Information Disclosure, CEO Traits and Share Buyback Completion Rates.

Dimitris Andriosopoulos[1,‡] Kostas Andriosopoulos[2] and Hafiz Hoque[1]

May, 2012

Abstract

Open market buybacks are not firm commitments and there is limited evidence on whether firms repurchase the intended shares. We employ a comprehensive set of hand-collected data on information disclosure on open market share buyback announcements and the respective buyback trades in UK. We assess whether CEO traits can affect the buyback completion rates. We show that information disclosure is one of the major determinants of buyback completion rates. Like previous studies, we find that large and widely held firms, firms conducting subsequent buyback programmes, and firms which complete their previous programmes, have higher completion rates. Finally, we find that firms with senior CEOs, who hold external directorships and have received a business education, are more likely to complete their buyback programs. Our results suggest there is clear relationship between information disclosure, CEO traits and buyback completion rates.

Key words: Share buybacks, completion rate, buyback reputation, CEO traits

JEL Classification: G14, G32, G35

[‡]*Corresponding author:* (D. Andriosopoulos), *Tel.: +44 (0) 17 9229 5180, E-mail: D.Andriosopoulos@swansea.ac.uk*

[1]Swansea University, Singleton Park, SA2 8PP, Swansea, Wales, United Kingdom

[2]ESCP Europe Business School, 527 Finchley Road, NW3 7BG, London, United Kingdom

We thank Yilmaz Guney, Meziane Lasfer, Aneel Keswani, Stephen Young and the participants of the 2010 EURO working group on efficiency & productivity analysis in Crete, Greece, the 2010, for their helpful comments. In addition, we thank ESCP Europe for financial support. Finally, we thank Shuai Yang, Chen Tong and Naman Mehta for their assistance in data collection. All remaining errors are our own.

1. Introduction

Open market share buybacks have become an increasingly popular payout method over the recent years (Grullon and Michaely 2004). The motivations for open market share repurchases have been extensively discussed in the literature.[1] Even though firms are not required to announce their intention to repurchase their shares in the open market following their shareholders' approval, a large number of firms do so. Regardless of the fact that open market buybacks are not firm commitments, since firms are not required to repurchase any of their shares following the announcement, the market perceives them as positive signals (Vermaelen, 1981; Ikenberry et al, 1995; Comment and Jarrell, 1991; Jagannathan and Stephens, 2003; Chan, Ikenberry and Lee, 2004).

However, there is great discrepancy between the types of open market buyback announcements. In particular, some firms choose to explicitly state in their announcement the number or market value of shares they intend to repurchase, whereas other firms choose not to state any information apart from the fact they intended to repurchase an undisclosed intended amount of shares. Hermalin and Weisbach (2012) argue that by reducing the information asymmetries, firms can increase their ability to issue securities and lower their cost of capital. Moreover, less trading due to fear of trading against insiders will lead to a reduction of liquidity and an increase of the cost of capital. Therefore, it is possible that certain firms announce their intention to repurchase their shares but not disclosing any explicit information because their true intention is not to repurchase any shares, while enjoying the positive stock performance due to the market's reaction to this false signal. We argue

[1] For a review see Allen and Michaely (2003).

[2] Fama and French (2001) adjust the changes in Treasury Stock employed by Stephens and Weisbach (1998) in order to account for the cancellation of Treasury shares, however their focus is not the measurement of the buyback programmes' completion rates.

that the announcement or not of explicit information on the intended buyback programme can serve as a strong indicator for discriminating between true and false signals regarding firms' true intentions on delivering on the promise to repurchase their shares. We find strong evidence supporting our expectations that the announcement of explicit information on the shares intended to be repurchased, can serve as a strong signal of their "commitment" to follow through with their announced buyback.

When firms intend to repurchase their shares, managers, and effectively CEOs, reserve the flexibility on the timing and method of implementing the buyback programme (Guay and Harford, 2000; Jagannathan, Stephens and Weisbach, 2000). Evidence in the literature shows that CEO traits can have a significant impact on corporate decisions, such as the decisions affecting capital structure (Cronqvist et al., 2012), financing choices (Malmendier et al., 2011), and risk-taking attitude (Masulis and Mobbs, 2011). Malmendier and Tate (2005) find that managerial overconfidence influences corporate investment decisions. Frank and Goyal (2007) find that CEO characteristics can have a significant impact on the variation in leverage across firms. Song and Thakor (2006) deal with the incentives of a CEO to provide less precise signals about the projects proposed to the board. Hermalin and Katz (2000) consider a situation in which the CEO chooses the information regime and investigate the incentives for choosing a less informative regime than would be desired by the owners. We relate CEO traits and disclosure policies with share buyback completion rates.

CEOs with a long tenure in a firm are more likely to be entrenched, and exert more influence with low levels of ownership simply by virtue of their tenure (Morck et al., 1988), which also allows them to avoid any agency monitoring (Hill and Phan,

1991). Firms can monitor their managers and reduce potential agency costs by reducing the resources under the managers' control (Easterbrook, 1984). Moreover, Jensen (1986) suggests that firm payouts such as dividends, can be used for imposing greater discipline on managers and the way they utilise the firm's resources. However, tenure can potentially provide CEOs with more time to align their interests with those of the board's, and strengthen their influence over the board, leading to an increase of the CEO's power and potentially increasing the agency costs. Moreover, powerful and entrenched CEOs can influence the board composition towards their preference, leading to a weakening of the board monitoring (Hermalin and Weisbach, 1998). Consequently, tenured CEOs will be less likely to succumb to the shareholders' pressure for making a payout in the form of share buybacks for reducing potential agency costs. Overall, we have limited knowledge on the potential impact that varying CEO characteristics can have directly on corporate financing decisions and in effect payout policies.

Therefore, CEO characteristics can have a significant impact on firms' decision to repurchase shares and complete the announced share buyback programme. We contribute to the literature by employing this unique institutional UK setting and investigate whether a number of varying CEO characteristics can have a significant impact on firms' decision to repurchase their shares and complete their intended buyback programmes. To our knowledge, this is the first study to investigate the impact of CEO traits on share buybacks and their implementation. We find strong evidence that CEO traits can have a significant impact on the decision to repurchase shares. In particular, we find that firms with more senior CEOs, who have greater corporate connections, and received a business education, are significantly more likely to complete their share buyback programmes. Additionally, we find that firms

with senior CEOs are more likely to initiate buybacks in a shorter period of time following the announcement of intention to repurchase shares in the open market. Finally, our results and interpretations of the impact of firms-specific characteristics, information disclosure and CEO traits on the buyback completion rates, survive a barrage of robustness checks.

Until recently, the only disclosure requirement regarding open market buybacks has been the quarterly reporting of number of shares outstanding. Therefore, it has become questionable whether firms are committed in completing the intended buyback programmes. Stephens and Weisbach (1998) assess whether firms complete their intended buyback programmes with a number of proxies[2] and find that the buyback completion rates can significantly deviate from the intended target initially set by firms. Following the change in regulations in 2003, firms are susceptible to a higher degree of disclosure regarding share buybacks.[3]Bonaimé (2010) employs a number of proxies, as in Stephens and Weisbach (1998), and finds that the average completion rate is approximately 73%.

Banyi et al. (2008) assess the accuracy of the share buyback proxies commonly employed in the US literature and find strong evidence suggesting these proxies suffer from inaccuracies. Hence, potentially leading to a significant distortion of the evidence and interpretations reported in the existing literature. This has only been partially addressed following the change in regulations in 2004, when firms are required to disclose the buyback trades but on their quarterly statements. Even so, it does not allow for an accurate and timely measurement of the buyback completion

[2] Fama and French (2001) adjust the changes in Treasury Stock employed by Stephens and Weisbach (1998) in order to account for the cancellation of Treasury shares, however their focus is not the measurement of the buyback programmes' completion rates.

[3] In particular, according to the change in Rule 10b-18 of the SEC Act of 1934 in the US, concerning the disclosure requirements of open market buybacks introduced on December 17, 2003, listed firms are required to report on a monthly basis, the exact volume and price data of their repurchasing activity in their prerequisite quarterly filings.

rates. We overcome the unavoidable, measurement and reporting timing inaccuracies of the US studies by hand-collecting accurate share buyback data from the UK.[4] This is achievable because in the UK, it is mandatory for firms to disclose the repurchased shares and the price paid on the day when the actual repurchase trades occurred, until the start of the following trading day. Hence, the UK stock market constitutes a unique setting for analysing the completion rates of the announced buyback programmes and their drivers. We assess whether firms in the UK complete their announced buyback programmes and their respective drivers. We find that large firms, which are widely held and initiate the buyback programme soon after its announcement, are more likely to complete the intended buyback programme. Consistent with Bonaimé (2010) we find that firms' reputation of completing their former buyback programmes is a strong signal of the firms' intention to complete their current buyback.

This paper is organised as follows. Section 2 discusses the data collection description. Section 3 discusses the variable definitions, hypotheses setting and descriptive statistics. Section 4 discusses the findings on the firm-specific characteristics that influence the buyback completion rates. Section 5 discusses the results on the impact of CEO traits on completion rates. Section 6 discusses the robustness checks. The conclusions are in Section 7.

2. Data description

2.1. Share Buybacks Data

The sample is constructed by identifying all the announcements of intention to repurchase ordinary shares in the open market from hand-collected data, reported in

[4] Oswald and Young (2004) in the U.K., Ginglinger and Hamon (2007) in France and Zhang (2005) in Hong Kong, employ daily data on share repurchases and the respective actual repurchase trades, however they do not focus on the completion rates of the announced share repurchase programmes nor on the identification of the factors that affect their completion.

the news articles posted in *Perfect Analysis* and *Factiva* databases from 1st of January 1997 through 31st of December 2006. These databases report any news announcements that were available in the press, made by U.K. corporations on open market share repurchases. The sample is refined so, as to involve solely those firms that announce their intention to repurchase ordinary shares in the open market, thus excluding announcements concerning the repurchase of B-shares or preference shares. Additionally, we control the sample for American Depositary Receipts (ADRs) and cross-country listings. Furthermore, the firms included in the sample are required to have their share prices listed on *DataStream* and their accounting data on *Worldscope*. Finally, we exclude any financial institutions from our sample. Hence, the final sample contains 400 announcements of intention to repurchase shares in the open market from corporations primarily listed in the United Kingdom.

The announcements containing the actual share repurchase trades are collected by Factiva, which contains all public announcements that are made by the press or any regulatory news service e.g. Dow Jones Newswires, Regulatory News Service (RNS), Financial Times, etc. We complement and cross-check our sample of buyback trades with Zephyr, a database maintained by Bureau Van Dijk. Hence, it is possible to accurately measure the number of the repurchased shares, and more importantly in a timely manner, since they are reported on a daily basis[5]. We identify 13,378 open market buyback trades.

