CHAPTER 10 : FUTURE SCOPE

- A study of ownership pattern and share buyback may help in understanding the relation between nature of corporate control and payout policy of the firm.
- Inclusion of additional motivators like ESOPs, Mergers and acquisition announcement year wise may also a detail into the motivation of buyback. Firms announce buyback when a number of employee stock options are outstanding (Kahle, 2002)\(^1\) As a result of the share repurchase the employees end up maximizing their own wealth. Hence the relationship between stock options and share repurchase needs to be analyzed.
- An industry wise analysis may also provide an insight into the common motivators for buyback.
- A micro study of buyback in individual companies can be conducted to see its relevance.
- The share price performance study can be extended by studying the price performance of tender offer buyback and open market buyback for different event windows 3 days, 11 days, and 21 days.
- A review of the management perspective on buybacks should be conducted to analyze why managers are practicing buybacks despite it not creating financial benefits to the shareholders for e.g. does improvement in the promoter’s rights has an influence on the buyback decision.

A review of merchant bankers on their perspective of buyback for their clients can be conducted to see if there is any benefit to the merchant banker between the corporate action of declaring dividends and buybacks.

A further analysis of the signaling strength of open market repurchases and tender offer repurchase would limit the false signaling by companies based on buyback announcements.

A potential area of research can finding out the impact of false signals by buyback announcements and check if the capital markets penalize the companies for such false information.