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POST-MERGER SYNERGIES, TYPES OF MERGER, AND LONG-TERM PERFORMANCE**Abstract:**

This study examines post-merger synergies created across different types of mergers and the impact of the post-merger synergies on the long-term performance of the combined firm after the merger and acquisition. I develop post-merger synergistic measures including revenue-based synergies, cost-based synergies, investment-based synergies, and financial synergies. I consider three types of mergers: horizontal, vertical, and conglomerate mergers. I find significant evidences that the revenue-based synergies are greater in vertical mergers than in horizontal mergers and conglomerate mergers. The cost-based synergies and financial synergies are greater in horizontal mergers than in vertical and conglomerate mergers. Moreover, I find that the effect of cost-based synergies on the long-term operating performance is significantly positive for vertical and horizontal mergers. The impact of financial synergies on the long-term operating performance is also significant for three types of mergers. However, I find no evidence relating to investment-based synergies across types of mergers as well as the effect of this synergies on the long-term performance after the mergers.

Keywords:

mergers and acquisitions, synergies, types of mergers

JEL Classification: G34, G30