

DOCTORAL THESIS

Mimicking repurchases and corporate governance: a cross-country study

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**Mimicking Repurchases and Corporate Governance:
A Cross-Country Study**

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**A thesis submitted in partial fulfillment of the requirements
for the degree of
Doctor of Philosophy**

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ABSTRACT

In the long history of signaling theory, one of the central puzzles is how to assess and ensure the quality of signals, which this study aims to address in a stock repurchase context. Based on an ex-ante proxy for identifying mimicking repurchases and collecting open market stock repurchase data from 30 economies around the world, I identify a subset of repurchasing firms who are likely to use repurchase as a tool to mislead investors, and find that the long-term operating and market performance following mimicking repurchases do not improve, which is contradictory to the conventional hypotheses. I further find that mimicking firms are potentially over-valued, cash-poor, and relatively small in size. They are more likely to reduce capital investment and issue (resell) new (treasury) shares firms in the repurchase year compared with non-mimickers. Moreover, I explore the role of investor protection and ownership structure in curbing managers' mimicking behavior, and find that mimicking activities are more likely to occur in countries with weak investor protection and in firms with high ownership concentration. The strong legal institutions are effective in ensuring the signaling credibility of stock repurchase. These findings enhance our understanding of the motives of stock repurchases and the impact of corporate governance on corporate payout policy.

Keywords: Repurchases; Mimicking; Legal institutions; Ownership structure

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