For estimating the completion rate of the announced share repurchase programmes, the total number of the reportedly repurchased shares is divided by the intended amount of shares targeted at the time of the open market share repurchase

[5] It should be noted that for a small sample of ten test firms the total number of repurchased shares has been collected by their respective fiscal year statements in order to validate the completion rates estimated from the collection of the daily actual share repurchase trades and they show no significant qualitative and statistical differences.

announcement, which has been explicitly stated as a total number of shares. Alternatively, it is extrapolated by the firms' market value with the current price at the time of announcement (when a target percentage of shares to be repurchased is stated, or extrapolated by the relative value of the shares at the time of the announcement, in case the firms' announcement targeted a specified monetary value). In order to estimate the completion rates for those firms, which have not disclosed any information on the targeted value or capital to be repurchased, we arbitrarily consider as targeted amount the maximum allowed capital to be bought back which is 15% of the market capitalisation, estimated at the day of the announcement of intention.

2.2 CEO characteristics data

We look for chief executive officers' details in Thomson One Banker, a database maintained by Thomson Reuters, which provides each director's name and position (past and current). In addition, this database provides the directors' joining and resignation dates. We calculate the CEO tenure and tenure in the firm as director from the joining date and departure date as CEO and as director, respectively. The database also provides the number of companies for which the director is a member of board and we collect that information for connectedness of the CEO. There is also a biography of the CEO provided in the database, from which we manually collect the CEO nationality and educational background. For some missing information we complement any missing biographical information by searching past annual reports and other internet sources such as "Linkedin".

3. Variable Definitions and hypotheses

3.1. Firm characteristics

In order to estimate the firms' commitment on implementing and completing the buyback programmes they have announced, we employ the variable *Completion Rate*, which is the percentage of the actually repurchased shares relative to the amount targeted at the time of the announcement. The announcement of intention to buy back shares can vary significantly between firms. This variation is based on the disclosed information regarding the details of their intended buyback programme. We argue that firms disclosing specific information on the buyback programme will have a stronger commitment and a clear strategy on implementing and completing the announced buyback programme. We control for this level of commitment with the dummy variable *buyback information,* which takes the value of one when an announcement of intention to buy back shares contains explicit information on the intended buyback programme and zero when no information is disclosed.[6] As in Rau and Vermaelen (2002) and Ikenberry et al. (2000) we control for a firm's information asymmetry and efficient pricing with the variable size, defined as the natural logarithm of market capitalisation.

Extending the signalling hypothesis (Vermaelen, 1981; Ikenberry et al., 1995; Comment and Jarrell, 1991; Stephens and Weisbach, 1998; Jagannathan and Stephens, 2003; Chan et al., 2007), Bonaimé (2010) finds that a firm's reputation of completing its past buyback programmes has a significant impact on the market reaction and that the market reaction will not be as high for those firms with poor history in completing their past buyback programmes. Hence, we control for a firm's

[6] We consider as explicit information buyback announcements, those announcements stating the number of shares to be repurchased, or a UK Sterling amount to be used for open market buybacks, or a percentage of the firm's capital to be bought back.

past reputation on repurchasing shares by including the variable *buyback reputation*, which is the completion rate of the most recent buyback programme implemented by firm *i*.

Following Bonaimé (2010), we argue that for those firms which conduct more than one buyback programmes, their reputation of implementing past buyback programmes can serve as an indication on following through with their current buyback programmes. In contrast, Ikenberry et al. (2000) argue that managers could behave opportunistically and repurchase shares only when their respective prices are falling. Therefore, firms with consecutive buyback programmes will be more likely to behave opportunistically, since their primary goal is the distribution of excess cash, leading to lower completion rates. Therefore, we include the dummy variable *buyback repetition*, which takes the value of one if a firm has announced its intention to buy back its shares in the past, during the ten-year period under study, and zero otherwise. In addition, we argue that if firms are not trading strategically and their primary goal for undertaking a share repurchase is to give their excess cash back to their shareholders, we would expect to see firms commencing the open share repurchase programme as early as possible, without any delays. Therefore, if a firm initiates its repurchase programme as early as possible, this could be taken as the firm's commitment to its repurchase programme. Therefore, we include the variable *initiation lag*, which is the natural logarithm of the number of days starting from the day of announcement to the day of the first buyback trade.

For testing whether the managers' decision to repurchase shares is influenced by stock price movements and the relative valuation of their firm, we include the *Market to-Book*. As in Ikenberry et al. (2000) we expect to find firms with higher market-to-book ratios, which are more likely to be growth firms which are overvalued, to have

lower completion rates. In order to capture undervaluation as being a motive for an open market buybacks, we include the proxy variable *excess returns*, which is the cumulative excess return of firm *i* relative to the FTSE All Share index for the twenty days [-22,-2] relative to the announcement. Moreover, the change on a firm's share price during the implementation of the repurchase programme would alter the attractiveness for the actual share repurchase trades. We follow Ikenberry et al. (2000) we include the proxy variable *Δ excess returns*, which is the change in the cumulative excess return for the period of 22 to 2 days following the day of the announcement relative to the 20-day pre-announcement excess returns.

Firms with excess debt capacity will be more likely to repurchase their shares in order to alter their capital structure (Grullon and Ikenberry, 2000). Following Jagannathan and Stephens (2003), we control for the excess debt hypothesis by including *leverage*, which is the ratio of long-term debt over total assets. In addition, we employ the variable *Δ leverage*, which is the change in leverage following the buyback announcement. Firms with relatively large cash flows will be more likely to make a payout in order to avoid overinvesting (Brockman and Chung, 2001; Oswald and Young, 2008). Moreover, Harford (2000) and Bartram et al. (2009) find that share repurchases are associated with temporary and unsustainable cash flows. Following Stephens and Weisbach (1998), we include two proxies to account for both expected and unexpected cash flows. The first proxy is the *expected cash*, which is the three-year average of a firm's cash divided by its total assets net of cash for years -4 to -1 prior to the buyback announcement. The second proxy is *unexpected cash*, which is defined as the difference of cash scaled by assets (net of cash) relative the expected cash (i.e. 3-year average cash).

In order to reduce potential agency costs firms can distribute part of their excess cash back to the shareholders (Easterbrook, 1984; and Jensen, 1986). Shleifer and Vishny (1997) ague that agency costs are incurred between the controlling and the minority shareholders. Thus, the lower the ownership concentration, the more likely it is for minority shareholders to influence the firm's decision making such as excess cash utilisation and payout policies. In line with this, the literature shows that managerial ownership has a negative relationship with dividends (Jensen et al., 1992; Eckbo and Verma, 1994; Bartram et al., 2009), total payouts (dividends plus share repurchases) (Hu and Kumar, 2004), and buybacks (Mitchell and Dharmawan, 2007). Following Mitchell and Dharmawan (2007) and Bartram et al. (2009) we employ the variable *ownership concentration*, which is the ratio of closely held shares[7] over the total common shares outstanding prior to the repurchase announcement. In addition, we include the variable *Δ ownership concentration*, which is the change of ownership concentration at year-end following the repurchase announcement, relative to the respective level at the year-end prior to the announcement.

Finally, we test whether firms substitute cash dividends with open market share buybacks, since dividends can be a more tax efficient payout method (Grullon and Michaely, 2002). Hence, following Mitchell and Dharmawan (2007) and McNally (1999) we include the *dividend yield* prior to the buyback announcement. In addition, as in Grullon et al. (2002) we include *Δ dividend yield*, defined as the annual change of dividend yield following the repurchase announcement. Alternatively, we follow Dittmar (2000) and Grullon et al. (2002) and we use the variable *dividend payout*,

[7] The variable Closely Held Shares is taken from Worldscope database, and represents the following: Shares held by insiders; Shares held by officers, directors and their immediate families; Shares held in trust; Shares of the company held by any other corporation (except shares held in a fiduciary capacity by banks or other financial institutions); Shares held by pension/benefit plans; Shares held by individuals who hold 5% or more of the outstanding shares. It excludes: Shares under option exercisable within sixty days; Shares held in a fiduciary capacity; Shares held by insurance companies; Preferred stock or debentures that are convertible into common shares.

which is defined as the ratio of common cash dividends relative to the reported net income.

3.2. CEO characteristics

Cronqvist et al (2012) show that CEOs personal behaviour and personal leverage decisions, can have a significant impact on the capital structure decisions of the firms they manage. Malmendier et al. (2011), show that managerial traits can explain the firms' financing choices. They report three significant findings: First, managers who believe that their firm is undervalued view external equity financing as expensive. Second, CEOs who grew up through the great depression are averse to debt financing and rely on internal finance. Third, CEOs with military training are prone to take more risk, consequently showing a preference for increased leverage. Masulis and Mobbs (2011) show that firms with inside directors who also hold other outside directorships have better operating performance and market-to-book ratios, especially when monitoring is more difficult.

It is reported in the existing literature that CEO and managerial personnel characteristics have a significant impact on corporate policies. Moreover, the evidence reported in the literature on the impact of CEO traits on value creation is mixed. In one hand, a number of studies show that network ties appear to enhance value by creating a free flow of information (Hochberg et al., 2007, for venture capital investment; Fracassi, 2008, for corporate investment). On the other hand, Guner et al. (2008) show that network ties destroy value. In addition, Hwang and Kim (2009) argue that network connections through external directorship lead to higher executive compensation. Moreover, the authors argue that when boards are conventionally and socially independent then CEO compensation decreases. This suggests that CEOs who are connected can strengthen their control over the board leading to a stronger CEO

entrenchment. Fracassi and Tate (2008) show that powerful CEOs strengthen their position in the firm by hiring directors who are socially connected with them, leading to a weakened monitoring. In extension to this, we argue that if a CEO is more connected, via external directorships, then a weak motivation will persist on seeing the buyback programme coming through. We control for CEO connectivity with the variable *Number of directorships held*, which is the number of companies in which the CEO is serving as director at the time.

Tenure can potentially provide CEOs with more time to align their interests with those of the board's. Moreover, tenured CEOs will be able to strengthen their influence over the board, leading to an increase of the CEO's power. Hill and Phan (1991) find evidence that tenure provides CEOs with time to avoid monitoring and incentive alignment mechanisms. For instance, Morck et al. (1988) argue that managers can be deep-rooted with relatively low levels of ownership simply by virtue of their tenure with the firm, status as founder, or their personality. Hermalin and Weisbach (1998) develop a model of the balance of power between the CEO and other directors, which predicts that board independence declines over the course of a CEO's tenure. We argue that CEOs with greater tenure will become more entrenched, therefore having greater influence over the board and effectively the shareholders. Consequently, tenured CEOs will be less likely to succumb to shareholder pressure for making a payout, in the form of share buybacks, for reducing potential agency costs. Hence, we expect to find a negative relationship between CEO tenure and the share buyback completion rates. We include the variable *CEO Tenure*, which is the difference between the joining date as CEO and the date of the buyback announcement, expressed in years.

CEO age can have a significant impact on decision making, since younger persons may be more prone to risk taking. On the other hand, experience grows with age, allowing executives to take more risks, but in a sensible way. Evidence suggests that risk aversion and age is nonlinear, as personal risk aversion tends to increase with age until the age of 70, after which it declines (Shefrin, 2005). Moreover, Agarwal et al. (2007) report evidence suggesting that the sophistication of financial decisions varies with age. Therefore, we include in our analysis the variable Age in order to test whether more senior executives are more likely to stick to their commitments and complete the buyback program. *CEO Age* is the difference between the CEO's date of birth and the year of the buyback announcement expressed in years. In addition, we proxy for CEO experience with the *number of companies worked for* which is the number of companies the CEO has worked as a director until the time of the buyback announcement. We argue that CEOs will want to upkeep the reputation that the firm, and effectively the CEO himself, is credible and delivers on its promise of making a payout in form of buybacks.

