

Stated motivations for share buybacks in Malaysia

Nasruddin Zainudin *

Associate Professor, School of Finance and Banking, Universiti Utara Malaysia

Angappan Regupathi *

Lecturer, School of Finance and Banking, Universiti Utara Malaysia

ABSTRACT Share buyback is a recent phenomenon in the Malaysian capital market. It has only been allowed since 1997 as a response to the currency crisis to shore up market share prices. This study explores companies' stated motivations for undertaking share buyback. It examines 40 companies' circulars to shareholders between October 1999 and May 2002, to identify the companies' stated motivations for undertaking share buybacks. Apart from identifying the stated motivations, the study also detects motivations that are the most stated, and those that appear to be accorded greater emphasis. The findings, with the use of non-parametric statistics, indicate that out of the nine motivations for share buybacks, four motivations are hardly stated by the companies. These include (1) distribute cash, (2) issue stocks under the Employee Stock Option Schemes, (3) change capital structure, and (4) anti-takeover measure. The other five motivations are widely stated, and these are (1) pay stock dividend, (2) investment opportunity, (3) stabilise share price, (4) use surplus cash, and (5) increase shareholder return/ EPS. The first of these widely stated motivations appears to be given less relative emphasis because it is stated consistently later in the circulars to shareholders, compared to the other widely stated motivations.

SHARE BUYBACKS ARE the purchase of own shares by companies listed on a stock exchange. Share buybacks are not new and have been allowed in a number of capital markets including the USA, UK, South Korea, Hong Kong and Australia. Back in 1963, the total amount spent by US firms repurchasing a portion of their shares exceeded the funds raised through the issue of new shares.

Until as recent as 1998, companies in Malaysia were not allowed to buy their own shares. The 1997 Asian financial crisis adversely affected the Malaysian ringgit and led to a 30% devaluation of the currency against the US dollar. Subsequently, the Kuala Lumpur Stock Exchange Composite Index dipped 58% from its high for that year. In response to these developments, the government took several recovery strategies in reviving the market, one of which was to allow share buybacks. On 1 September 1997, the Companies Act 1965 was amended to allow public-listed companies to exercise share buybacks. A year later, the Act was further amended to allow companies to treat repurchased shares as treasury stocks rather than only to cancel them.

Under the amended Act, a company is allowed to buy its own shares with certain conditions. In particular, the proposal to purchase the shares must be communicated to the shareholders through a document called a circular, and this proposal must be favourably voted by the shareholders during the annual general meeting or extraordinary general meeting.

Prior studies (the findings of which are briefly summarised in the next section) have examined several issues associated with share buybacks. None, however, has investigated the actual motivations stated by companies in undertaking share buybacks, particularly in Malaysia. Therefore, this study attempts to fill this gap by probing the Malaysian companies' stated motivations for share buybacks. In particular, this study tries to identify the motivations for share buybacks, and the motivations that are most stated and emphasised by companies.

LITERATURE REVIEW

A large number of studies on share buybacks have been carried out elsewhere, particularly in the US. However, many of these, e.g. Woods & Brigham (1966), Elton & Gruber (1968), Stewart (1976), Masulis (1980), Vermaelen (1981), Wansley & Fayez (1986), and Davidson & Garrison

* The authors would like to thank Universiti Utara Malaysia (UUM) for providing the research grant for this study, and Prof Dr Jeyapalan Kasipillai, School of Accountancy, UUM, for his invaluable guidance. The authors, however, are solely responsible for any error.

(1989), focused on returns realised by security holders of companies buying their own shares. Most of these studies have broadly found that the repurchase activity to have increased the concerned companies' share prices. Lim and Obiyathulla (2002) highlighted three hypotheses that explain this observation. These are explained briefly below.

First, the personal tax saving hypothesis suggests that the repurchase activity can enhance share value when the tax rate on capital gain is lower than the rate on dividend income. In Malaysia, the capital gain tax rate is not only lower but zero. Then, there will be tax savings for shareholders from selling the shares to their company (in a repurchase activity) compared to receiving dividends from the company. In addition, shareholders can also derive tax savings if there is no capital gain (when repurchase price is lower than their initial price), or if the capital gain is less than the amount of the dividend. Consequently, the shares of a company undertaking share buybacks would be bid up. This should increase the company's share price.

