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RESEARCH ARTICLE

The Effect of Share Buyback Notifications on Covid-19 Process To Stocks Return: An Analysis of Companies In The BIST 100 Index

Şevket Durmaz[a*], Güven Sayılgan[b]

[a]*Institute of Social Sciences, Department of Business Administration, PhD Student, Ankara University, Ankara, Turkiye*

[b]*Faculty of Political Sciences, Department of Business Administration, Ankara University, Ankara, Turkiye*

Abstract

The buyback of shares has gained great popularity in Turkey and in the world in the last 10 years. The purpose of this study is to determine the effect of share buyback notifications issued by companies on the return of stock in the process of COVID-19, where all world exchanges have bad times. For this purpose, buyback notifications published in KAP by companies at BIST 100 between 01.02.2020-15.04.2020, in which the effect of COVID-19 epidemic is felt in Turkey and global markets, was examined. The effect of share buyback notifications on stock return was handled by the event study method and the event window was determined as -10, +10 days. As a result of the analysis, it was concluded that the effect of share buyback notifications on stock returns is short-term and negative returns increase as a move away from the day of the event.

Keyword

Share Buyback Notifications, Stock Return, Abnormal Return, Cumulative Abnormal Return, BIST 100, COVID-19

1. Introduction

Share buyback refers to the practice whereby a company or its subsidiaries buy back shares previously issued and held by investors. In such transactions, the company distributes cash to its shareholders in exchange for reacquiring its own equity.

Depending on the company's share buyback program, the repurchased shares may either be resold on the market or cancelled. The cancellation of shares is effectively a capital reduction, which increases the debt-to-equity ratio and consequently affects the firm's capital structure.

*Corresponding author.
Contact: Şevket Durmaz ✉ sevketdurmaz23@gmail.com, Guven Sayılgan ✉ sayilgan@ankara.edu.tr
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The Effect Of Share Buyback Notifications On Covid-19 Process To Stocks Return: An Analysis Of Companies In The Bist 100 Index

Whether or not a shareholder participates in the share buybacks program alters the ownership distribution among shareholders. Unlike cash dividend distributions, share buybacks also provide shareholders with the opportunity to engage in tax planning, depending on their individual tax positions (Shahar & Abdullah, 2007, p. 39).

Share buybacks may occur through open market transactions or directly from shareholders. Companies may repurchase their shares for various reasons, often aiming to improve key financial ratios. In many countries, firms are allowed to make cash offers to existing shareholders in exchange for a portion of the company's excess equity capital. In other words, they may use distributable profits to reduce the number of outstanding shares. The repurchased shares may also be retained by the company for future resale (Preeti Attri, 2018, p. 39). The duration of share buyback programs is typically regulated by each country's legal framework. For instance, as of June 2020 in Turkey, publicly listed companies are allowed a maximum period of three years, while non-listed companies are limited to one year.

The United States has the longest-standing history of allowing share buybacks, having first introduced the practice in the late 1960s, with a surge in popularity during the mid-1980s. Outside the U.S., buyback programs began in the early 1980s in the United Kingdom and became relatively common. During the 1990s, the prevalence of repurchases in other European countries remained low, largely due to legal restrictions or punitive tax regimes. France and Germany legalized share repurchases in 1998. In Asia, such practices were gradually permitted toward the end of the 1990s (Gupta, 2018, p. 43).

Although share buybacks have a well-established history in many countries, Turkey did not adopt such practices until 2009. Under the former Turkish Commercial Code No. 6762, companies were generally prohibited from buying back their own shares, except in exceptional circumstances. A decision published by the Capital Markets Board (CMB) on September 1, 2009, permitted limited buybacks on the stock exchange, but only by brokerage firms and investment trusts. This marked the beginning of regulated share repurchase activity in Turkey. Subsequently, the Turkish Commercial Code No. 6102, enacted in 2011 and enforced in 2012, granted companies the legal right to repurchase their own shares within specified limits. According to the code, the volume of buybacks shares could not exceed one-tenth of the company's paid-in or issued capital. However, in the wake of the failed coup attempt in 2016 and to mitigate anticipated market volatility, the CMB released a public statement on July 21, 2016, allowing companies to buy back their own shares without volume restrictions, provided that a material event disclosure was issued. This regulatory change significantly contributed to the widespread adoption of share buybacks practices in Turkey (Karakuş, Zor & Küçük, 2017, p. 58).