Furthermore, we examine whether CEO education has any impact on buybacks. In addition, a business related degree could signal a number of things such as the CEO's ability to fully understand the fundamentals of business, thus having a significant impact on CEO's behaviour. For instance, Chevalier and Ellison (1999) find that fund managers with MBAs tend to take on more systematic risk. Therefore, we assess the impact of CEO's education with the variable *Business education*, which is a dummy equal to one if the CEO has received an education in business related studies and zero otherwise. In addition, we include the variable *highest education*, which is a dummy equal to one if a CEO has a Master's degree or above. We further examine whether pursuing a business-oriented career has any impact on buyback

completion. *Business or non-business career* is a dummy variable equal to one if the CEO pursued a business-orientated career. The inequality of remuneration between sexes is well documented in the literature. In addition, Barber and Odean (2001) suggest that males tend to be more overconfident compared to females. Therefore, we control for CEO *gender* which is a dummy with the value of one if the CEO is male and zero otherwise. In addition, we include the dummy variable *founder*, which takes the value of one if the CEO is the firm's founder and zero otherwise. We also include the dummy variable *internally*, which takes the value of one if the CEO was appointed internally and zero otherwise. Finally, since we investigate UK corporations, we control for the CEO's *nationality*, which is a dummy variable with a value of one if the CEO is a British national and zero otherwise.

3.3. Descriptive Statistics

Table 1 reports the average completion rates of the announced repurchase programmes and the ranked percentages out of the total sample firms based on the completion rates. Moreover, Table 1 reports the average duration from the time of a buyback announcement and the firs trade, measured in days. We find that almost half of the firms that intend to repurchase their shares have not repurchased any of their shares. In addition, we find that 25% of the sample firms repurchase less than 40% of the shares targeted on the announcement, and that the average completion rate for all repurchasing firms is approximately 31%, similar to the completion rates reported for in Ikenberry et al. (2000). However, when estimating the average completion rates for the sub-sample of those firms initiating the buyback programme (repurchasing firms) we find that the average completion rate is 69.45% which is similar to the US completion rates of approximately 70% and 80%, reported in Stephens and Weisbach (1998) and Jagannathan et al. (2000) respectively. Moreover, we find that on average

it takes 320 days for the first buyback trade. However, when considering only the repurchasing firms we find that it takes on average 51 days for the first buyback trade. The difference in the initiation lag between the overall sample and the repurchasing firms, shows that those firms that are most committed on buying back their shares will initiate the buyback programme within a very short delay.

[Insert Table 1 here]

Table 2 reports the distribution of the open market share repurchase announcements by calendar year. It is clear that the majority of the announcements are located in the second half of the ten-year research period, which is consistent with the recent trend and popularity of share repurchases in the United Kingdom. In addition, we find that firms announcing their intention to conduct an open market buyback programme are large, since their respective average (median) market capitalisation is 11.6 (1.526) billion GB Stirling. Moreover, we find that the average (median) market-to-book ratio is 1.89 (2.03), similar to the market-to-book ratios for repurchasing firms reported in Grullon and Michaely (2004) and Cook et al. (2004).

[Insert Table 2 here]

Panel A of Table 3 reports the descriptive statistics for the firm-specific variables that have the potential of influencing the completion rates of the identified buyback programmes announced by the firms used in our analysis. The total number of firms identified for each variable, along with the mean, median, and minimum and maximum values are reported. It is worth noting that our sample consists of firms with a wide range of sizes, with market capitalizations ranging from £2.25 million to £233 billion. Firms announcing their intention to buy back share have on average excess returns of 0.6%, which is contrary to our predictions that repurchasing firms are more likely to be undervalued. Furthermore, firms are not highly leveraged, having an

average debt ratio of 16.5%. Interestingly enough, we find that the ownership concentration varies significantly among firms, ranging from 0% to almost 92%, with the same percentage being for the average firm at 17.3%.

In our sample, 40.1% of the firms have announced their intention to conduct an open market buyback programme in the past, while the completion rate amongst those firms, of their most recent open market buyback announcement, was only 19.1%. What is more, firms initiate their buyback programme on average 319 days following their announcement of intention to buy back shares. However, as discussed earlier, this is driven by those firms which do not buy back any shares, since for repurchasing firms it takes an average of 51 days to conduct the first buyback trade. Finally, 68.7% of the firms in our sample disclose explicit information on the intended buyback programme, which can be an indicator of showing a stronger commitment on implementing the buyback programme.

[Insert Table 3 here]

The descriptive statistics presented in Panel B of Table 3, show that the average (median) CEO age is 54.31 (54) with a minimum of 31 years and maximum of 77 years. The average CEO tenure is 8 years and the figures show that the CEO turnover is low in the sample companies. Average tenure in the firm is 17 years with a median of 13 years and 29% of the CEOs are internally appointed. These figures suggest that on average the CEOs are employed by the same company for a long period of time, which shows that CEOs are very familiar with the corporate culture of that particular company and they are very knowledgeable about the relevant industry. Surprisingly, only 15% of the CEOs have business related education, with 22% of the CEOs having a Masters' degree or above. However, we find that 97% CEOs pursued business career though they do not have relevant degrees. Finally, 76% of the CEOs are male

and it is only half of the CEOs which are British although our sample firms are quoted in the London Stock Exchange.

4. Buyback completion rates and firm characteristics

3.1. Univariate Analysis

In order to identify the firm specific characteristics that drive the buyback completion rates, we split our sample into three groups. Those firms that repurchase none of their shares (no buyback trades), those firms that repurchase their shares but have a completion ratio less than the sample's average of 31.5% (partial completion) and those firms which repurchase more than the average completion ratio (high completion rate). Then we perform a univariate analysis of the firm-specific characteristics of each group of firms. The results are reported in Table 4.

We find that firms with high completion rates are on average, substantially larger compared to no-repurchasing and partial completion firms. This is in line with our expectations that large firms, which are more likely to be mature with low opportunities will be more likely to complete their buyback programmes. In addition, we show that firms with high completion rates are widely held firms with significantly higher levels of expected cash. This suggests that the minority shareholders can apply higher pressure on managers' decision to follow through the buyback programme for reducing potential agency costs. In addition, we show that firms with higher completion rates have high dividend payouts, suggesting that buybacks are used to supplement rather than substitute the existing payout policy.

[Insert Table 4 here]

Surprisingly, we find that firms which tend to have high completion rates are highly leveraged. Furthermore, the group of firms with a high completion rate demonstrates the highest percentages in terms of the buyback repetition and

completion reputation variables, with 60.6% and 44.3% respectively. The latter findings support our argument that those firms which conduct more than one buyback programme, have a good reputation of completing their former buyback programmes, and disclose details of their current buyback programme, show a stronger "commitment" to successfully complete their current buyback programmes which in general, will be initiated in a shorter period of time.

3.2. Tobit Results

In this section, we test which factors and firm characteristics have a significant impact on the completion rate of the announced open market buyback programmes. For this purpose, we estimate a series of Tobit models with the completion rate being the dependent variable, employing a number of factors discussed earlier that can potentially influence buyback programmes' completion rate. The two-tailed Tobit model accounts for the censored nature of completion rate, which is naturally bounded by zero and manually truncated at one. The results from the multivariate Tobit regressions are shown in Table 5.[8]

We find that market-to-book is positively related with the buyback completion rate, suggesting that firms that tend to complete the announced buyback programmes are those firms which have high growth and are less undervalued. Moreover, our findings on market-to-book are consistent with Jagannathan and Stephens (2003) and Bonaimé (2010). Moreover, we find that the past excess returns are statistically significant and positive, which is consistent with the results on market-to-book suggesting that those firms which are less undervalued are more likely to follow through with their buyback programme. Consistent with our predictions, we find that

[8] We report a number of different model specifications in order to avoid multicollinearity. It should be noted that size and market-to-book are absent from most of the Tobit specifications due to very high correlations with the majority of explanatory variables.

large firms are more likely to complete their buyback programmes. This is also consistent with Jagannathan and Stephens (2003) who report a positive relationship between firm size and share repurchase frequency.

Moreover, we find some evidence that the firm's expected cash levels has a significant impact on the decision to repurchase. Suggesting that a firm's ability to generate cash flows and ultimately to make payments affects the completion rate of a buyback programme, which is in line with Stephens and Weisbach (1998) and Bonaimé (2010). However, we find it is only the expected cash that has an impact on completion rates, suggesting that firms do not base their buyback strategies on temporary or unexpected cash flows, rather on more stable and predictable cash flows which are used for financing the buyback programme. Moreover, this could indicate that since buybacks are financed by more stable cash flows, they could be used as substitutes to cash dividends, which are "sticky". Regarding the substitution hypothesis, we consistently find evidence that firms which pay higher dividends have higher repurchase completion rates, as indicated by the positive relationship of the completion rates with the dividend payout. However, we find no evidence of the dividend substitution hypothesis having a strong influence on the completion rates since the change in dividends (*Δ dividend yield)*, from the time prior to the time following the announcement, is not statistically significant. Rather, the evidence supports the notion that buybacks are used to supplement regular cash dividends.

[Insert Table 5 here]

The results on ownership concentration show that more widely held firms are more likely to complete their buyback programmes. This suggests that the minority shareholders attain greater influence on management's decision for the firm's cash utilisation, and subsequently, on the firm's payout and share repurchase programmes

completions. Moreover, we find that firms that have smaller time intervals between the time of announcement and the repurchase programme initiation, have higher completion rates, consistent with our expectations that firms committed to their buyback programme will initiate it as soon as possible. Regarding the impact of past completion reputation on the completion rate of an existing programme, we find that the past completion reputation is statistically significant and positive, consistent with our expectations and Bonaimé (2010). This suggests that firms that showed their commitment in completing their former buyback programmes are more likely to uphold this reputation and complete their current buybacks. Finally, we find strong evidence consistent with our prediction that the buyback information dummy variable is positively related with the buyback completion rate. The results suggest that those firms which disclose explicit information on the intended buyback programme are more likely to have a clear payout strategy and show a greater commitment on implementing and completing the announced programme. This is consistent with Hermalin and Weisbach (2012) who show that better disclosure reduces agency problems and firms are more likely to distribute more cash. Our results are also consistent with Hermalin and Weisbach (2012) who show that, ceteris paribus, larger firms tend to adopt stricter disclosure rules than smaller firms.

We further assess the robustness of our findings and interpretations with the employment of Tobit regressions, but with the initiation lag as dependent variable. We find that all of them are statistically significant and have the expected sign.[9] For instance, we find that ownership concentration is positive and significant with the initiation lag. Suggesting that more closely held firms are more likely to delay the

[9] Since, the dependent variable is the number of days (natural logarithm of number of days) from the time of announcement to the initiation of the buyback programme the expected signs should now be the opposite from completion rate estimations. This is because a positive sign suggests that it will take longer for a firm to initiate its buyback programme and therefore displaying a lower commitment in completing the announced buyback programme.

buyback initiation, consequently leading to a potential lower completion rate. In addition, we find that the reputation on past buyback completion is negative and significant. This shows that firms with a reputation of completing their previous buybacks will be more committed to initiating the buyback programmes soon after the announcement of intention to repurchase their shares.