Second, the signalling or information hypothesis suggests that the repurchase activity conveys to the market a company's belief that its shares are undervalued. Given information asymmetry between investors and company management as well as the repurchase activity being seen as a credible signal that the company's its shares are undervalued, the company's shares are likely to be bid up. Again, this should increase the company's share price. Most studies, including Vermaelen (1981), Dann (1981), Asquith & Mullins (1986), Ofer & Thakor (1987), Constantinides & Grundy (1989), Comment & Jarrell (1991), Dann et al. (1991), Hertzell & Jain (1991), Lee et al (1992) and Mohamed & Chin (2001), had used this hypothesis to explain the positive share price reaction to share buyback announcements. As stated by Lim and Obiyatullah (2002), this is the most pervasive and well-documented explanation.

Finally, the expropriation or wealth transfer hypothesis suggests that the repurchase activity apportions a portion of the company's wealth that belongs pro-portionately to both shareholders and debt holders, to shareholders only. This will lead to the company's shares to be bid up but its debt securities

will be bid down. This should also increase the company's share price.

Besides the studies on share price reaction to share buyback announcements, other studies such as Young (1969) and Norgaard & Norgaard (1974) explored the differences between the characteristics of companies that undertook share buybacks and those that did not undertake such activities. Many studies have suggested possible motivations for companies in undertaking share buybacks. Dann (1981) suggested that a company's perceived motivation for share buybacks might have an important bearing on the market response. For example, if the motivation is perceived to strengthen management control by removing a single large share holding, it is not likely to increase the share price. However, there is presently no empirical evidence to support or refute this.

Based on studies such as Dann (1981) and Lee (1998), the more commonly stated motivations for share buybacks are as follows:

- (1) Support the company's share price;
- (2) Distribute surplus cash to shareholders in lieu of cash dividends;
- (3) Improve (change or increase) the company's capital structure;
- (4) Maintain management control or thwart hostile take-over attempts; and
- (5) Signal under-valuation of the company shares or indicate that buying the shares is an excellent investment opportunity.

Dann (1981) also identified that share buybacks could be undertaken to (6) increase earnings per share. Tan (1999) found the following additional motivations for share buybacks, namely, (7) utilise surplus cash, and (8) meet provisions of Employee Stock Option Schemes (ESOS) and allow employee shareholdings to be repurchased on the employee leaving employment.

Finally, Lim and Obiyathulla (2002) identified that share buybacks could also (9) take advantage of tax differentials in share repurchase rather than paying dividends. Nonetheless, very few studies have investigated the actual (or stated) motivations for undertaking share buybacks by companies in Malaysia. This study, therefore, probes into an important area that has been previously neglected.

STUDY OBJECTIVES

This study investigates the following three objectives:

- (1) Identify the motivations stated by listed companies in Malaysia for undertaking share buybacks;
- (2) Identify the motivations that are the most stated; and
- (3) Identify the motivations that appear to be given the most emphasis.

METHODOLOGY

As explained earlier, listed companies that wish to undertake share buybacks must obtain their shareholders' approval. The proposals for share buybacks are conveyed to the shareholders in documents called circulars. Since 1999 all (or rather almost all) such circulars issued by listed companies are available on the Kuala Lumpur Stock Exchange website (<http://www.klse.com.my>).

This study used circulars, which were obtained from the KLSE website, as the key data source. The circulars were utilised to identify the companies that stated their intentions to undertake share buybacks. A total of 43 companies were identified to have issued such circulars during the period September 1999 to June 2002. However, circulars from only 40 of these were available in the KLSE website. This study is, therefore, based on these 40 companies. Table 1 provides a list of the 43 companies that made announcements to buyback their own shares. The table also shows the dates of the circulars of the 40 companies whose circulars are available on the KLSE website.

Some companies had issued annual circulars to seek renewal of mandates on share buybacks. As the focus of this study is to identify the initial motivations of the company in undertaking share buybacks, this study only examines the first circular. Therefore, the respective company's circular, particularly the sections on 'Rationale for Proposed Share Buyback' and 'Potential Advantages of Proposed Share Buyback', was content-analysed to identify the various stated motivations for undertaking share buybacks. This addressed the first objective of the study, i.e. identify the stated motivations for undertaking share buybacks.

In order to address the second objective, the number of companies that stated each particular motivation was tabulated. The non-

parametric Cochran's Q test was also performed on all the motivations to establish whether some motivations were stated more often than others.

