

# Do Investment Subsidy and Analyst Following Improve Underinvestment Problems?: Evidence from Thailand

1<sup>st</sup> Sirada Nuanpradit  
*Economics and Business Administration*  
*Faculty Thaksin University*  
Songkhla, Thailand  
sirada\_cu@hotmail.com

## *Abstract*

This study aims to investigate the association between investment subsidies, analysts' following, and investment levels for underinvested firms in the Thai capital market during 2000–2019. Longitudinal data about the investment grants was hand-collected from the annual reports of each firm. Unbalanced panel data and the fixed effect regression were analyzed. The findings show that the investment benefits and privileges from the government agency fail to increase capital spending for the underinvestment firms. However, market forces thought analysts to follow were found to enhance insufficient investment levels.

***Keywords—investment subsidy, analyst following, underinvestment***