[Insert Table 6 here]

5. Buyback completion rates and CEO traits

We estimate a number of Tobit regressions in order to test whether CEO traits affect the completion rate in buyback programs in conjunction with other firm-specific characteristics. We use several variables as proxies for CEO characteristics to test whether CEO traits can influence the buyback completion rate. In the first regression in Table 7, we enter all the significant variables from the previous stage, i,e, ownership concentration, buyback repetition, completion reputation and buyback information, along with the proxies for CEO traits. We find that all of the firm-specific variables are significant except for completion reputation. In the second regression, we only employ the CEO traits.[10] The results show that age and business education are positively related with the buyback completion. This evidence is consistent with our expectations, suggesting that older CEOs have a better understanding of the firm's fundamentals and their shareholders' requirements and they carry through with their promise to conduct share buybacks and complete the respective buyback programme.

The results from the third regression prove to be more interesting. We find that the longer the CEO's tenure in the firm, the less likely it is for the firm to complete its buyback programme, which is consistent with our expectations. This finding suggests

[10] It should be noted that gender cannot be entered in the same regression with nationality and tenure in the firm, for avoiding multicollinearity.

that more tenured CEOs become more entrenched and strengthen their influence on the board which enables them to resist discipline-imposing mechanisms such as share buybacks. In contrast, board connectedness as measured by number of directorships held, is positively related to buyback completion rate. This shows that CEOs with a high degree of connectedness will consider it in their best interest to uphold their reputation of fulfilling their promises for making payouts and completing the respective buyback programmes. Finally, Age and business education remain positive and significant.

[Insert Table 7 here]

To examine the results' versatility on the impact of CEO traits on buyback completion rates, we estimate Tobit regressions but with the initiation lag as dependent variable. In the first regression in Table 8 we enter all the significant variables from the previous stage, i.e. ownership concentration, repeat buyback dummy, completion reputation and information on buyback with CEO trait variables. We find that all of them are statistically significant and have the expected sign.[11] Moreover, Age becomes economically and statistically significant and has a negative impact on the initiation lag, suggesting that more senior CEOs are more likely to initiate buybacks quickly. This confirms our previous finding that more senior CEOs will be more likely to fulfil their promise of making a payout through share buybacks.

In addition, we find that the longer a CEO's tenure in the firm the longer it takes for a firm to initiate its buyback programme. This is consistent with our hypothesis that tenured CEOs are more entrenched, hence being able to exert a greater influence and avoid the imposition of agency-cost reducing mechanisms, such as share

[11] Similar to the results reported in Table 6, because the dependent variable is the number of days (natural logarithm of number of days) from the time of announcement to the initiation of the buyback programme, the expected signs should now be the opposite from completion rate estimations.

buybacks. In equations 2 and 4, we only enter the proxies for CEO traits to examine the robustness of the results. Our findings and interpretations remain unaltered.

[Insert Table 8 here]

6. Robustness Checks

For checking the robustness of our results we employ a hazard model methodology. The dependent variable now is a dummy variable equal to one if the company has followed through with its buyback programme and zero if it has not made any buyback trades. The time variable we use is initiation lag in days. Since initiation lag is one of the important determinant in the buyback completion decision we model it as a hazard model where initiation lag is the time variable. By including initiation lag we can examine the impact of other variables on the completion rate while actively considering the impact of time on completion rates.

We estimate three equations, one with market-to-book and one with size interchangeably (to avoid multicollinearity), and the third one using both of these variables. The results presented in Table 9 are similar for these three regressions. The results show that ownership concentration is negatively related to the completion rate (hazard ratio of 0.986), suggesting that firms with higher agency problems are less likely to complete their buyback programme. The buyback repetition dummy, completion reputation and information on buyback are highly significant and positively related to the buyback completion rate as they have a hazard ratio higher than one. In sum, we find that the results are robust for any specification and that the buyback repetition, completion reputation and buyback information have a positive impact on the buyback completion rate whereas ownership concentration has a negative relationship with the completion rate, and the results are robust for any specification.

[Insert Table 9 here]

We find that the buyback repetition and buyback information dummies are consistently significant. Therefore, we perform a univariate analysis for identifying the characteristics of those firms which announce subsequent buyback programmes and disclose explicit information on the intended buyback programme. First, we partition our sample into two groups, those firms which have made a buyback announcement in the past and those that did not. The results are reported in Table 10. Interestingly we find that size, leverage, expected cash, and dividend payout is significantly higher for those firms with a subsequent buyback announcement. In contrast, ownership concentration and initiation lag are significantly lower. This suggests that larger, widely held firms, with higher leverage and higher dividend payout are more likely to make subsequent buyback announcement, as expected.

[Insert table 10 here]

Secondly, we partition our initial sample into those firms which provide explicit information in the intended buyback programme and those that do not. The results on Table 11 show that firms which disclose explicit information are larger firms, with higher cash levels and have a shorter time lag from the time of announcement to the initiation of the buyback programme. This confirms, our expectations that information disclosure is related with a higher commitment to follow through with the announced buyback programme.

[Insert table 11 here]

In order to have a clear understanding of the factors influencing the buyback completion rates, we repeat the Tobit estimations for the two partitioned groups based on the buyback repetition dummy. The results reported in Table 12 confirm our findings and interpretations obtained from the univariate analysis. We find that for

those firms with subsequent buyback announcements, cash is positively related and ownership concentration is negatively related with the completion. Additionally, we show that completion reputation and initiation lag is negatively related with the completion rate. In contrast, buyback information is positively related with the completion rate. The results for firms with no previous buyback announcements show it is only the initiation lag that is negatively related to the completion rate. These findings, suggest, that companies which repeat buyback programs are more likely to complete the announced buyback program.

[Insert table 12 here]

Similarly, we run Tobit models by partitioning the sample based on the buyback information dummy. We find that for those firms which disclose information on the intended buyback programme, leverage is positively related to the completion rate. However, we find that those firms which reduce their leverage and initiate their buyback programme as soon as possible are more likely to have a higher completion rate. Interestingly, we find that amongst firms which do not disclose any information, it is only those firms initiating the buyback programme soon after the announcement that are more likely to follow through with their announced buyback programme.

7. Summary and Conclusion

The goal of this study is to assess whether firms in the UK complete the announced share repurchase programmes and identify the determinants underlying the respective completion rates. We perform a number of Tobit estimations on the completion rates. We find that firms which are widely held and initiate the buyback programme soon after its announcement, are more likely to complete the intended buyback programme. We show that firms which disclose explicit information on the intended buyback and make more than one buyback announcements are more likely to have a high

completion rate. We show that CEO traits affect completion rates. Our results suggest that firms which disclose more information, attract a set of CEOs who in turn show a preference in completing the intended share buyback programs.

Moreover, we find that past completion reputation can serve as reliable signal for a firm's credibility on following through with its current buyback programme, which is consistent with Bonaimé (2011) In addition, we control for potential endogeneity by employing a two-stage approach and our results and interpretations remain unaltered. To check for the robustness of our results and interpretations, we estimate a number of hazard models with the initiation lag employed as the time variable. We find that ownership concentration, buyback repetition, and information disclosure consistently have a significant impact on the buyback completion ratio.

In addition, we examine whether any of the CEO traits have an impact on the buyback completion rates. We find that the CEO age, connectedness, business education and firm tenure are positively related with the buyback completion rate. Finally, we find that firms with older CEOs are more likely to initiate buybacks soon after the buyback announcement. Overall, our findings on the impact of CEO traits on buyback completion rates are consistent with previous studies on managerial traits and individual decisions.

References

Agarwal, S., J. Driscoll, X. Gabaix, and D. Laibson (2007), The Age of Reason: Financial Decisions over the Life Cycle, Working paper, New York University.

Allen, F. and R. Michaely (2003), Payout Policy. in G. M. Constantinides, M. Harris, and R. M. Stulz (eds.), Handbook of the Economics of Finance, Vol.1, (Elsevier, Amsterdam).

Barber, B., and T. Odean (2001), Boys will be Boys: Gender, Overconfidence, and Common Stock Investment, Quarterly Journal of Economics, 116 (1), 261-292.

Bartram, M. S., Brown, P., How, J. C.Y. and P. Verhoeven (2009), Agency conflicts and corporate payout policies: A global study. Working Paper (Lancaster University).

Bonaimé, A.A., (2010), Repurchases, Reputation, and Returns. Journal of Financial and Quantitative Analysis (forthcoming).

Bonaimé, A.A., (2011). Mandatory Disclosure and Firm Behavior: Evidence from Share Repurchases. Working Paper, available at: http://ssrn.com/ abstract=1585459

Brockman, P. and D.Y. Chung (2001), Managerial timing and corporate liquidity: Evidence from actual share repurchases. Journal of Financial Economics Vo.61, No.3, pp. 417-448.

Chevalier, J., and G. Ellison, (1999), Are Some Mutual Fund Managers Better than Others? Cross-Sectional Patterns in Behavior and Performance, Journal of Finance, 875-899.

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 Vol.46, No.4, pp. 1243-1271.

Cook D. O., L. Krigman and C.J. Leach (2004), On the timing and execution of open market repurchases. Review of Financial Studies Vol.17, No.2, pp. 463-498.

Dittmar, A.K. (2000), Why do firms repurchase stock? Journal of Business Vol.73, No.3, pp. 331-355.

Easterbrook, F.H. (1984), Two agency-cost explanations of dividends. American Economic Review Vol.74, No.4, pp. 650-659.

Eckbo, E. and Verma, S. (1994) Managerial share ownership, voting power, and cash dividend policy. Journal of Corporate Finance 1, pp. 33–62.

Fama, E. F. and K.R. French (1993), Common risk factors in the returns on stocks and bonds. Journal of Financial Economics Vol.33, No.1, pp. 3–56.

Fama, E. F. and K.R. French (2001), Disappearing Dividends: Changing Firm Characteristics or Lower Propensity to Pay? Journal of Applied Corporate Finance, Vol.14, No.1, pp. 67-79.

Fracassi, C., (2008), Corporate finance policies and social networks, Working paper, University of Texas at Austin.

Fracassi, C., and G., Tate (2012) External Networking and Internal Firm Governance. Journal of Finance, Vol. 67 (1), pp. 153-194.

Frank, M.Z., and Goyal, V.K., Corporate Leverage: How Much Do Managers Really Matter? Working Paper, available at: http://ssrn.com/abstract=971082 or http://dx.doi.org/10.2139/ssrn.971082

Ginglinger, E. and J. Hamon (2007), Actual share repurchases, timing and liquidity. Journal of Banking & Finance Vol.31, No.3, pp. 915-938.

Grullon, G. and Ikenberry, D.L. (2000) What do we know about stock repurchases? Journal of Applied Corporate Finance 13, 31-51.

Grullon, G. and R. Michaely (2002), Dividends, share repurchases, and the substitution hypothesis. Journal of Finance Vol.57, No.4, pp. 1649-1684.

Grullon, G. and R. Michaely (2004), The information content of share repurchase programs. Journal of Finance Vol.59, No.2, pp. 651-680.