Table 1: Companies that Announced Intention to Undertake Share Buybacks

Company Name	Date of Circular
1 ACP Industries Bhd	05-09-01
2 AIG Corporation Bhd	25-04-01
3 Aluminium Company of Malaysia Bhd	N.A.
4 Ancom Bhd	01-11-99
5 Asia File Corporation Bhd	03-09-01
6 Batu Kawan Bhd	18-12-00
7 Berjaya Sports Toto Bhd	10-12-99
8 Bolton Bhd	12-06-00
9 Carlsberg Brewery Malaysia Bhd	05-04-00
10 Chemical Company of Malaysia Bhd	N.A.
11 Choo Bee Metal Industries Bhd	29-05-00
12 Commerce Asset-Holding Bhd	13-04-00
13 DNP Holdings Bhd	29-05-01
14 Hap Seng Consolidated Bhd	03-05-00
15 Hock Seng Lee Bhd	05-11-01
16 Hong Leong Industries Bhd	04-10-99
17 Hume Industries (Malaysia) Bhd	12-10-99
18 Hunza Consolidation Bhd	13-06-00
19 Hwang-DBS (Malaysia) Bhd	12-05-00
20 Insas Bhd	06-12-01
21 IOI Corporation Bhd	08-10-01
22 IOI Properties Bhd	08-01-02
23 Jaya Tiasa Holdings Bhd	13-09-00
24 Kejora Harta Bhd	13-07-00
25 Kim Hin Industry Bhd	30-04-02
26 Magnum Corporation Bhd	30-05-01
27 Malaysian Pacific Industries Bhd	04-10-99
28 Mulpha International Bhd	12-06-01
29 Nanyang Press Holdings Bhd	27-09-00
30 NV Multi Corporation Bhd	01-11-01
31 O.Y.L. Industries Bhd	03-10-00
32 Oriental Holdings Bhd	26-05-00
33 OSK Holdings Bhd	25-11-00
34 Paragon Union Bhd	20-04-01
35 Phileo Allied Bhd	15-11-00
36 Scientex Incorporated Bhd	N.A.
37 Suremax Group Bhd	22-06-01
38 Talam Corporation Bhd	03-04-01
39 V.S. Industry Bhd	09-12-00
40 WTK Holdings Bhd	31-05-02
41 YTL Cement Bhd	23-06-00
42 YTL Corporation Bhd	06-12-01
43 YTL Power International Bhd	23-06-00

To address the third objective, for each company, each stated motivation was ranked based upon the sequence in which the stated motivation appears in the circular. The motivations that appeared earlier in the circular were presumably given greater emphasis by the company. These were ranked with lower numerals. Those motivations that appear later, again presumably, were given less emphasis by the company, were ranked with higher numerals. The non-parametric Friedman's test was performed on all the motivations to establish whether some motivations were stated consistently earlier, and presumably therefore, were given greater emphasis compared to other motivations.

FINDINGS

Table 2 provides the number of companies that have stated a given number of motivations for share buybacks in their circulars to their shareholders. It is clear that all companies mentioned between two and five motivations for share buybacks, and most companies had stated four motivations.

Table 3 provides the number of companies that mentioned a particular motivation for share buybacks. The table shows the companies' stated motivations for undertaking share buybacks, from the most stated to the least stated. The most stated motivations for share buybacks, in descending order, are as follows:

- (1) Share buyback is as an investment opportunity to make potential gains from increases in the company share price (*investment opportunity*);
- (2) Share buyback can help support or stabilise share prices (*stabilise share price*);
- (3) The bought-back shares can be used to reward shareholders with the payment of stock dividends (*pay stock dividend*);
- (4) Share buyback can increase earnings per share (EPS) or returns to shareholders (*increase shareholder return/EPS*); and
- (5) Share buyback is a means of using surplus cash (*use surplus cash*).

Two motivations – share buyback allows the flexibility to change company capital structure (*change capital structure*) and share buyback can help distribute surplus cash to shareholders (*distribute cash*) – were the least stated. Other motivations, including share buyback is an anti-takeover measure to

Table 2: The Number of Stated Motivations for Share Buybacks

Number of stated motivations	Number of companies
Two	2
Three	9
Four	22
Five	7
Total	40

Table 3: Particular Motivations for Share Buybacks

Motivation for share buyback	Number of companies stating the motivation
1 Investment opportunity	34
2 Stabilise share price	33
3 Pay stock dividend	31
4 Increase shareholder return/EPS	30
5 Use surplus cash	24
6 Change capital structure	2
7 Distribute cash	1
8 Anti-takeover measure	0
9 Issue stocks under ESOS	0

maintain management control (*anti-takeover measure*), and the bought-back shares can be used to meet the needs of (ESOS) (*issue stocks under ESOS*), were not stated at all.