The COVID-19 pandemic had a profound impact on global stock markets. The BIST 100 Index also suffered significant losses due to the panic triggered by the pandemic. In this environment, share repurchases by companies served as a mechanism to prevent excessive declines in stock prices and helped restore investor confidence, thus alleviating selling pressure. One key factor influencing long-term investment decisions is whether companies demonstrate support for their stocks and shareholders during times of financial distress. Firms that stand by their investors during crises are believed to generate long-term positive outcomes.

This study investigates the impact of share buyback notifications on stock returns during the COVID-19 pandemic—a period of significant economic distress in Turkey and around the globe. Although there exists an extensive body of research on the relationship between share buybacks and returns in other countries, the Turkish literature on the topic remains scarce. While the time frame covered in this study is relatively short, the analysis contributes to the limited empirical research available in Turkey, especially by examining the effects of buyback notifications made during the extraordinary circumstances of the COVID-19 crisis.

Literature Review

The first studies on share buyback were conducted in the 1980s in the United States and the United Kingdom. Subsequently, comprehensive research has been carried out across various countries in Europe and other continents to analyze different aspects of share buyback practices. A series of empirical and theoretical studies have addressed the rationale and effects of share buyback, offering different perspectives on the motives behind buyback notifications and the reasons for market reactions to such announcements. In Turkey, academic studies on this topic began after 2011, when the legal framework started allowing share buybacks. Compared to international studies, research conducted in Turkey remains limited in number and scope.

In the international literature, Dielman, Nantell, and Wright (1980) examined 174 buyback transactions conducted by 139 companies between 1957 and 1974 via open market purchases and tender offers. Using a regression model, the authors found that open market buybacks had no economic significance meaning their effect on return rates was negligible while tender offers were associated with significantly higher returns in the announcement month. They also suggested that such announcements signal the exhaustion of profitable investment opportunities, implying a negative relationship between buybacks activity and stock prices.

Masulis (1980) analyzed 199 buyback offers made between 1963 and 1978 by firms listed on the NYSE and ASE using an event study approach. He found that returns on the announcement day and the following day were 17% higher compared to the 40-day pre-announcement period.

Ikenberry, Lakonishok, and Vermaelen (1995) adopted a long-term perspective, analyzing the effects of share buybacks over a ten-year period. Despite public endorsements from firms suggesting that their stock was undervalued and a "good investment," the average market reaction was only about 3.5%, indicating that managers may be overly optimistic about firm value.

In a 2000 study, Ikenberry, Lakonishok, and Vermaelen (2020) investigated the long-term performance of open market buybacks in Canada. They found that abnormal returns averaged approximately 7% per year over a three-year holding period. Their findings suggested that high-value firms experienced greater post-announcement returns compared to low-value firms and that share buybacks offered better long-term performance than other factors.

Mishra (2005) examined the price effects of 25 share buyback notifications made between 1999 and 2001. The study revealed that 14 of the 25 companies performed better in the short term following buyback notifications, while only 11 showed improved performance in the long term. The findings support the notion that share buybacks positively impact stock prices but only in the short run.

Kaur and Singh (2010) used data from 100 buyback events of firms listed on the Bombay Stock Exchange (BSE) between 1999 and 2004. Their study showed that the market reacted positively to buyback notifications.

The price reaction was found to begin even before the public disclosure, with an average abnormal return of around 2.22% on the notification day.

Gupta (2018) examined the effects of buyback notifications on stock price movements across different sectors. In a study of companies listed on the BSE that buyback shares between 2000 and 2015, Gupta found that buyback notifications yielded abnormal returns, but only for a brief period. The study concluded that the sectoral affiliation of companies did not significantly influence market reactions to buyback notifications..

Gupta and Wagner (2018) analyzed 1,830 open market buyback notifications from 15 European countries between 1998 and 2013. They investigated the magnitude and determinants of stock price reactions. Their findings indicated that buyback notifications in Europe led to a statistically significant abnormal return of 0.92% on the notification day, although the effect was moderated by firm size and the frequency of buyback notifications.

Gopalkrishnan et al. (2019) explored the price effects of buybacks by Indian IT companies between 2013 and 2018. Analyzing the top five IT firms in India, the study found that buyback activities had short-term positive effects on stock returns.