Grullon, G., Michaely, R. and B. Swaminathan (2002), Are dividend changes a sign of firm maturity? Journal of Business Vol.75, No.3, pp. 387-424.

Guay, W. and J. Harford (2000), The cash-flow permanence and information content of dividend increases versus repurchases. Journal of Financial Economics Vol.57, No.3, pp. 385-415.

Guner, A. B, Malmendier, U., and Tate, G. (2008), Financial expertise of directors, Journal of Financial Economics 88, 323-354.

Hermalin and Michael L. Katz (2000). Corporate Diversification and Agency, in Peter J. Hammond and Gareth D. Myles, eds., *Incentives, Organization, and Public Economics: Papers in Honour of Sir James Mirrlees*, Oxford: Oxford University Press.

Hermalin, B. E., and M.S. Weisbach (2012). Information disclosure and corporate governance, *Journal of Finance*, vol. 67, pp. 195-234.

Hermalin, B.E., and Weisbach, M.S. (1998), Endogenously chosen boards of directors and their monitoring of the CEO, *American Economic Review*, 96-118.

Hermalin, B.E., and Weisbach, M.S. (2003), "Boards of Directors as an Endogenously-Determined Institution: A Survey of the Economic Literature." Economic Policy Review, Vol. 9, pp. 7-26.

Hill, C. W. L. and P. Phan (1991), CEO tenure as a determinant of CEO pay, *Academy of Management Journal* 34, 707-17.

Hwang, Byoung-Hyoun, and Seoyoung Kim (2009), It pays to have friends, *Journal of Financial Economics* 93, 138-158.

Ikenberry, D., Lakonishok, J. and T. Vermaelen (1995), Market underreaction to open market share repurchases. Journal of Financial Economics Vol.39, No.2-3, pp. 181-208.

Ikenberry, D., Lakonishok, J. and T. Vermaelen (2000), Stock repurchases in Canada: Performance and strategic trading. Journal of Finance Vol.55, No.5, pp. 2373-2397.

Jagannathan, M. and C. Stephens (2003), Motives for multiple open-market repurchase programmes. Journal of the Financial Management Association Vol.32, No.2, pp. 71-91.

Jagannathan, M., Stephens, C.P. and M.S. Weisbach (2000), Financial flexibility and the choice between dividends and stock repurchases. Journal of Financial Economics Vol.57, No.3, pp. 355-384.

Jensen, G., Solberg, D., Zorn, T. (1992) Simultaneous determination of insider ownership, debt, and dividend policies, Journal of Financial and Quantitative Analysis 27, pp. 247–263.

Jensen, M. (1993), The modern industrial revolution, exit, and the failure of internal control systems. Journal of Finance, Vol.48, pp. 831-880.

Jensen, M.C. (1986), Agency costs of free cash flow, corporate finance, and takeovers. American Economic Review Vol.76, No.2, pp. 323.

Keswani, A., Yang, J. and S. Young (2007), Do share buybacks provide price support? Evidence from mandatory non-trading periods. Journal of Business Finance and Accounting Vol.34, No.5-6, pp. 840-860.

Malmendier, U., and G., Tate (2005) CEO Overconfidence and Corporate Investment. Journal of Finance, Vol. 60 (6), pp. 2661-2700.

McNally, W.J. (1999), Open market stock repurchase signaling. Journal of the Financial Management Association Vol.28, No.2, pp. 55-67.

Mitchell, J.D. and G.V. Dharmawan (2007), Incentives for on-market buy-backs: Evidence from a transparent buy-back regime. Journal of Corporate Finance Vol.13, No.1, pp. 146-169.

Morck, R., A. Shleifer, and R. Vishny (1988), Management ownership and market valuation: An empirical analysis, Journal of Financial Economics 20, 293-316.

Oswald, D. and S. Young (2004), What role taxes and regulation? A second look at open market share buyback activity in the UK. Journal of Business Finance and Accounting Vol.31, No.1-2, pp. 257-292.

Oswald, D. and S. Young (2008), Share reacquisitions, surplus cash, and agency problems. Journal of Banking and Finance Vol.32, No.5, pp. 795-806.

Petersen, M. A. (2009) Estimating Standard Errors in Finance Panel Data Sets: Comparing Approaches, Review of Financial Studies 22, 435-480.

Rau, P.R. and T. Vermaelen (2002), Regulation, taxes, and share repurchases in the United Kingdom. Journal of Business Vol.75, No.2, pp. 245-282.

Shefrin, H. (2005), A Behavioral Approach to Asset Pricing, Academic Press Advanced Finance Series.

Shleifer A. and R. Vishny (1997), A survey of corporate governance, Journal of Finance Vol.52, No.2, pp. 737-783.

Song, Fenghua and Anjan V. Thakor, (2006). Information Control, Career Concerns, and Corporate Governance. *Journal of Finance*, Vol. *61* (4),pp. 1845–1896.

Stephens, C.P. and M.S. Weisbach (1998), Actual share reacquisitions in open-market repurchase programs. Journal of Finance Vol.53, No.1, pp. 313-333.

Vermaelen, T. (1981), Common stock repurchases and market signalling. Journal of Financial Economics Vol.9, No.2, pp. 139-183.

Zhang, H. (2005), Share price performance following actual share repurchases. Journal of Banking and Finance Vol.29, No.7, pp. 1887–1901.

Table 1. Share repurchase completion rates in the United Kingdom.

	No.	% of all firms
Repurchasing	181	45.25
Non-Repurchasing firms	219	54.75
Total	**400**	**100%**
Buyback Information	126	31.50
No Buyback Information	274	68.50
Total	**400**	**100%**
Percentiles		
0	219	54.75
0.1-20%	64	16.00
21-40%	36	9.00
41-60%	18	4.50
61-80%	17	4.25
>81%	46	11.50
Total	**400**	**100%**
	Mean	**Median**
Difference in days of initiation		
Entire Sample	319.35	547
Repurchasing firms	51.10	8
Completion Ratio		
Entire Sample	31.43%	0.00%
Repurchasing firms	69.45%	33.77%

This table reports the statistics for the completion rates and the number of days from the day of the announcement to the day of initiation of the announced share repurchase programmes, for the entire sample of announced buyback programmes and sub-sample of repurchasing firms (Repurchasing firms), for 1997 to 2006. In addition, the table reports the number and percentage of firms from the sample of firms that have actually repurchased their shares (Repurchasing firms) and those that have not repurchased any of their shares (Non-Repurchasing firms). Additionally, the table reports the number of firms which disclosed explicit information on their intended buybacks (Buyback information) and those firms which did not disclose any information (No Buyback information). Finally, the table reports the cumulative buyback activity in percentiles.

Table 2. **Yearly distribution of firm characteristics and their completion rates.**

Year	No.	(%) of Total Sample	Completion Rates (%) (Entire Sample)		No.	Completion Rates (%) (Repurchasing Firms)		Market-to-Book		Market Capitalisation (millions of GBP)	
			Mean	Median		Mean	Median	Mean	Median	Mean	Median
1997	15	4%	53.83	3.70	8	100.93	43.01	1.859	1.534	10,100	3,868
1998	34	9%	56.20	0.00	14	136.49	32.14	2.645	2.025	12,700	937
1999	21	5%	12.39	0.00	6	43.37	35.75	2.386	0.945	8,988	461
2000	22	6%	26.06	0.00	9	63.70	80.06	2.492	1.632	12,000	851
2001	37	9%	19.52	2.12	19	38.02	27.05	3.048	2.223	7,275	1,180
2002	51	13%	27.65	4.39	27	52.23	28.76	3.492	3.077	17,100	1,599
2003	41	10%	18.02	0.00	18	41.04	18.40	2.832	2.122	6,201	1,068
2004	56	14%	30.70	0.00	24	71.63	48.07	2.825	1.806	10,900	1,644
2005	65	16%	30.82	0.00	28	71.55	47.94	2.658	1.451	12,400	1,586
2006	58	15%	41.80	0.00	28	86.59	27.12	3.176	2.225	13,100	2,202
Total	**400**	**100%**	**31.43%**	**0.00%**	**181**	**69.45%**	**33.77%**	**2.874**	**2.027**	**11,600**	**1,526**

This table reports the annual distribution of share repurchase announcements and the completion rates of the respective announcements of the overall sample for 1997 to 2006. In addition, the table reports the average and median values per annum of the completion rates of the intended amount targeted at the time of the repurchase announcement and the respective values (at the beginning of the year prior to the announcement) of size proxied by the market capitalisation, valuation proxied by the market-to-book ratio and payout proxied by dividend yield.

Table 3: Descriptive Statistics

Panel A. Firm-specific variables	**N**	**Mean**	**Median**	**Min**	**Max**
Completion Rate	400	0.31	0.00	0.00	13.81
Size (millions of GBP)	358	11,600	1,526	2.25	233,000
Market to Book	358	2.87	2.03	0.62	7.09
Excess Returns	373	0.01	0.00	-0.22	0.23
Δ Excess Returns	372	0.00	-0.01	-0.44	0.43
Leverage	364	0.17	0.12	0.00	0.79
Δ Leverage	353	0.01	0.00	-0.33	1.78
Expected Cash (millions of GBP)	340	266.34	57.43	0.00	5,512
Unexpected Cash	336	0.73	0.10	-1.00	25.19
Ownership Concentration	340	17.31	13.11	0.00	91.63
Δ Ownership concentration	347	0.22	0.00	-53.02	78.67
Dividend Yield	358	3.12	3.05	0.00	9.83
Δ Dividend Yield	321	0.13	-0.02	-1.00	4.92
Dividend Payout	303	37.39	37.67	0	95.57
Buyback Repetition	400	0.40	0	0	1
Buyback Reputation	400	0.19	0	0	5.26
Initiation Lag days	400	319.35	547	0	547
Buyback Information	400	0.69	1	0	1
Panel B. CEO traits					
CEO Age	302	54.31	54	31	77
CEO Tenure	310	8.88	8	1	40
Tenure in the firm	306	16.56	13	1	42
No of companies worked	294	2.34	2	0	11
Number of directorships held	300	6.57	7	0	17
Founder	395	0.37	0	0	1
Internally	396	0.29	0	0	1
Business education	396	0.15	0	0	1
Highest education	396	0.22	0	0	1
Business or non-business career	396	0.97	1	0	1
Gender	397	0.76	1	0	1
Nationality	397	0.55	1	0	1