The results of the Cochran's Q test are presented in Table 4. The Cochran's Q-statistics, based upon all and only stated motivations, are statistically significant. This shows that some motivations were more stated than others. However, the Cochran's Q-statistics, based upon the five widely stated motivations, are not statistically significant because its p-value (asymptotic significance) is greater than 0.05 or 5%. This means that there is no statistical difference among the five widely stated motivations in terms of the frequency of being stated. In other words, among the five motivations, it cannot be said that any one motivation was more stated than the other. The results imply that the companies were equally likely to state these five motivations (labelled here as widely stated motivations) but were less likely to state the other four motivations.

The five motivations for share buyback – (1) investment opportunity, (2) stabilise share price, (3) pay stock dividend, (4) increase shareholder return/EPS and (5) use surplus cash – were both widely stated and equally likely to be stated by the companies. On the

contrary, the other four motivations are: (1) change capital structure, (2) distribute cash, (3) anti-takeover measure and (4) issue stocks under ESOS, were not widely stated. In fact, they were hardly stated or not stated at all.

Table 5 shows the number of companies that mentioned a particular motivation as in Table 3, and in addition, provides the positional ranking of the motivation in a company's circular to shareholders. For instance, as shown in the table, for the motivation *use surplus cash*, there were 24 companies that stated the motivation, and 21 of them stated it as the first (or only) motivation, whereas two companies stated it as the second motivation, while only one company stated it as the fourth motivation. It is assumed that a motivation that is stated earlier in a circular is given greater emphasis by the company compared to another motivation that is stated later in the circular.

Results of the Friedman test are presented in Table 6. Based on all, stated and widely stated motivations, the Friedman test statistics are statistically significant. This implies that some motivations were stated consistently earlier in the circulars, and presumably therefore were given more relative emphasis compared to other motivations. However, the Friedman test statistics are not statistically significant based on the four earliest stated motivations. This means that there is no statistical difference among these four motivations in terms of their relative stated positions in the circulars to shareholders. It implies that the companies had given about equal emphasis to these four motivations.

Generally, the findings indicate two main groups of motivations when companies undertake share buybacks. The first includes motivations that are not, or almost not, stated by companies. They are: (1) change capital

Table 4: The Cochran's Q Statistics Based Upon Groups of Selected Motivations

Motivation for share buyback	No. of companies that stated (did not state) the motivation	All	Stated	Widely stated
1 Investment opportunity	34 (6)	✓	✓	✓
2 Stabilise share price	33 (7)	✓	✓	✓
3 Pay stock dividend	31 (9)	✓	✓	✓
4 Increase shareholder return/EPS	30 (10)	✓	✓	✓
5 Use surplus cash	24 (16)	✓	✓	✓
6 Change capital structure	2 (38)	✓	✓	x
7 Distribute cash	1 (39)	✓	✓	x
8 Anti-takeover measure	0 (40)	✓	x	x
9 Issue stocks under ESOP	0 (40)	✓	x	x
Cochran's Q statistic		188.66	114.57	7.556
Degree of freedom		8	6	4
Asymptotic significance		0.000	0.000	0.109

Table 5: The Distribution of Positional Ranks for Particular Motivations

Motivation for share buyback	The positional rank* of the motivation					Total stated
	1	2	3	4	5	
1 Investment opportunity	0	15	10	8	1	34
2 Stabilise share price	9	12	2	10	0	33
3 Pay stock dividend	0	1	17	8	5	31
4 Increase shareholder return/EPS	10	9	9	2	0	30
5 Use surplus cash	21	2	0	1	0	24
6 Change capital structure	0	1	0	0	1	2
7 Distribute cash	1	0	0	0	0	1
8 Anti-takeover measure	0	0	0	0	0	0
9 Issue stocks under ESOP	0	0	0	0	0	0

* A smaller positional rank reflects that the motivation was stated relatively earlier in the circular, and therefore presumably reflects greater relative emphasis on that motivation.

