Title: **Why Do Companies Share Buybacks? Evidence from the UK**

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Abstract: We examine the key drivers behind management decisions on share repurchase from various theoretical perspectives, including the free cash flow theory and the signaling theory/hypothesis. Specifically, we investigate the relationship between share repurchase and three key drivers: surplus cash, undervaluation, and leverage, along with several control variables. Using a sample of UK-listed non-financial companies from 2012 to 2022, we apply logistic regression, standard OLS regression, and Tobit regression to identify the factors influencing share repurchase. Our findings reveal that firms repurchase shares to distribute cash to shareholders with surplus cash and Surplus investing cash flow. This study also finds that undervalued smaller firms with lower market-to-book ratios and lower leverage are more likely to repurchase shares. Our study highlights the key factors motivating companies' share repurchases, such as undervaluation, surplus cash, and leverage, examined from various theoretical perspectives, including the free cash flow theory and signaling theory. Focusing on the UK context, as well as adding a new angle in regard to applying logistic regression, standard OLS regression, and Tobit regression in combination, this research contributes to the existing body of knowledge in corporate finance. The outcome of the study has plausible implications for financial managers and investors in selecting stocks. Its practical implications will help investors gain a better understanding of the factors and forces influencing share repurchase decisions.

Keywords: share repurchase; surplus cash flow; leverage; book-to-market ratio

https://www.mdpi.com/22279091/12/10/159#:~:text=Companies%20use%20share%20repurchases%20as,tend%20to%20issue%20new%20equity.

https://doi.org/10.3390/risks12100159