This table presents the descriptive statistics for the variables employed in this study. Panel A presents the firm-specific characteristics and Panel B presents the CEO related variables. *Completion Rate* is the percentage of the repurchased shares relative to the amount targeted at the time of the announcement. When no information is disclosed on the intended amount buyback programme, we set as intended amount 15% of the capital outstanding at the time of the announcement, which is the maximum capital a firm can repurchase in any given open market buyback. S*ize* is the market capitalisation for firm *i* at the year-end prior to the announcement of intention to buy-back shares and reported in millions of GB pounds. *Market to-Book* is the ratio of market value for each company *i* to its respective book value of assets at the year-end prior to the announcement of intention to buy-back shares. *Excess returns* is the cumulative excess return of firm *i* relative to the FTSE All Share index for the period of 22 to 2 days prior to the announcement. *Δ excess returns* is the change in the cumulative excess return for the period of 22 to 2 days following the day of the announcement relative to the cumulative excess return for the period of 22 to 2 days prior to the announcement. *Leverage* is the ratio of long-term debt to the book value of total assets of firm *i* at the year-end prior to the announcement of intention to buy-back shares. *Δ leverage* which is the change in leverage at the year-end following the announcement relative to the year-end prior to the announcement. *Expected cash* is the three-year average of a firm's cash divided by its total assets net of cash for years -4 to -1 prior to the buyback announcement and expressed in millions of GB pounds. *Unexpected cash is* the relative difference of cash scaled by assets net of cash at the year-end prior to the repurchase announcement over the three-year average of cash divided by assets net of cash for years -4 to -1 relative to the buyback announcement. *Ownership concentration* is the percentage of closely held shares divided by the number of total common shares outstanding at the year-end prior to the repurchase announcement. *Δ ownership concentration* is the change of ownership concentration at year-end following the repurchase announcement, relative to the respective level at the year-end prior to the announcement. *Dividend yield* is the ratio of dividends paid relative to the share price, for each firm *i* at the year-end prior to the repurchase announcement. *Δ dividend yield* is the annual change of cash dividends at the year-end following the repurchase announcement, relative to the firm's previous year cash dividends. *Dividend Payout* is the ratio of common cash dividends relative to the reported net income for each firm *i* at the year-end prior to the open market share repurchase announcement. *Buyback repetition* is a dummy variable which takes the value of one if a firm has announced its intention to buy back its shares in the past, during the ten-year period under study, and zero otherwise. *Initiation lag* is the number of days from the day of the announcement to the initiation of the repurchase programme. *Buyback reputation* is the completion rate of the most recent buyback programme implemented by firm *i*. *Buyback information* takes the value of one when an announcement of intention to buy back shares contains explicit information on the intended buyback programme and zero when no information is disclosed. *CEO Age* is the difference between the date of birth and the end of 2011 expressed in years. *CEO Tenure* is the difference between joining date as CEO and ending in 2011, expressed in years. *Tenure in the firm* is the number of years employed by the company. *No of companies worked for* is the number of companies the CEO has worked as a director. *Number of directorships held* is the number of companies in which the CEO is serving as director at the time. *Founder* is a dummy variable which takes the value of one if the CEO is the firm's founder and zero otherwise. *Internally* is a dummy variable equal to one if the CEO was appointed internally and zero otherwise. *Business education* is a dummy variable equal to one if the CEO has received a business education and zero otherwise. *Highest education* is a dummy variable equal to one if a CEO has a Master's degree or higher qualification and zero otherwise. *Business or non-business* career is a dummy variable equal to one if the CEO pursued only a business related career and zero otherwise. *Gender* is a dummy equal to one if the CEO is male and zero otherwise. *Nationality* is a dummy variable equal to one if the CEO has a British citizenship and zero otherwise.

Table 4: Univariate Sorting on completion rate

	No Buyback Trades			Partial Completion Rate			High Completion Rate			Homogeneity across means	Homogeneity across medians
Variables	**N**	**Mean**	**Median**	**N**	**Mean**	**Median**	**N**	**Mean**	**Median**		
Size (millions of GBP)	182	7,763	647	83	9,577	1,561	93	20,700	2,229	*(0.012)***	*(0.000)****
Market to Book	182	2.501	1.718	83	3.314	2.712	93	3.212	2.315	*(0.697)*	*(0.000)****
Excess Returns	196	0.001	-0.007	83	0.004	0.002	94	0.019	0.017	*(0.529)*	*(0.601)*
Δ Excess Returns	195	0.000	-0.022	83	0.025	0.010	94	-0.014	-0.012	*(0.324)*	*(0.104)*
Leverage	188	0.140	0.093	83	0.180	0.171	93	0.201	0.177	*(0.008)****	*(0.193)*
Δ Leverage	179	0.019	0.000	81	-0.009	-0.001	93	-0.008	0.000	*(0.161)*	*(0.465)*
Expected Cash (millions of GBP)	165	166.49	25.05	83	184.72	57.00	92	519.06	118.33	*(0.002)****	*(0.000)****
Unexpected Cash	164	0.871	0.012	81	0.536	0.057	91	0.652	0.185	*(0.536)*	*(0.472)*
Ownership Concentration	166	21.830	19.385	82	12.675	10.809	92	13.289	5.231	*(0.000)****	*(0.002)****
Δ Ownership concentration	172	-0.244	0.000	83	0.844	0.003	92	0.517	0.011	*(0.768)*	*(0.299)*
Dividend Yield	182	3.078	2.958	83	2.975	3.152	93	3.331	3.175	*(0.374)*	*(0.817)*
Δ Dividend Yield	157	0.112	-0.010	77	0.201	-0.040	87	0.083	-0.018	*(0.591)*	*(0.913)*
Dividend Payout	159	32.349	30.530	73	43.028	41.658	71	42.890	41.842	*(0.000)****	*(0.005)****
Buyback Repetition	218	0.257	0.000	87	0.540	1.000	94	0.606	1.000	*(0.000)****	*(0.000)****
Buyback Reputation	218	0.055	0.000	87	0.258	0.000	94	0.443	0.000	*(0.000)****	*(0.000)****
Initiation Lag (days)	218	542.07	547.00	87	75.17	19.000	94	28.830	6.000	*(0.000)****	*(0.000)****
Buyback Information	218	0.619	1.000	87	0.609	1.000	94	0.915	1.000	*(0.000)****	*(0.001)****
Gender	219	0.658	1.000	87	0.885	1.000	94	0.904	1.000	*(0.000)****	*(0.017)***
Nationality	219	0.457	0.000	87	0.632	1.000	94	0.713	1.000	*(0.000)****	*(0.012)***
CEO Age	138	3.971	3.990	77	3.988	3.990	87	3.998	3.990	*(0.392)*	*(0.994)*
Founder	216	0.491	0.000	87	0.218	0.000	94	0.223	0.000	*(0.000)****	*(0.230)*
CEO Tenure	147	2.043	2.080	75	1.939	2.080	88	2.005	1.950	*(0.540)*	*(0.340)*
Tenure in the firm	142	2.656	2.710	77	2.475	2.480	87	2.565	2.560	*(0.162)*	*(0.090)**
Internally	216	0.264	0.000	87	0.287	0.000	94	0.362	0.000	*(0.243)*	*(0.362)*
No of companies worked	216	0.621	0.000	87	0.941	1.100	94	0.926	1.100	*(0.000)****	*(0.000)****
Number of directorships held	124	1.753	1.950	67	1.797	2.080	80	1.842	1.950	*(0.679)*	*(0.771)*
Business education	216	0.116	0.000	87	0.161	0.000	94	0.213	0.000	*(0.108)*	*(0.259)*

The table reports the descriptive statistics for the three sub-groups of firms with Completion Rate=0, Completion Rate >0≤31.5%, and Completion Rate>31.5%. The variables are defined as in Table 3. Homogeneity, reports the p-values based on χ^2 and Pearson's continuity correction χ^2 for the homogeneity test of means and medians respectively, across the three sub-groups of firms with no buyback trades (Completion Rate=0%), partial completion rate (Completion Rate >0≤31.5%), and high completion rate (Completion Rate>31.5%).

Table 5: Tobit regressions on the drivers of buyback completion rates

	(1)		(2)		(3)		(4)		(5)	
	Coef	**p>t**	**Coef**	**p>t**	**Coef**	**p>t**	**Coef**	**p>t**	**Coef**	**p>t**
Cons	-1.216**	*(0.016)*	-4.754**	*(0.012)*	-2.325*	*(0.057)*	-4.652**	*(0.023)*	-4.608***	*(0.000)*
Market-to-book	0.199***	*(0.007)*								
Size	-0.003	*(0.895)*	2.293***	*(0.001)*						
Excess returns	0.956**	*(0.042)*								
Δ excess returns	0.416	*(0.147)*								
Leverage	0.324	*(0.212)*							0.000*	*(0.057)*
Δ Leverage	-0.496	*(0.206)*								
Expected cash	0.858*	*(0.088)*	1.618	*(0.397)*	0.116	*(0.951)*				
Unexpected cash	-0.010	*(0.666)*								
Ownership concentration	-0.001	*(0.883)*	-0.093***	*(0.001)*	-0.063*	*(0.053)*	-0.113***	*(0.001)*	-0.106**	*(0.023)*
Δ Ownership concentration	0.002	*(0.693)*								
Dividend payout			0.018***	*(0.002)*	0.012**	*(0.029)*	0.027***	*(0.000)*	0.017***	*(0.002)*
Dividend yield	0.029	*(0.453)*								
Δ Dividend yield	-0.067	*(0.295)*								
Buyback repetition	-0.035	*(0.690)*	0.267	*(0.260)*			1.587**	*(0.015)*	1.254**	*(0.012)*
Buyback reputation	-0.086	*(0.134)*			1.664***	*(0.008)*				
Initiation lag	-0.210***	*(0.000)*	-0.590***	*(0.005)*	-3.134**	*(0.013)*				
Buyback information	0.300***	*(0.002)*	5.035***	*(0.000)*	5.411***	*(0.002)*	5.306**	*(0.035)*	4.929*	*(0.013)*
Industry/ year dummy	✓		✓		✓		✓		✓	
N	*251*		*225*		*225*		*285*		*285*	
Pseudo R^2(%)	*43.81*		*24.27*		*23.47*		*20.62*		*21.38*	

This table presents the results on the Tobit regressions for estimating the determinants of the completion rates for a sample of 400 announcements of intention to buy-back shares in the open market over 1997 to 2006 in the UK. The dependent variable is the Completion Rate. *Completion Rate* is the percentage of the repurchased shares relative to the amount targeted at the time of the announcement. When no information is disclosed on the intended amount buyback programme, we set as intended amount 15% of the capital outstanding at the time of the announcement, which is the maximum capital a firm can repurchase in any given open market buyback. S*ize* is the natural logarithm of market capitalisation for firm *i* at the year-end prior to the announcement of intention to buy-back shares. *Market to-Book* is the ratio of market value for each company *i* to its respective book value of assets at the year-end prior to the announcement of intention to buy-back shares. *Excess returns* is the cumulative excess return of firm *i* relative to the FTSE All Share index for the period of 22 to 2 days prior to the announcement. *Δ excess returns* is the change in the cumulative excess return for the period of 22 to 2 days