Table 6: The Friedman Test Statistics based upon Groups of Selected Motivations

No.	Motivation for share buyback	Mean Ranks*			
		All	Stated	Widely Stated	Earliest Stated
1	Investment opportunity	3.40	3.25	3.05	2.88
2	Stabilise share price	3.17	3.00	2.80	2.39
3	Pay stock dividend	4.25	4.03	3.74	
4	Increase shareholder return/EPS	3.25	3.00	2.70	2.42
5	Use surplus cash	3.54	3.14	2.71	2.31
6	Change capital structure	6.74	5.79		
7	Distribute cash	6.78	5.80		
8	Anti-takeover measure	6.94			
9	Issue stocks under ESOP	6.94			
Friedman test statistic (chi-square)		167.483	92.737	12.425	4.470
Degree of Freedom		8	6	4	3
Asymptotic Significance		0.000	0.000	0.014	0.192

* A lower mean rank reflects earlier statement in the circulars, and arguably therefore, implies greater emphasis given by the companies, for a particular motivation.

structure, (2) anti-takeover measure, (3) distribute cash, and (4) issue stocks under ESOS. The second group, on the other hand, includes motivations that are stated widely. The motivations in this group are: (1) investment opportunity, (2) stabilise share price, (3) increase shareholder return/EPS, (4) use surplus cash, and (5) pay stock dividend. These five motivations seem to be equally likely to be stated by companies undertaking share buybacks.

This second group of motivations can be further divided into two subgroups. Companies appear to state one of the five motivations consistently later than the other four motivations in their circulars to shareholders. Apart from this, there does not appear to be any difference between the four latter motivations in terms of their relative stated positions in the circulars to shareholders. This implies that the companies had given less emphasis to the particular former motivation compared to the other four latter motivations. The former motivation, *pay stock dividend*, seems to receive less emphasis, and consequently, it solely constitutes the first subgroup. The second subgroup comprises the four latter motivations, (1) investment opportunity, (2) stabilise share price, (3) increase shareholder return/EPS, and (4) use surplus cash, and these appear to receive greater emphasis (see Figure 1).

DISCUSSION

Here, the possible reasons for the each of the

four motivations that were not, or almost not, stated are explored.

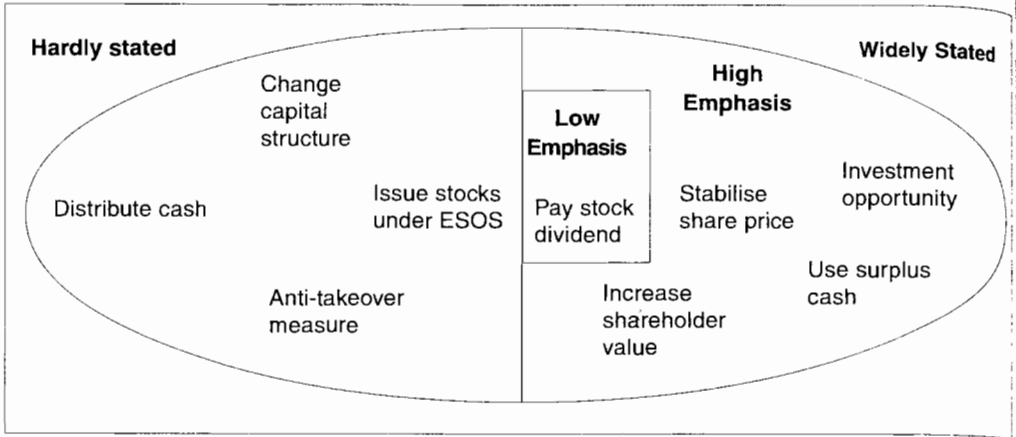
(1) *Distribute cash*. Although share buyback can be used to distribute surplus cash to shareholders, this could be easily and more fairly attained by simply paying cash dividends to all shareholders. Share buybacks distribute cash to only a portion of the shareholders. Therefore, it is hardly surprising that the companies did not state the need to distribute cash to shareholders as a motivation for share buybacks.

(2) *Issue stocks under ESOS*. Similarly, although bought-back shares could be used to meet ESOPs' needs, this need can easily be met by issuing new shares rather than re-issuing repurchased shares. Consequently, the companies did not state ESOS needs as a motivation for share buybacks.

(3) *Change capital structure*. It must be remembered that during the period of study the companies were already generally burdened with huge debts. Therefore, it not conceivable that the companies were motivated to undertake share buybacks to increase their leverage further. As a result, it is not surprising that the companies did not state the need for flexibility to change their capital structure (increase leverage) as a motivation for share buybacks.

