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The Strategy of Digital in Business for Gaining Competitive Advantages after Pandemic

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“The Strategy of Digitalization in Business for Gaining Competitive Advantages after Pandemic”

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FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 4th International Conference on Business and Banking Innovations (ICOBBI) with the topic "The Strategy of Digitalization in Business for Gaining Competitive Advantages after Pandemic". This proceeding contains several researches articles from many fields in Business & Marketing, Banking & Sharia Banking, Accounting & Financial Management, Human Resources Management, Operations Management, Investasi, Insurance & Capital Market, Strategic Management, Technology Management, and Information System.

The 4th International Conference on Business and Banking Innovations was held on 29th January 2022 by virtual (online) zoom meeting and organized by the Master Management Study Program of Universitas Hayam Wuruk Perbanas in Collaboration with five Higher Education Institutions in Indonesia and three Universities from Asia countries. Keynote speakers in this conference were: Chonlatis Darawong, P.hD (Sripatum University, Thailand), Associate Prof. Dr. Ellisha Nasrudin (University of Science, Malaysia), Dr. Sanju Kumar Singh (Postdoctoral Fellowship in Universitas Airlangga, Tribhuvan University Nepal) and Prof. Dr. Abdul Mongid, MA., P.hD (Universitas Hayam Wuruk Perbanas, Indonesia).

I would like to give high appreciation to the Rector of Universitas Hayam Wuruk Perbanas for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the three universities, namely Universitas 17 Agustus Surabaya, STIE YKPN Yogyakarta, Universitas Negeri Gorontalo, Universitas Surabaya and Universitas Muhammadiyah Surakarta which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website http://eprints.perbanas.ac.id/

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THE EFFECT OF ASSET MANAGEMENT, LEVERAGE, AND FREE CASH FLOW ON FIRMVALUE WITH DIVIDEND POLICY AS MODERATING VARIABLE

(STUDY ON CONSUMER GOODS INDUSTRY SECTORCOMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) 2018-2020)

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ABSTRACT

Indonesian economy is currently booming, especially in the consumer goods sector. This encourages companies to try to maintain and develop their business by increasing capital through investors. The firm value is a benchmark for investors because it is a reflection of the prosperity of the shareholders. This study aims to analyze the effect of asset management, leverage, and free cash flow on firm value with dividend policy as a moderating variable. The sample in this study is the consumer goods companies listed on the Indonesia Stock Exchange in 2018-2020. The sample selection use purposive sampling and based on predetermined criteria,there are 72 samples. This study uses quantitative methods and moderated multiples with regression analysis. Results showed that asset management had no significant effect on firm value. Leverage and free cash flow hada significant effect on firm value. Established dividend policy did not have any effect towards asset managementor leverage on firm value, but said dividend policy was able to moderate cash flow against firm value.

Keywords: Asset management, leverage, free cash flow, firm value, dividend policy

1. INTRODUCTION

Business development in Indonesia is currently experiencing rapid development this is evidenced by the increasing number of companies in Indonesia. The company profiles listed on the IDX are 745 issuers[1], among these companies the consumer goods industry sector has 54 issuers [2], which makes the company must make policies that are by the current market competition conditions.

The company cannot be separated from its main goal, namely to maximize profits, strive for growth, and ensure the survival of the company [3]. One of the actions that companies can take to achieve their goals is by going public by entering the capital market. Companies that have gone public will try to show maximum performance to increase the firm value [4]. Companies that join the capital market will receive an infusion of capital from investors expand company production capacity, network, and market reach with thefunds raise through the sale of securities in the capital market.

Investors need to make several considerations before investing their funds in the capital market and ensure that the information regarding the issuer is correct, meaning that it is free from manipulation of information[4]. On the other hand, investors invest in companies with the reason that they expect higher returns as profits. Based on this, investor will choose to invest in companies that have good prospects for company value [5].

Firm value is a certain condition that describes the company's achievements after going through a process for several years since the company was founded until now [6]. If the company shows good performance, there will be many investors who are interested in investing in the company so that the company's shares will increase. The higher the stock price, the firm value will also increase [7].

The increasing firm value indirectly gives asignal to investors that the company's performance is predicted to be better in the coming years for the encourage investors to invest more in the company [8]. survival and the securities market so that it can

Firm value is influenced by several factors, Fanny and Widjaja (2020) state that the factors that influence firm value are asset management and leverage. Asset management describes if the company has too manyassets, then the cost of capital is too high and profitswill be depressed and if assets are too low, profitable sales will not be achieved or lost [3]. While Leverage is used to measure the company's ability to meet all of its financial obligations consisting of short-term debt and long-term debt [10]. High leverage, meaning thatfunding with more debt, the more difficult it is for the company to obtain additional loans because it is feared that the company will not be able to cover its debts with its assets [6].