following the day of the announcement relative to the cumulative excess return for the period of 22 to 2 days prior to the announcement. *Leverage* is the ratio of long-term debt to the book value of total assets of firm *i* at the year-end prior to the announcement of intention to buy-back shares. *Δ leverage* which is the change in leverage at the year-end following the announcement relative to the year-end prior to the announcement. *Expected cash* is the three-year average of a firm's cash divided by its total assets net of cash for years -4 to -1 prior to the buyback announcement. *Unexpected cash is* the relative difference of cash scaled by assets net of cash at the year-end prior to the repurchase announcement over the three-year average of cash divided by assets net of cash for years -4 to -1 relative to the buyback announcement. *Ownership concentration* is the percentage of closely held shares divided by the number of total common shares outstanding at the year-end prior to the repurchase announcement. *Δ ownership concentration* is the change of ownership concentration at year-end following the repurchase announcement, relative to the respective level at the year-end prior to the announcement. *Dividend yield* is the ratio of dividends paid relative to the share price, for each firm *i* at the year-end prior to the repurchase announcement. *Δ dividend yield* is the annual change of cash dividends at the year-end following the repurchase announcement, relative to the firm's previous year cash dividends. *Dividend Payout* is the ratio of common cash dividends relative to the reported net income for each firm *i* at the year-end prior to the open market share repurchase announcement. *Buyback repetition* is a dummy variable which takes the value of one if a firm has announced its intention to buy back its shares in the past, during the ten-year period under study, and zero otherwise. *Initiation lag* is the natural logarithm of the number of days from the day of the announcement to the initiation of the repurchase programme. *Buyback reputation* is the completion rate of the most recent buyback programme implemented by firm *i*. *Buyback information* takes the value of one when an announcement of intention to buy back shares contains explicit information on the intended buyback programme and zero when no information is disclosed. *CEO Age* is the difference between the date of birth and the end of 2011 expressed in years. *CEO Tenure* is the difference between joining date as CEO and ending in 2011, expressed in years. *Tenure in the firm* is the number of years employed by the company. *No of companies worked for* is the number of companies the CEO has worked as a director. *Number of directorships held* is the number of companies in which the CEO is serving as director at the time. *Internally* is a dummy variable equal to one if the CEO was appointed internally and zero otherwise. *Business education* is a dummy variable equal to one if the CEO has received a business education and zero otherwise. *Highest education* is a dummy variable equal to one if a CEO has a Master's degree or higher qualification and zero otherwise. *Business or non-business* career is a dummy variable equal to one if the CEO pursued only a business related career and zero otherwise. *Gender* is a dummy equal to one if the CEO is male and zero otherwise. *Nationality* is a dummy variable equal to one if the CEO has a British citizenship and zero otherwise. . *Tenure in the firm* is the number of years employed by the company. The two-tailed Tobit models are truncated at 0% and 100%. The p-values are based on cluster adjusted robust standard errors at the firm level (Petersen, 2009) and are reported in parentheses. ***, **, and * indicate statistical significance at the 1, 5 and 10% level respectively.

Table 6: Tobit regressions on initiation lag

	(1)		(2)	
	Coef.	**p>t**	**Coef.**	**p>t**
Cons	7.273***	*(0.000)*	7.249**	*(0.000)*
Market-to-Book	-0.090	*(0.270)*		
Size	-0.250	*(0.260)*	-0.307	*(0.160)*
Excess Returns	-0.656	*(0.660)*	-0.510	*(0.740)*
Δ Excess Returns	0.219	*(0.840)*	0.308	*(0.780)*
Leverage	0.239	*(0.820)*	0.242	*(0.810)*
Δ Leverage	0.630	*(0.630)*	0.356	*(0.780)*
Expected Cash	0.438	*(0.800)*	0.355	*(0.840)*
Unexpected Cash	-0.053	*(0.430)*	-0.047	*(0.490)*
Ownership Concentration	0.018**	*(0.050)*	0.016*	*(0.070)*
Dividend Yield	0.022	*(0.870)*	0.072	*(0.550)*
Δ Dividend Yield	-0.247	*(0.260)*	-0.226	*(0.300)*
Dividend Payout	-0.006	*(0.490)*	-0.007	*(0.380)*
Buyback Repetition	-0.847**	*(0.020)*	-0.850**	*(0.020)*
Completion Reputation	-0.544**	*(0.040)*	-0.590**	*(0.020)*
Buyback Information	-0.887**	*(0.010)*	-0.852***	*(0.010)*
N	*201*		*201*	
Pseudo R^2(%)	*22.33*		*22.77*	

This table presents the results on the Tobit regressions for estimating the determinants for the time lag between the time of announcement and the initiation of an open market buyback programme. The consists of 400 announcements of intention to buy-back shares in the open market over 1997 to 2006 in the UK. The dependent variable is the Initiation Lag. All the variables are defined as in Table 5. The p-values are based on cluster adjusted robust standard errors at the firm level (Petersen, 2009) and are reported in parentheses. ***, **, and * indicate statistical significance at the 1, 5 and 10% level respectively.

Table 7: Tobit regressions on the completion rates with CEO traits

	(1)		(2)		(3)	
	Coef.	**p>t**	**Coef.**	**p>t**	**Coef.**	**p>t**
Cons	-1.431	*(0.352)*	-3.188**	*(0.048)*	-3.899**	*(0.015)*
Ownership Concentration	-0.011***	*(0.004)*				
Repeat buyback dummy	0.225*	*(0.071)*				
Completion Reputation	0.105	*(0.180)*				
Information on Buyback	0.494***	*(0.000)*				
Nationality	-0.039	*(0.756)*	0.079	*(0.532)*	0.153	*(0.225)*
Ln(age)	0.346	*(0.364)*	0.711***	*(0.077)*	1.076***	*(0.009)*
Founder	0.026	*(0.866)*	-0.122	*(0.420)*	-0.080	*(0.594)*
Tenure as CEO	-0.064	*(0.500)*	-0.016	*(0.868)*		
Tenure in the firm					-0.288***	*(0.008)*
Internally	0.038	*(0.790)*	0.057	*(0.679)*	0.125	*(0.372)*
No of companies worked	0.018	*(0.851)*	0.104	*(0.275)*	-0.075	*(0.500)*
Number of directorship	0.019	*(0.835)*	0.121	*(0.176)*	0.160***	*(0.075)*
Business education	0.092	*(0.524)*	0.251*	*(0.083)*	0.297**	*(0.038)*
N	*228*		*262*		*260*	
Pseudo R^2(%)	*9.560*		*2.150*		*3.450*	

This table presents the results on the Tobit regressions for assessing the impact of both firm-specific characteristics and CEO traits on the buyback completion rates. The sample is comprised of 400 announcements of intention to buy-back shares in the open market over 1997 to 2006 in the UK. The dependent variable is the completion rate. All the variables are defined as in Table 5. The p-values are based on cluster adjusted robust standard errors at the firm level (Petersen, 2009) and are reported in parentheses. ***, **, and * indicate statistical significance at the 1, 5 and 10% level respectively.

Table 8: Tobit regressions on initiation lag with CEO characteristics

	(1)		(2)		(3)		(4)	
	coef	**p>t**	**coef**	**p>t**	**coef**	**p>t**	**coef**	**p>t**
Cons	11.265***	*(0.008)*	14.422***	*(0.001)*	8.581**	*(0.045)*	0.564	*(0.607)*
Ownership Concentration	0.025***	*(0.005)*			0.023**	*(0.012)*		
Buyback Repetition	-0.934***	*(0.005)*			-1.082***	*(0.002)*		
Completion Reputation	-0.411*	*(0.060)*			-0.399*	*(0.076)*		
Buyback Information	-1.015***	*(0.002)*			-1.064***	*(0.002)*		
Ln(Age)	-2.293**	*(0.033)*	-2.875***	*(0.010)*	-1.108	*(0.289)*	-0.050	*(0.855)*
Founder	-0.010	*(0.980)*	0.393	*(0.325)*	0.091	*(0.828)*	-0.015	*(0.884)*
Tenure in the firm	0.994***	*(0.001)*	0.900***	*(0.002)*				
CEO Tenure					0.350	*(0.173)*	0.122*	*(0.076)*
Internally	0.394	*(0.309)*	0.064	*(0.862)*	0.607	*(0.117)*	0.221**	*(0.019)*
No of companies worked for	0.513*	*(0.076)*	0.324	*(0.265)*	0.014	*(0.956)*	0.062	*(0.340)*
Number of directorships held	-0.181	*(0.472)*	-0.664***	*(0.007)*	-0.060	*(0.814)*	-0.047	*(0.460)*
Business education	0.106	*(0.788)*	0.345	*(0.381)*	0.250	*(0.536)*	0.308***	*(0.003)*
Nationality	-0.040	*(0.908)*	-0.212	*(0.535)*	0.195	*(0.581)*		
N	*201*		*201*		*201*		*201*	
Pseudo R^2(%)	*6.60*		*1.99*		*5.39*		*2.99*	

This table presents the results on the Tobit regressions for assessing the impact of CEO traits on the time it takes for a firm to initiate the announced buyback programme. The sample is comprised of 400 announcements of intention to buy-back shares in the open market over 1997 to 2006 in the UK. The dependent variable is the Initiation lag. All the variables are defined as in Table 5. The p-values are based on cluster adjusted robust standard errors at the firm level (Petersen, 2009) and are reported in parentheses. ***, **, and * indicate statistical significance at the 1, 5 and 10% level respectively.

Table 9: Hazard Models on the drivers of buyback completion rates

	(1)		(2)	
	Hazard Ratio	**P>z**	**Hazard Ratio**	**P>z**
Market-to-book	1.08	0.36		
Size	2.02**	0.01	1.46***	0.00
Excess returns	74.74**	0.01	3.96*	0.06
Δ excess returns	1.97	0.54		
Leverage	0.17*	0.07	0.52	0.23
Δ Leverage	0.04	0.17		
Expected cash	0.59	0.84		
Unexpected cash	1.12	0.24		
Ownership concentration	0.97**	0.01	0.98**	0.01
Δ Ownership concentration	1.00	0.79		
Dividend payout	1.00	0.59		
Dividend yield	1.00	0.99		
Δ Dividend yield	1.24	0.26		
Buyback repetition	1.52	0.17	1.65**	0.01
Buyback reputation	1.26	0.32	1.24*	0.09
Buyback information	2.31**	0.01	2.77***	0.00
Gender	0.18	0.14		
Nationality	1.76	0.15		
CEO Age	0.52	0.56		
Founder	0.65	0.39		
CEO Tenure	2.29**	0.02	1.11	0.56
Tenure in the firm	0.30***	0.00	0.47***	0.00
Internally	0.66	0.35		
No of companies worked	0.47**	0.03	0.72*	0.08
Number of directorships held	0.90	0.71		
Business education	0.43*	0.06	0.73	0.21
N	*124*		*233*	
LRchi^2(26)	*68.57*		*83.21*	
Log likelihood	*-309.10*		*-616.88*	
Prob.	*0.00*		*0.00*	

The dependent variable is a dummy which takes the value of if a firm has conducted a buyback and zero otherwise. All the variables are defined as in Table 5. The time variable used in the estimation is initiation lag in days. The p-values are based on cluster adjusted robust standard errors at the firm level (Petersen, 2009) and are reported in parentheses. ***, **, and * indicate statistical significance at the 1, 5 and 10% level respectively.