(4) *Anti-takeover measure*. On the one hand,

Figure 1: The Groups and Subgroups of Motivations for Share Buybacks



greater take-over defence or management control might have been one of the underlying motivations for proposing share buybacks, but it is inconceivable that the companies would openly state this intention to their shareholders as that would not be in the shareholders' best interest. On the other hand, it is also probable that greater management control was genuinely not a motivation for the share buybacks. Firstly, unlike more developed capital markets, the take-over defences are already broadly greater in Malaysia. Secondly, again unlike the more developed capital markets, the incidence of (hostile) takeovers is less frequent in Malaysia. Therefore, there should be less need to use share buyback to attain greater management control.

Next, the possible reasons for the motivation for share buyback, *pay stock dividend*, that was widely stated but was given less emphasis compared to the other four widely stated motivations are explored. Although shares bought back under share buyback can be used to issue stock dividends, as with the need to issue stocks under ESOS discussed above, this can more easily be done by issuing new shares rather than re-issuing bought-back shares. Therefore, companies might have given less emphasis to this particular motivation compared to the other four widely stated motivations for share buybacks.

Finally, the probable reasons for the each of the four motivations for share buyback that were both widely stated and given high levels of emphasis by companies are examined.

(1) *Investment opportunity*. The key characteristic of the period (during the

height of the currency crisis and post-crisis) was the depressed share prices. Conceivably, companies, buying back their own shares consider this action as taking advantage of an appropriate investment opportunity as an investment opportunity, giving a feeling that share prices are undervalued under current market conditions.

(2) *Stabilise share price*. Other key characteristics of the period are the depressed equity market activity and volatile share prices. Therefore, companies stated their intention to buy back their shares in order to stabilise or shore up prices, in the process helping to directly address the key characteristics of that time. Allowing companies to buy their own shares should shore up demand for the shares, and this, in turn, should help stabilise shares prices, *ceteris paribus*.

(3) *Use surplus cash*. It was rather surprising to find that this motivation has been widely stated and has also been given a high level of emphasis by the companies. Of course, purchasing shares is a means of using 'surplus' cash. This might, however, be negatively perceived by investors as signalling the dearth of investment opportunities available for the companies. Nevertheless, the companies might have intended to assure the investors (new to share buybacks) that it has the resources to undertake such a corporate exercise.

(4) *Increase shareholder return/EPS*. Again, it was surprising to find this motivation widely stated and given a high level of emphasis. The increase in EPS arising purely from the reduction in the number

of traded shares (due to share buybacks) have no impact on company value, and therefore, shareholder wealth. Possibly, companies might have tried to highlight an almost certain outcome which they thought would be viewed positively by shareholders in spite of the absence of sound economic reasoning.

CONCLUSIONS

The literature identifies nine motivations for companies to undertake share buybacks. This study shows that these motivations can be divided into two groups – motivations that are not, or almost not, stated, and those that are stated widely. The study also suggests that the motivations that are stated widely can be divided further into two subgroups – motivations that are stated consistently later in the circulars to the shareholders, and therefore, by implication, given a lower level of emphasis, and those that are stated consistently earlier in the circulars to shareholders, and therefore, accorded a higher level of emphasis.

The motivations for share buyback that were not, or almost not, stated include (1) distribute cash, (2) issue stocks under ESOP, (3) change capital structure, and (4) anti-takeover measure. Share buybacks can be used to distribute cash to shareholders, and bought back shares can be used to issue shares under ESOS, but these can be easily accomplished by using other means rather than share buybacks. Moreover, in Malaysia, the need to further increase leverage in companies' capital structure and to increase anti-takeover defences has not been high. Consequently, the above four motivations for share buybacks were hardly stated by the companies.

The motivation – pay stock dividend – was widely stated, but stated consistently later in the circulars to the shareholders, implying that it was only given a low level of emphasis. As with issuing stocks under ESOS, issuing stock dividends can be easily accomplished by the normal means rather than by using bought-back shares. Nonetheless, companies in Malaysia are probably more likely to issue stock dividends rather than issue stocks under ESOS. Therefore, although not highly emphasised, the motivation to pay stock dividend was widely stated, unlike the motivation to issue stock under ESOS.

