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EFFECT OF REPURCHASE ANNOUNCEMENT ON THE POLISH ALTERNATIVE STOCK MARKET

Abstract:

In recent years open-market share repurchase programs have become an important payout policy not only for U.S. firms, but also European. Vast literature has examined the effect of share repurchase announcement on developed countries, especially the U.S. Relatively little research has yet been published examining the emerging markets reaction on share repurchase programs. This study attempts to extend the knowledge with the information content of buy back announcements in Poland. The main aim of the study is to test the informational content of share repurchase announcements on the Polish alternative stock market using event study methodology. Our sample was formed by identifying share repurchase announcements reported by companies listed on the NewConnect Stock Exchange over the period 2007-2016. Due to the results of prior studies which give support for positive market reaction on share repurchase announcements (i.a. Ikenberry, Lakonishok and Vermaelen, 1995; Grullon and Michaely, 2002; Chan, Ikenberry, Lee, Wang, 2010) we hypothesize that firms announcing share repurchases on NewConnect experience positive valuation effects.

Keywords:

share repurchase, payout policy, event study, abnormal returns, NewConnect, Poland

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