

## **ABSTRACT**

*This study aims to identify factors that may influence the decision of the firm in the share repurchase policy in Indonesia. To determine the functional relationship between these factors with the probability of the firm to repurchase shares in a given period, this study using logistic regression. Samples were selected using matching methods and separated into two groups, the test firm (firms that buy back shares) and control company (firm that do not share repurchase).*

*The results of logistic regression showed that stock returns and market-to-book ratio is negative and significant. Cash and size showed a positive and significant influence. While leverage, dividend payout ratio, and growth opportunity is consistently no significant effect on the firm decision to repurchase shares in Indonesia. These findings indicate that firm use stock repurchases as a means to send a undervalued signal to the market and value creation for shareholders. In addition, the company with excess cash and large size companies using stock repurchases as a way to reduce conflicts of interest between management and shareholders. Overall, logistic regression models were used in this study show the correct percentage of 83.7%.*

*Keywords : Share Repurchases, Logistic Regression, Stock Return, Market to Book Ratio, Cash, Leverage, Dividend Payout Ratio, Size, Growth Opportunity, Logistic Regression*