A part from these factors, free cash flow is one of the determinants of firm value because when the company's free cash flow is high, the company's growth will be high as well, that will have a positive signal to investors [11]. Agency theory explains that one of the agency conflicts is caused by free cash flow. This is because there are different interests in using free cash flow, management as an agent must decide on its use as dividends or whether it will be used as an existing investment opportunity [5].

Firm value can be seen from the company's ability to pay dividends. According to signal theory, dividend payments can provide a signal regarding the condition of the company, the higher the dividend paid, the higher the firm value and this can increase shareholder wealth [7]. The size of the dividend paid to shareholders depends on the dividend policy and the considerationsof each company. This is because the Dividend Policy concerns the issue of the use of profits which are the rights of shareholders. These profits can be divided as dividends or retained to be reinvested in the company. If the company chooses to distribute profits as dividends,it will reduce retained earnings and further reduce the total internal sources of funds. If the company choosesto withhold the profits earned, then the ability to form internal funds will be even greater [12]. It can be concluded that dividend policy plays a role in the influence of asset management, leverage, and free cash flow on firm value.

This study examines the firm value as measured by Price to Book Value (PBV) which can be considered as information through several factors that have been measured. The activity ratio is used to measure asset management by using Total Asset Turn Over (TATO), the leverage ratio as measured by the Debt to Equity Ratio (DER), free cash flow (FCF), and dividend policy as measured by the Dividend Payout Ratio (DPR) as a moderating variable.

2. LITERATURE REVIEW

2.1. Signal Theory

Signal theory is the behaviour of company management to provide clues to investors regarding the company's prospects in the future, and the information that has been published will give signals to investors to make decisions in investing [13]**.** Signal theory explains how managers give signals to investors to reduce information asymmetry through financial statements [6]. Good financial statements will increase the firm value, because if the financial statements provide better information about the company, it will give a signal and encourage potential investors to invest and the firm value can increase. In this study, it is explained that management as a signal provider in the form of information related to asset management, leverage, free cash flow, and dividend policy is expected to provide a good signal for investors.

2.2. Agency Theory

Agency theory is the granting of authority by the principal, either the owner of the company or the shareholders the agent to carry out the company's operations by a mutually agreed contract if both parties have the same interest in increasing the firm value, the agent will act by the interests of the principal [6]. Agency theory describes the separation of control whichhas an impact on the emergence of a relationship between the agent and his principal or the interests of management and the interests of shareholders are often conflicting, causing conflicts [8].

2.3. Asset Management and Company Value

Asset management is a company's ability to manage assets so that the company's resources can be used effectively [14]. A good company is a company that is very effective in using its assets to generate high enough sales [15]. Asset management can affect the increase in the firm value because has a forming component, namely the stock price formed through investor demand [16]. The amount of each type of asset looks reasonable,too high or too low when viewed from current sales. If the company has too many assets, then the cost of capital is too high and profits will be depressed. If the assets are too low, profitable sales will not be achieved or be lost [3]. This is supported by research conducted by Rinnaya et al (2016), Putri et al (2018), Kahfi et al (2018), Andreas et al (2021) that asset management hasa significant effect on firm value. Then the hypothesis can be obtained:

H1: Asset management has an affects on firm value.

2.4. Leverage and Firm Value

Leverage a high level, meaning that funding with more debt, the more difficult it is for the company to obtain additional loans because it is feared that the company will not be able to cover its debts with its assets [6]. The higher the leverage, the higher the investment risk. Small leverage indicates that the company is still able to meet its obligations to creditors. This is supported by research from Sutama & Lisa (2018), Anugerah & Suryanawa (2019), Chandra et al (2020), Andreas et al (2021) that leverage has a significant effect on firm value. So that the hypothesis is obtained:

H2: Leverage has an affects on firm value.

2.5. Free Cash Flow and Firm Value

Free cash flow reflects the rate of return for investors, either in the form of debt or equity. If the free cash flow from the company is positive, then the company's finances are in good condition, while if the cash flow from the company is negative and the company has to issue shares for additional capital, it will result in reduced profits per share of the company [11]. Companies with high free cash flow will have better performance so that the higher the firm valuecompared to other companies, the profits obtained may not be obtained by other companies. This is supported by research conducted by Kahfi et al (2018), Dewi et al (2019), Bahrun et al (2020), Zurriah (2021) which results that free cash flow has a significant effect onfirm value. So that the hypothesis is obtained:

H3: Free cash flow has an effect on firm value.

2.6. Dividend Policy on Asset Management and Company Value

A dividend policy is often considered as a signal for investors in assessing the good and bad of the company because dividend policy can have an influence on the company's stock price. A relatively large dividend payment by the company will be considered by investors as a positive signal for the company's development in the future, then a large dividend payment will increase the firm value [6].