Turning to studies conducted in Turkey, Karakuş, Zor, and Küçük (2017) examined the impact of share buyback notifications made by companies listed on Borsa Istanbul (BIST) on stock returns. Using the event study methodology, they found that buyback notifications led to statistically significant cumulative abnormal returns in the pre- and post-notification periods. When grouping firms based on asset size and market-to-book ratio, they observed differences in the results between groups.

Göçmen Yağcılar and Arslan (2018) analyzed 17 buyback notifications made by 10 companies and their effects on stock returns. Using an event window of -10 to +10 days, they calculated expected returns and found both positive and negative abnormal returns around the notification date. However, the cumulative abnormal returns were not statistically significant.

Arsoy (2017) approached the subject from a different angle, investigating the relationship between market capitalization and buyback notifications among BIST-listed companies. Using an event study with a window of (-20, +20) days, the study divided firms into those that made notifications and those that did not. The findings showed no statistically significant cumulative abnormal returns, though share prices appeared to be influenced during the observation period.

Data and Methodology

This study aims to examine the impact of share buyback notifications made during the COVID-19 period on the stock prices of the respective companies. Specifically, the analysis focuses on share buyback notifications issued by companies listed in the BIST 100 Index between February 1, 2020, and April 15, 2020. Following the screening process, a dataset comprising 10 share buyback notifications made by 10 different companies was constructed. The details of the companies that issued share buyback notifications during the sample period are provided below.

Table 1: Share Buyback Notifications

	Notification Date	**Company Name**
1	25.02.2020	ENKAI
2	28.02.2020	DOHOL
3	05.03.2020	EREGL
4	09.03.2020	THYAO
5	12.03.2020	TAVHL
6	16.03.2020	AKSA
7	17.03.2020	VAKBN
8	17.03.2020	HALKB
9	20.03.2020	EKGYO
10	09.04.2020	BIMAS

Since companies listed on Borsa Istanbul are required to publicly disclose their stock repurchase announcements through the Public Disclosure Platform (KAP), the data on share buyback notifications were obtained from this source. Relevant data on the BIST 100 Index and the constituent companies were retrieved from the official website https://tr.investing.com.

Methodology

In this study, the **event study** method is employed. The event study method is widely used to examine the impact of share buyback notifications on stock prices. To measure the abnormal performance of stock returns around the notification date, it is necessary to calculate **Abnormal Return (AR)** (Pradhan & Kasilingam, 2019, p. 115).

In this analysis, the BIST 100 Index is used as a proxy for market returns within the market model over a 210-day estimation period. The event window is defined as 21 trading days—comprising 10 days before and 10 days after the notification date. The notification day is denoted as day "0". Based on buyback notifications, abnormal returns for the companies within the defined event window are calculated using the following formula (Karakuş, Zor & Küçük, 2017, p. 61):

$$AR_{it} = R_{it} - E(R_{it}) \quad (1)$$

AR_{it} : Abnormal return of stock *i* on day *t*,

R_{it} : Actual return of stock *i* on day *t*,

$E(R_{it})$: Expected (normal) return of stock *i* on day *t*.

To compute abnormal returns, both actual and expected returns must be determined. The actual and expected returns are calculated using the logarithmic method as shown below:

$$R_{it} = \ln\left(\frac{P_{i,t}}{P_{i,t-1}}\right) \quad (2)$$

$P_{i,t}$: Closing price of stock *i* on day *t*,

$P_{i,t-1}$: Closing price of stock *i* on day *t–1*.

Various statistical and economic models can be used to calculate and evaluate abnormal returns. In this study, the **market model**, which is a statistical approach, is selected. The expected return is computed as follows:

$$E(R_{it}) = \alpha + \beta_i(R_{m,t}) \quad (3)$$

$R_{m,t}$: Market return on day *t* (BIST 100 Index return),

α : Intercept term estimated during the estimation window,

β_i : Beta coefficient for stock *i* calculated over the estimation window.

The parameters α and β_i are estimated using data from the interval [-210, -11].

The market return on day *t* is calculated using the formula below:

$$R_{mt} = \ln\left(\frac{P_{m,t}}{P_{m,t-1}}\right) \quad (4)$$

$P_{m,t}$: Closing value of the BIST 100 Index on day *t*,

$P_{m,t-1}$: Closing value of the BIST 100 Index on day *t–1*.

