

Evaluating Business Performance of China's Pharmaceutical Companies Based on Data Envelopment Analysis

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ABSTRACT Based on the data of 34 listed pharmaceutical companies in a share of China pharmaceutical industry in 2011, Data Envelopment Analysis (DEA), Sensitivity Analysis and Slack Variable Analysis are combined to measure the Total Efficiency (TE), Pure Technical Efficiency (PTE), and Scale Efficiency (SE). Moreover, in-depth Sensitivity Analysis and Slack Variable Analysis show that the Overall Efficiency of China's listed pharmaceutical companies is not high, where Accord Pharmaceutical and Meheco present better input/output ratio because of the centralized resources, optimal managerial systems, and excellent asset structures. Layn appears the worst result in Technical Efficiency. The general disadvantages and the shortage of various enterprises are further proposed suggestions for improvement.