Xiaoyang Goodwill Accounting Theory [D]: [PhD thesis]. Department of Accounting, Shanghai University of Finance and Economics, 2000.

[6] Li Yuju. Resource-based research on financial accounting theory of enterprises [D]. PhD thesis of Beijing Jiaotong University, 2006.

[7] Dong Birong. Goodwill and Enterprise Growth Based on Core Competence[J]. Foreign Economic Management, 2008, 2(3): 25-30.

[8] Feng Weidong, Zheng Haiying. 2013. Research on the measurement and disclosure of corporate mergers and acquisitions. Financial research, 8:29~32.

[9] Deng Xiaoyang Several basic problems of self-made goodwill [J]. Finance and Economics Research. 2003, 29 (I): 76-80.

[10] DU Yitao, Sun Fangcheng. Homemade Goodwill and Information Disclosure under the Condition of Knowledge Economy[J]. Finance and Accounting Monthly, 2008(11): 9-11.

[11] Du Xingqiang, Zhou Zejiang, Du Yingjie. 2011. Goodwill and Equity Valuation: Empirical evidence based on the Accounting Standards for Business Enterprises (2006). Proceedings of the 2011 Academic Symposium of the Accounting Basic Theory Committee of the Chinese Accounting Association.

[12] Mandelker, G (1974). Risk and Return: The Case of Merging Firms [J]. Journal of Financial Economics, 1974 (1).

[13] Jensen, Meckling, 1976. Theory of the Firm: Managerial Behavior, Agency Cost and Ownership Structure. Journal of Law and Economics, 3(4): 305-360.

[14] Agrawall, A: Jaffe, J. F, Mandelker, G. N, 1992, The Post-Merger Performance of Acquiring Firms: A Re-examination of an Anomaly [J]. Journal of Finance 1992 (47).

[15] Li Shanmin, Zhu Wei. Research on the Relationship between Managerial Motivation and M&A Performance[J]. Economic Management, 2005(4): 4-12.

[16] Lai Bulian, Yang Jidong, Zhou Ye'an. Heterogeneous Volatility and M&A Performance——An Empirical Study Based on Chinese Listed Companies[J].Financial Research,2006(12):126-139.

[17] Song Xiliang, Zhang Qiusheng, Chu Yihong. An Empirical Study on the Performance of M&A of Chinese Listed Companies[J]. China Industrial Economy, 2008(7): 111-120.

[18] Utterback. James and Goran Reitbeger. Technology and industrial innovation in Sweden, A study of new technology-based firms [R]. Report submitted to National Swedish Board for Technical Development (STU). Stockhold, 1982.

[19] Kaplan. S. the Effects of Management Buyouts on Operating Performance and Value [J]. Journal of Financial Economics 1989 (24).

[20] Healy, P. K, Palepu, R, Ruback. Does Corporate Performance Improve After Mergers [J]. Journal Of Financial Economics, 1992 (4).