These formulas facilitate the calculation of abnormal returns as defined in Equation (1). After computing the abnormal returns, the **Cumulative Abnormal Returns (CAR)** over a given event window can be calculated using the formula:

$$CAR\,_{t1}^{t2} = \sum_{t1}^{t2} AR_i \quad (5)$$

In Equation (5), t1 and t2 denote the bounds of the event window. Table 3 presents the event windows and corresponding *t*-statistics used to test statistical significance.

Findings

The period from February 1, 2020 to April 15, 2020, during which the impact of the COVID-19 pandemic was felt both in Turkey and global markets, was examined. Buyback notifications published by companies listed in the BIST 100 on the Public Disclosure Platform (KAP) were analyzed.

Using the event study methodology with an event window of -10 to +10 days, the impact of share buyback notifications on stock returns was investigated.

The calculated AAR (Average Abnormal Return) values and the results of the t-tests for statistical significance are presented below:

Table 2: Abnormal Returns for the Entire Sample

Event Day	AAR	t-statistic
-10	-0,0012395	-0,250853777
-9	-0,012545	-2,538924704*
-8	-0,0111874	-2,264171151*
-7	-0,007118	-1,440588562
-6	0,00543975	1,100928613
-5	-0,0020271	-0,410253498
-4	-0,0007865	-0,159174928
-3	-0,0097723	-1,97777876*

-2	0,00284975	0,576748452
-1	0,00457386	0,925685494
0	0,00585843	1,185663242
1	0,00521952	1,056356677
2	-0,0035233	-0,713070275
3	0,00023377	0,047311004
4	-0,0035118	-0,710738131
5	-0,0095682	-1,936461569**
6	-0,0011688	-0,2365483
7	-0,0102682	-2,078134034*
8	0,01086251	2,19841961*
9	-0,0041556	-0,841035655
10	0,0013026	0,263627581
Note: * and ** indicate that the abnormal return (AR) values are statistically significant at the 5% and 10% significance levels, respectively, based on the t-statistics.		

Table 2 presents the Average Abnormal Returns (AAR) calculated for each day within a 21-day period, consisting of 10 days before the share buyback notifications (day 0), the notification day itself, and 10 days after the notification. Accordingly, during the pre-notification period, predominantly negative returns were observed; however, starting from day -2, these negative returns turned positive and continued until the end of day +1. Afterward, on day +2, returns fluctuated back into negative territory.

Specifically, abnormal returns were generally negative between days -10 and -2, and positive between days -2 and +1. The AAR value of approximately 0.5% on the notification day and the following day indicates higher returns compared to the pre-notification period, reflecting an optimistic reaction from investors after the event. Furthermore, the abnormal returns were found to be statistically significant at the 5% level on days -9, -8, -3, +7, and +8, and at the 10% level on day +5. As seen in the table, the effect of the buyback notifications appears to be temporary, providing no long-term benefit. The decline in returns starting from day +2 suggests that despite significant price changes immediately following the notifications, buybacks do not create substantial value for shareholders in the longer term.

Table 3: Cumulative Returns for the Entire Sample

Event Window	CAAR	t-statistic
-10,+10	-0,0405314	-1,790039754**
-5,+5	-0,0104539	-0,637911258
-3, +3	0,00543969	0,416107073
-1 ,+1	0,01565181	1,828875573**
0, +1	0,01107794	1,585347488
0,+5	-0,01115	-1,009183226
0, +10	-0,008719	-0,532049889
-10, -1	-0,0318124	-2,035995416*
-5, -1	-0,0051623	-0,467236798
-1, 0	0,01043229	1,492949009

Note: * and ** indicate that the CAAR values are statistically significant at the 5% and 10% significance levels, respectively, based on the t-statistics.

To measure the impact of the buyback notification on stock returns over specific periods, event window analysis was conducted. The analysis considered event windows of (−1, +1), (−3, +3), (−5, +5), and (−10, +10) days, as well as cumulative average abnormal returns (CAAR) for 1, 5, and 10 days before and after the event.

When examining the cumulative average abnormal returns (CAAR), it was found that the returns are statistically significant across the event windows of −10 to +10 and −1 to +1 days, among others. The lowest CAAR value of -4% was observed in the −10 to +10 day event window, while the highest CAAR value of 1.5% was recorded within the −1 to +1 day window. Additionally, the CAAR analysis indicates that negative returns tend to decrease as the event day approaches and increase as the window moves further away from the notification date.

Abnormal returns (AR) were also analyzed on a company basis and are presented in Tables 4 and 5.