The motivations for share buybacks that were

both widely stated and accorded a high level of emphasis include (1) investment opportunity, (2) stabilise share price, (3) use surplus cash, and (4) increase shareholder return/EPS. Companies probably stated the first two motivations as a response to the key characteristics of the context in Malaysia at the time – depressed and volatile share prices. Companies stated the third motivation possibly to assure investors of their financial strength – that they had the resources to undertake share buybacks and protect shareholders' interests. The emphasis placed on the fourth motivation possibly reflects the companies' belief that increased EPS from share buyback would be viewed positively by the investors, notwithstanding the economic argument that contends that shareholder wealth and firm value should remain unchanged.

This study examined the companies' stated motivations for undertaking share buybacks. Further studies can look into the company characteristics and external factors that influence the stated motivations for share buyback. Research could also explore to see if the targets implied by the stated motivations are met by the companies after the share buyback activity **BJM**

References

- Asquith, P. and D. W. Mullins Jr. (1986). Signalling with dividends, stock repurchases and equity issues. *Financial Management*, 15, pp 27-44.
- Comment, R., and G. A. Jarrell (1991). The relative signalling power of Dutch auction and fixed-price self-tender offers and open-market share repurchases. *Journal of Finance*, 46, pp 1243-1271.
- Constantinides, G. M. and B. D. Grundy (1989). Optimal investment with stock repurchase and financing as signals. *Review of Financial Studies*, 2, pp 445-465.
- Dann, L. (1981). Common stock repurchases: An analysis of returns to bondholders and stockholders. *Journal of Financial Economics*, 9, pp 113-138.
- Dann, L., R. Masulis and D. Mayers, D. (1991). Repurchase tender offers and earnings information. *Journal of Accounting and Economics*, 14, pp 217-251.
- Davidson, W. N. III and S. H. Garrison (1989). The stock market reaction to significant tender offer repurchases of stock: Size and purpose perspective. *The Financial Review*, 24, pp 93-107.
- Elton, E. J. and M. J. Gruber (1968). The effect of share repurchase on the value of the firm.

- Journal of Finance*, 23, pp 135-149.
- Hertzel, M., and P. Jain (1991). Earnings and risk changes around stock repurchase tender offers. *Journal of Accounting and Economics*, 14, pp 253-274.
- Lee, D. S., W. H. Mikkelson and M. M. Partch (1992). Managers' trading around stock repurchases. *Journal of Finance*, 47, pp 1947-1961.
- Lee, P. (1998). Share repurchases: Can they be more than zero sum games?. *The Malaysian Accountant*, April, pp 2-7.
- Lim, E. H. and I. B. Obiyathulla (2002). Price reaction to stock repurchases: Evidence from the KLSE. Paper presented at the Malaysian Finance Association 4th Annual Symposium, Penang, 1 June.
- Masulis, R. (1980). Stock repurchases by tender offer: An analysis of the common stock price change. *Journal of Finance*, 35, pp 305-318.
- Mohamed, b. Jais and Chin Y. F. (2001). The effects of share repurchase announcements in the Kuala Lumpur Stock Exchange. Paper presented at the Malaysian Finance Association 3rd Annual Symposium, Kuala Lumpur, 26 May.
- Norgaard, R. and C. Norgaard (1974). A critical examination of share repurchase. *Financial Management*, 3, pp 44-50.
- Ofer, A. R. and A. V. Thakor (1987). A theory of stock price response to alternative corporate disbursement methods: Stock repurchases and dividends. *Journal of Finance*, 42, pp 365-394.
- Stewart, S. (1976). Should a corporation repurchase its own stock? *Journal of Finance*, 31, pp 44-50.
- Tan, L. T. (1999). Share buybacks: The economic motivations and the accounting treatments. Paper presented at the National Conference: The Vital Corporate Affairs, Kuala Lumpur, 4 February.
- Vermaelen, T. (1981). Common stock repurchases and market signalling: An empirical study. *Journal of Financial Economics*, 9, pp 139-183.
- Wansley, J. and E. Fayed (1986). Stock repurchases and security holder returns: A case of Teledyne. *Journal of Financial Research*, 9, pp 179-191.
- Woods, D. and E. Brigham (1966). Stockholder distribution decisions: Share repurchase or dividends? *Journal of Financial and Quantitative Analysis*, 1, pp 15-28.
- Young, A. (1969). Financial, operating and security market parameters of repurchasing. *Financial Analysts Journal*, 25, pp 123-128.