ABSTRACT

Financial Services Authority issued a circular letter No. 22 / SEOJK.04 / 2015 of other conditions as market conditions fluctuate significantly in the implementation of buyback issued by the issuer or public company. Under the circular, the Ministry of State Owned ask the red plate issuer to buyback of its shares on the Indonesia Stock Exchange.

The purpose of this study was to determine the market response and stock performance on buyback announcement for State Owned companies listed in Indonesia Stock Exchange 2010-2014. This research uses the abnormal return and trading volume activity to determine the market response to the announcement buyback and use return realization to determine the stock performance on announcement buyback.

Data collection method used is secondary data such as stock prices of related companies on the Indonesia Stock Exchange. The population is all State Owned companies listed on the Indonesia Stock Exchange. Samples are 5 companies using non-probability sampling technique with purposive sampling method. The analytical method used is the event study with a 10-day window period (5 days before the date of the announcement and 5 days after the date of the announcement). Model estimation is mean-adjusted model. Normality test data used is Kolmogorov-Smirnov. In addition, the hypothesis test used was paired sample t-test.

Based on the results of data processing, it is known that there is no difference of abnormal return, trading volume activity and the return realization of significant returns before and after the announcement buyback.

Based on the results of the study, then to get a significant difference to the abnormal return, trading volume activity, and return the realization before and after the announcement of the share repurchase (buyback), should increase the estimation period and the window period, in addition to using a model of expected return another. And for companies to spread information more evenly.

Keywords: Buyback; Abnormal Return; Trading Volume Activity; State Owned; Return Realization