Table 4: Abnormal Returns at the Firm Level

Event Day	ENKAI	DOHOL	EREGL	THYAO	TAV
-10	-0,011645521	-0,00033628	**0,029083799***	**-0,022744256****	-0,01865586
-9	0,003094357	0,02484017	0,009430484	-0,021866071	**-0,056399378***
-8	0,016068506	-0,001184526	-0,01715567	**-0,025800645****	-0,007701923
-7	0,001378156	-0,010426684	0,002429593	**-0,03067954***	0,001080427
-6	0,000681751	-0,004524451	**0,023778516****	0,020159163	**-0,029882267****
-5	0,009038516	0,012004503	-0,005175242	-0,010403143	-0,023351418
-4	0,005745662	-0,012115597	0,000381539	-0,009603003	-0,012692163
-3	**-0,03660732****	-0,000052261	-0,009235692	**-0,03316578***	-0,01241271
-2	0,010128928	-0,016855897	-0,001030382	-0,01409646	-0,007188532
-1	-0,000980005	**-0,030480951****	**-0,021320207****	**-0,023063533****	-0,003461988
0	0,003035337	-0,034252288*	**0,045052543***	0,003676607	-0,019945798
1	0,012266057	-0,003882921	**0,034830342***	-0,008255232	0,014700943
2	-0,017344518	0,021526635	0,007749987	**-0,034374561***	-0,005539515
3	-0,007473858	-0,01670909	**0,036507964***	**-0,027289644***	0,01818973
4	-0,01502683	-0,00222408	**-0,022189516****	**0,049483395***	-0,020915413
5	0,008664201	**-0,030165973****	**0,028876558***	0,004250165	**-0,056338883***
6	0,022917978	**-0,046646622***	**-0,031409491***	-0,013356104	0,018579608
7	-0,003293138	-0,00688697	0,000390368	0,008980603	**-0,052968851***
8	**0,026535856****	-0,014607761	0,00204705	0,011956759	**0,059899809***
9	**-0,042515006***	**-0,038205637***	**0,028614815***	-0,002802318	0,025927941
10	**-0,084511249***	-0,000753478	**0,027900714***	-0,009862517	**0,079200092***

Note: * and ** indicate that the AR values are statistically significant at the 5% and 10% significance levels, respectively, based on the t-statistics.

Table 5: Abnormal Returns at the Firm Level

Event Day	AKSA	VAKBN	HALKB	EKGYO	BIMAS
-10	-0,021961861	0,019797773	0,019671936	0,003249593	-0,008854148
-9	-0,026565451	-0,007947534	**-0,029030766***	0,003104225	-0,024109708
-8	-0,018785679	-0,02215833	-0,011421139	-0,024576553	0,000842012
-7	0,019938689	-0,010677319	-0,006012006	**-0,030398317***	-0,007813276
-6	-0,017861671	0,018222246	0,006120465	0,013918421	0,023785319
-5	**-0,051542901***	**0,024568305****	0,015655115	0,018228086	-0,009292672
-4	0,000166626	0,008972664	-0,010851383	**0,039596191***	-0,017465456
-3	**-0,044290976***	**0,032886449***	0,018658857	-0,002601408	-0,010902302
-2	**0,033064654***	0,012069431	0,015993346	0,007648366	-0,011235994
-1	**0,031748038****	**0,036415774***	**0,039153231***	0,014551262	0,00317701
0	**-0,042619772***	**0,063990467***	**0,056593485***	-0,008076329	-0,008869975
1	-0,004646562	0,006818772	-0,003028892	-0,014933334	0,018325995
2	-0,008917334	0,006770707	-0,005662596	0,003649669	-0,003091671
3	0,004386433	-0,005152444	0,001450989	0,00318258	-0,004754997
4	0,020959353	**-0,031476674***	**-0,052296909***	-0,014797441	**0,053366152***
5	**-0,035675701***	-0,020448616	-0,010181404	0,010216014	0,005122003
6	0,026538255	-0,007144944	-0,002277499	0,009914818	0,011196019
7	-0,025846722	**-0,022832533****	-0,016697475	0,005124124	0,011348844
8	0,006338642	0,010495603	0,023338615	-0,000971379	-0,016408066
9	-0,001452047	0,005239365	0,009633585	-0,01406919	-0,011927545
10	-0,00473284	-0,000625211	-0,006449104	-0,000326645	0,013186222

Note: * and ** indicate that the AR values are statistically significant at the 5% and 10% significance levels, respectively, based on the t-statistics.

