

Independent Study Title	FREE CASH FLOW, OVERINVESTMENT AND CORPORATE GOVERNANCE: EVIDENCE FROM THAILAND
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ABSTRACT

The independent study investigates the relationship between free cash flow and overinvestment of the firms using data in SET market between 2011 and 2015. The result shows significant positive sign on free cash flow that means higher firm's free cash flow causes more overinvestment expenditures. It is consistent with agency cost theory. Managers of companies with massive free cash flow will invest in low-return projects or overinvested. This research also includes corporate governance factor to see whether it can resolve overinvestment issue. Instead of using CG data from annual report, I use CG score from Thai-IOD that record firm's governance of all listed companies. The result indicates investment level in Thailand highly depends on free cash flow. Governance may not be relevant to firm's investment.

Keywords: Free cash flow, Overinvestment, Corporate Governance, Agency cost