Table 10: Univariate analysis sorted by subsequent buyback programmes

	Buyback Repetition = 0			Buyback Repetition = 1			Mean	Median
Variables	**N**	**Mean**	**Median**	**N**	**Mean**	**Median**	**difference**	**difference**
Completion Rate	239	22.80%	0.00%	160	44.60%	12.00%	*(0.027)***	*(0.000)****
Size	206	5,218	664.47	152	20,100	2,956	*(0.000)****	*(0.000)****
Market-to-Book	206	2.58	1.83	152	3.28	2.36	*(0.439)*	*(0.002)****
Excess Returns	218	0.00	0.00	154	0.01	0.01	*(0.496)*	*(0.752)*
Δ Excess Returns	217	0.00	-0.02	154	0.00	0.01	*(0.923)*	*(0.158)*
Leverage	212	0.14	0.10	152	0.20	0.18	*(0.001)****	*(0.020)***
Δ Leverage	204	0.01	0.00	149	0.00	0.00	*(0.786)*	*(0.102)*
Expected Cash	194	121.64	24.75	146	458.61	103.37	*(0.000)****	*(0.000)****
Unexpected Cash	190	0.79	0.07	146	0.65	0.16	*(0.626)*	*(0.670)*
Ownership Concentration	193	19.31	13.98	147	14.69	12.10	*(0.025)***	*(0.381)*
Δ Ownership concentration	198	0.87	0.00	149	-0.64	0.00	*(0.253)*	*(0.412)*
Dividend Yield	206	3.08	2.99	152	3.17	3.21	*(0.679)*	*(0.748)*
Δ Dividend Yield	179	0.16	0.03	142	0.08	-0.04	*(0.300)*	*(0.063)**
Dividend Payout	178	34.08	32.50	125	42.10	44.26	*(0.004)****	*(0.000)****
Completion Reputation	239	0	0	160	0.476	0	*(0.000)****	*(0.000)****
Initiation lag	239	392.54	547	160	210.02	29	*(0.000)****	-
Buyback information	239	0.70	1	160	0.67	1	*(0.528)*	-
Gender	239	0.686	1.000	160	0.881	1.000	*(0.000)****	-
Nationality	239	0.502	1.000	160	0.631	1.000	*(0.011)***	-
CEO Age	156	3.983	3.990	145	3.983	3.990	*(0.966)*	*(0.408)*
Founder	236	0.492	0.000	160	0.188	0.000	*(0.000)****	*(0.000)****
CEO Tenure	161	2.007	2.080	148	2.014	2.080	*(0.923)*	*(0.926)*
Tenure in the firm	156	2.576	2.640	149	2.588	2.560	*(0.877)*	*(0.603)*
Internally	236	0.233	0.000	160	0.381	0.000	*(0.001)****	*(0.002)****
No of companies worked	236	0.634	0.000	160	0.959	1.100	*(0.000)****	*(0.000)****
Number of directorships held	132	1.706	1.950	138	1.867	2.080	*(0.060)**	*(0.002)****
Business education	236	0.085	0.000	160	0.244	0.000	*(0.000)****	*(0.000)*

This table reports the descriptive statistics for the two sub-groups of firms which have made a buyback announcement in the past (buyback repetition=1) and those that did not make such an announcement prior to the current buyback programme (buyback repetition=0). The variables are defined as in Table 3. The p-values from the tests of differences in means and medians based on the t-test are reported in brackets. ***, **, and * indicate statistical significance at the 1, 5 and 10% level respectively.

Table 11: Univariate sorting by Information on Buyback programs

	Buyback Information = 0			Buyback Information = 1			Mean	Median
Variables	**N**	**Mean**	**Median**	**N**	**Mean**	**Median**	**difference**	**difference**
Completion Rate	125	10.20%	0.00%	274	41.20%	0.50%	*(0.003)****	*(0.002)****
Size	114	5,727	1,105	244	14,300	1,731	*(0.011)***	*(0.009)****
Market-to-Book	114	2.94	1.77	244	2.84	2.15	*(0.350)*	*(0.140)*
Excess Returns	121	0.02	0.02	251	0.00	-0.01	*(0.082)**	*(0.121)*
Δ Excess Returns	121	0.00	0.00	250	0.00	-0.01	*(0.807)*	*(0.484)*
Leverage	116	0.15	0.12	248	0.17	0.13	*(0.277)*	*(0.474)*
Δ Leverage	113	0.00	0.00	240	0.01	0.00	*(0.859)*	*(0.986)*
Expected Cash	109	114.88	33.60	231	337.81	68.50	*(0.001)****	*(0.011)***
Unexpected Cash	106	0.77	-0.01	230	0.71	0.16	*(0.835)*	*(0.326)*
Ownership Concentration	112	18.63	14.18	228	16.66	12.64	*(0.368)*	*(0.564)*
Δ Ownership concentration	115	0.76	0.00	232	-0.05	0.01	*(0.564)*	*(0.183)*
Dividend Yield	114	3.16	2.99	244	3.10	3.05	*(0.801)*	*(0.910)*
Δ Dividend Yield	99	0.16	-0.01	222	0.11	-0.02	*(0.561)*	*(0.315)*
Dividend Payout	92	36.51	37.92	211	37.78	36.94	*(0.672)*	*(0.871)*
Buyback Repetition	125	0.42	0	274	0.39	0	*(0.528)*	*(0.601)*
Completion Reputation	125	0.16	0	274	0.20	0	*(0.494)*	*(0.276)*
Initiation lag	125	384.22	547	274	289.76	301.50	*(0.000)****	*(0.000)****
Gender	125	0.752	1.000	274	0.770	1.000	*(0.694)*	-
Nationality	125	0.480	0.000	274	0.588	1.000	*(0.045)***	-
CEO Age	90	3.956	3.940	211	3.994	3.990	*(0.043)***	-
Founder	123	0.415	0.000	273	0.348	0.000	*(0.204)*	*(0.240)*
CEO Tenure	93	2.049	2.200	216	1.993	1.950	*(0.465)*	*(0.246)*
Tenure in the firm	91	2.489	2.480	214	2.621	2.640	*(0.133)*	*(0.215)*
Internally	123	0.236	0.000	273	0.319	0.000	*(0.094)**	*(0.254)*
No of companies worked	123	0.711	0.690	273	0.790	1.100	*(0.311)*	*(0.119)*
Number of directorships held	81	1.691	1.950	189	1.830	1.950	*(0.138)*	*(0.664)*
Business education	123	0.081	0.000	273	0.179	0.000	*(0.011)**	*(0.632)*

This table reports the descriptive statistics for the two sub-groups of firms which disclose explicit information on their intended buyback programmes (buyback information=1) and those which do not disclose any information (buyback information=0). The variables are defined as in Table 3.The p-values from the tests of differences in means and medians based on the t-test are reported in brackets. ***, **, and * indicate statistical significance at the 1, 5 and 10% level respectively.

Table 12: Second stage Tobit regressions on the drivers of buyback completion rates

	Buyback Repetition=1		Buyback Repetition=0		Buyback Information=1		Buyback Information=0	
	Coef.	**P>t**	**Coef.**	**P>t**	**Coef.**	**P>t**	**Coef.**	**P>t**
Cons	2.511*	*(0.050)*	0.142**	*(0.040)*	3.334*	*(0.050)*	-0.147	*(0.875)*
Size	-0.129	*(0.240)*	-0.032	*(0.875)*	0.026	*(0.650)*	0.211	*(0.308)*
Market-to-Book	-0.002	*(0.930)*	0.096	*(0.149)*	0.058**	*(0.010)*	-0.065	*(0.331)*
Excess Returns	1.894**	*(0.010)*	0.162	*(0.884)*	1.002	*(0.090)*	1.299	*(0.127)*
Δ Excess Returns	0.394	*(0.400)*	-0.329	*(0.555)*	0.035	*(0.940)*	0.189	*(0.787)*
Leverage	0.452	*(0.230)*	0.043	*(0.953)*	0.217	*(0.440)*	0.506	*(0.450)*
Δ Leverage	-0.493	*(0.740)*	-0.621	*(0.322)*	-0.085	*(0.820)*	0.631	*(0.590)*
Expected Cash	2.733**	*(0.040)*	2.636*	*(0.091)*	1.921*	*(0.050)*	0.645	*(0.460)*
Unexpected Cash	0.007	*(0.770)*	0.071	*(0.153)*	0.025	*(0.370)*	-0.029	*(0.322)*
Ownership Concentration	-0.020***	*(0.000)*	-0.026**	*(0.036)*	-0.025***	*(0.000)*	-0.002	*(0.634)*
Δ Ownership Concentration	-0.005	*(0.470)*	-0.002	*(0.842)*	-0.006	*(0.260)*	-0.01	*(0.389)*
Dividend Yield	-0.002	*(0.420)*	-0.007	*(0.115)*	-0.006**	*(0.010)*	-0.102	*(0.378)*
Δ Dividend Yield	-0.028	*(0.570)*	0.177*	*(0.077)*	0.095**	*(0.020)*	-0.212	*(0.324)*
Dividend Payout	-0.098*	*(0.050)*	0.026	*(0.884)*	-0.112***	*(0.000)*	-0.001	*(0.877)*
Completion Reputation	-0.207**	*(0.040)*			-0.183**	*(0.020)*	-0.003	*(0.986)*
Initiation Lag	-0.161***	*(0.000)*	-0.193**	*(0.017)*	-0.171***	*(0.000)*	-0.215**	*(0.034)*
Buyback Information	0.435***	*(0.000)*	0.118	*(0.803)*				
Buyback Repetition					0.078	*(0.470)*	-0.079	*(0.799)*
Gender			-0.587	*(0.112)*	0.055	*(0.750)*	-1.138**	*(0.010)*
Nationality	0.231*	*(0.080)*	0.383*	*(0.089)*	0.321**	*(0.010)*	0.412**	*(0.040)*
CEO Age	-0.213	*(0.620)*	0.142	*(0.872)*	-0.697	*(0.100)*	0.606	*(0.160)*
Founder	0.160	*(0.460)*	-0.344	*(0.182)*	-0.037	*(0.780)*	0.097	*(0.620)*
CEO Tenure	0.244**	*(0.020)*	0.077	*(0.763)*	0.223**	*(0.020)*	0.041	*(0.820)*
Tenure in the firm	-0.247**	*(0.040)*	0.011	*(0.968)*	-0.158*	*(0.090)*	-0.642**	*(0.010)*
Internally	0.160	*(0.410)*	0.219	*(0.474)*	0.128	*(0.420)*	-0.172	*(0.420)*
No of companies worked	-0.034	*(0.760)*	-0.158	*(0.435)*	-0.083	*(0.460)*	-0.601***	*(0.000)*
Number of directorships held	-0.117	*(0.380)*	0.062	*(0.759)*	-0.11	*(0.170)*	0.052	*(0.700)*
Business education	0.492*	*(0.050)*	0.142**	*(0.040)*	3.334**	*(0.050)*	-0.147	*(0.875)*
N		*70*		*64*		*88*		79
Pseudo R^2(%)		*65.54*		*44.24*		*60.01*		*35.17*

This table presents the results on the two-stage Tobit regressions for assessing the drivers of the buyback completion rates. The sample is comprised of 400 announcements of intention to buy-back shares in the open market over 1997 to 2006 in the UK. The table presents the results for two sample partitions. First, the partitioned sample based on those firms which have made a buyback announcement in the past (buyback repetition=1) and those that did not make such an announcement prior to the current buyback programme (buyback repetition=0). Second, the partitioned sample based on those firms which disclose explicit information on their intended buyback programmes (buyback information=1) and those which do not disclose any information (buyback information=0). The dependent variable is the Completion Rate. The initiation lag is the estimated values from the first-stage ordinary least squares regressions. All the remaining variables are defined as in Table 5. The p-values are based on cluster adjusted robust standard errors at the firm level (Petersen, 2009) and are reported in parentheses. ***, **, and * indicate statistical significance at the 1, 5 and 10% level respectively.