When examining abnormal returns (AR) at the firm level, the following observations were made:

For **ENKAI**, a positive abnormal return was observed on day +8, significant at the 10% level. Negative abnormal returns were noted on days +9 and +10, significant at the 5% level, and on day -3, significant at the 10% level.

For **DOHOL**, negative abnormal returns occurred on days +6 and +9, significant at the 5% level, while days -1 and +5 showed significance at the 10% level.

For **EREGL**, positive abnormal returns were found on days -10, 0 (event day), +1, +3, +5, +9, and +10, all significant at the 5% level. Additionally, day -6 showed significance at the 10% level. Negative abnormal returns were observed on day +6 (significant at 5%), and on days -1 and +4 (significant at 10%).

For **THYAO**, a positive abnormal return occurred on day +4, significant at the 5% level. Negative abnormal returns appeared on days -7, -3, +2, and +3, all significant at the 5% level, with days -10, -8, and -1 significant at the 10% level.

For **TAV**, positive abnormal returns were observed on days +8 and +10, significant at the 5% level. Negative abnormal returns were found on days -9, +5, and +7 (all significant at 5%), and on day -6 (significant at 10%).

For **AKSA**, a positive abnormal return was seen on day -2, significant at the 5% level, and day -1 significant at the 10% level. Negative abnormal returns were detected on days -5, -3, 0, and +5, all significant at the 5% level.

For **VAKBN**, positive abnormal returns occurred on days -3, -1, and 0, significant at the 5% level, and day -5 was significant at the 10% level. Negative abnormal returns appeared on day +4 (significant at 5%) and day +7 (significant at 10%).

For **HALKB**, positive abnormal returns were observed on the day before and the event day, significant at the 5% level. Negative abnormal returns were noted on days -9 and +4, significant at the 5% level.

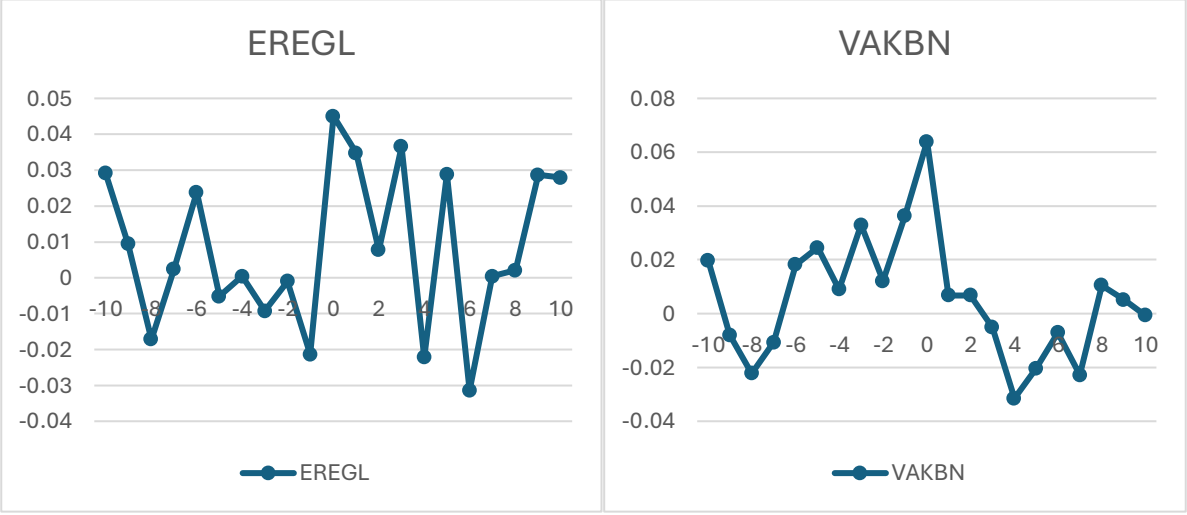
For **EKGYO**, a positive abnormal return was detected on day -4 (significant at 5%), while a negative abnormal return was found on day -7 (significant at 5%).

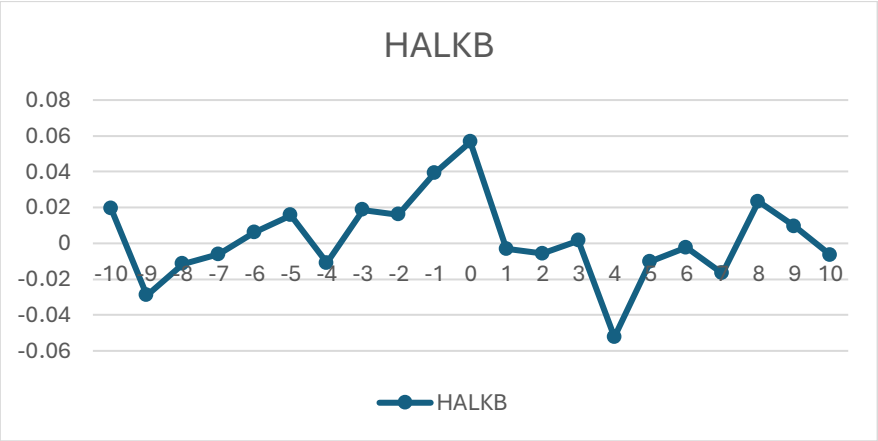
For **BIMAS**, a positive abnormal return occurred on day +4, significant at the 5% level.

When focusing on **EREGL**, **VAKBN**, and **HALKB**, positive abnormal returns on the event day were statistically significant at the 5% level. EREGL exhibited negative abnormal returns from day -3 until the day before the event, with a positive return of 4% on the event day. VAKBN recorded its highest return of 6% on the event day within the −10 to +10 event window. Similarly, HALKB achieved its highest return of 5% on the event day compared to other days.

These findings suggest that the buyback notifications by these companies had a positive effect on stock returns. The positive abnormal returns on the event day indicate an optimistic market reaction to the buyback notifications. However, the decline in positive returns and their replacement by negative returns in the days following the event suggest that the effect of buyback notifications is short-lived and diminishes after the event day.

For better visualization, the data for these three companies are presented graphically below.





The graph illustrates that these companies achieved the highest abnormal returns on the event day, with the effect gradually diminishing in the days following the notification. When examining data from other companies, although not statistically significant, **ENKAI** and **THYAO** exhibited negative abnormal returns on the day prior to the event but experienced positive returns on the event day when the buyback notification was made.

Conclusion

Shere buybacks are considered an important financial restructuring tool and have seen increasing application worldwide in recent years. This study examined the impact of share buyback notifications on stock returns in a country like Turkey, where share buyback are relatively new. Using the event study method, 10 share buyback notifications made by 10 companies between February 1, 2020, and April 15, 2020, were analyzed. The event window was set as -10 to +10 days, and the estimation window was defined as -21 days. The market model was preferred for measuring abnormal returns, with the BIST 100 index returns used as the market return.

The analysis revealed that average abnormal returns, which were negative before the event, started to turn positive two days prior to the notification and continued positively on the event day and the following day. The abnormal returns of approximately 0.5% on the event day and the next day indicate that share buyback notifications positively affected stock returns compared to previous days. The reversal to negative returns two days after the event suggests that the impact of share buyback notifications on stock returns is short-lived. Furthermore, abnormal returns on days -9, -8, -3, +7, and +8 were statistically significant at the 5% level, and on day +5 at the 10% level.

At the firm level, it was found that EREGL, VAKBN, and HALKB achieved their highest returns on the event day, and these returns were statistically significant at the 5% level. These findings indicate that for these three companies, share buyback notifications positively influenced stock returns, reflecting a favorable market reaction. Similarly, data for THYAO and ENKAI show that the market responded positively to buyback notifications, with previously negative returns turning into positive abnormal returns on the event day.

Looking at cumulative average abnormal returns (CAAR), statistical significance was found across the event windows of -10 to +10 and -1 to +1 days. The lowest CAAR value was -4% for the -10 to +10 day window, while the highest CAAR value of 1.5% was observed in the -1 to +1 day window, significant at the 10% level. The CAAR results indicate that negative returns increase as the event window lengthens.

We believe the findings are insufficient for strong generalizations. Considering that among the 10 companies analyzed, three are industrial, two banks, two holdings, one real estate investment trust, one airline, and one retail company, the heterogeneous nature of the sectors likely prevented identification of a clear pattern.

This study aimed to explain the effect of share buyback notifications on stock returns during the unique period of the COVID-19 pandemic. Although limited by the short time frame, it may serve as a starting point for future long-term research, especially since it remains uncertain when the pandemic will end and how long its effects will last, alongside increasing share buyback notificatios.

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