The increase in the firm value can be influenced by asset management because the firm value has a constituent component, namely the share price formed through investor demand [16]. If the company has too many assets, then the cost of capital is too high and profits will be depressed and if the assets are too low, profitable sales will not be achieved or be lost [3]. In a previous study conducted by Fanny and Widjaja (2020) it was found that dividend policy was able to moderate asset management on firm value. So that the hypothesis is obtained:

H4: Dividend policy moderates the effect of asset management on firm value.

2.7. Dividend Policy on Leverage and Firm Value

Dividend policy is a decision to consider dividend payments in order to increase shareholder wealth [17]. A relatively large dividend payment by the company will be considered by investors as a positive signal for the company's development in the future, then a large dividend payment will increase the firm value [6]. Firm value can also be seen from the amount of leverage because the greater the leverage, the greater the investment risk. This shows that the company is not solvable, which means that the total debt is greater than the total assets. Investors will consider investing in companies that have high leverage risk.

In previous research by Indrawaty & Mildawati (2018), Fanny & Widjaja (2020) resulted that dividend policy was able to moderate leverage on firm value. So that the hypothesis was obtained:

H5: Dividend policy moderates the effect of leverage on firm value.

2.8. Dividend Policy on Free Cash Flow and Firm Value

The firm value can be seen from the company's ability to pay dividends. A relatively large dividend payment by the company will be considered by investors as a positive signal for the company's development in the future, then a large dividend payment will increase the firm value [6]. Companies with a high free cash flow will perform better, because the higher the firm value compared to other companies, the higher the profits. For investors, this is a positive response.

Previous research by Burhanudin et al (2019)showed that dividend policy was able to significantly moderate the effect of free cash flow on firm value. So that the hypothesis is obtained:

H6: Dividend policy moderates the effect of free cash flow on firm value.

3. HYPOTHESIS FRAMEWORK

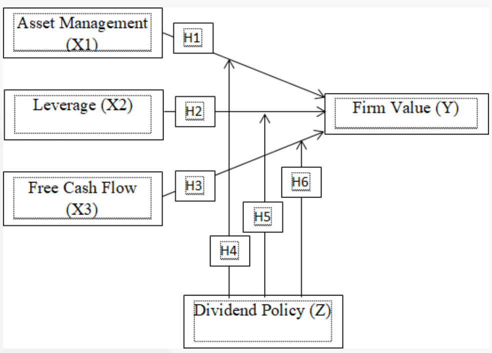

Figure 1. Hypothesis Framework

4. RESEARCH METHOD

4.1. Population, Sample and Sampling Technique

The population in this study are all companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2018-2020 as many as 53 companies. The sampling technique in this study is a purposive sampling technique with certain criteria obtained 80 samples of companies in the 2018-2020period. From the data obtained, 7 samples are outliers because some data have characteristics that look different so the variables are not normally distributed. So that the samples obtained are 73 samples. The sample selection criteria in this study include:

1. Companies in the consumer goods industry sector that publish complete annual financial reports ending on December 31, 2018-2020.
2. Companies in the consumer goods industry sector that publish complete annual financial reports in rupiah currency for 2018-2020.
3. Companies in the consumer goods industry sector that earned positive profits in 2018-2020.
4. Companies in the consumer goods industry that distribute cash dividends in 2018-2020.

4.2. Variable Operations and Variable Measurement

4.2.1. Dependent Variable (Firm Value/Y)

The firm value in this study was measured using the Price to Book Value (PBV) ratio which is a ratio to measure financial performance to management and the organization as a company that continues to grow.

$$\mathrm{PBV} = \frac{\text{Price per share}}{\text{Book Value per share}}$$

4.2.2. Independent Variable/X

4.2.2.1. Asset Management (X1)

Measurement of asset management can use the total asset turnover ratio (Total Asset Turnover-TATO)which shows the company's performance in managing all its assets.

$$\mathrm{TATO} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

4.2.2.2. Leverage (X2)

The leverage ratio can be measured using the Debt to Equity Ratio (DER) to measure the percentage of funds originating from debt.

$$\mathrm{DER} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

4.2.2.3. Free Cash Flow (X3)

Free cash flow can be calculated using Free Cash Flow (FCF) with the formula:

$$\mathrm{FCF} = \frac{\text{Operating Activities} - \text{Capital Expenditure}}{\text{Total Assets}}$$

4.2.3. Moderating Variables (Dividend Policy/Z)

Dividend policy can be measured using the Dividend Payout Ratio (DPR) to compare the dividends paid with the net income earned. With the formula:

$$\mathrm{DPR} = \frac{\text{Dividend per share}}{\text{Earning per share}}$$

4.3. Data Analysis Method

The data analysis method used in this research is quantitative research. The data in this study are secondary data. The analytical technique used is multiple linear regression analysis using Moderated Regression Analysis (MRA) with SPSS version 24.00 program. In this study, it is shown in the followingequation:

$$PBV = \alpha + \beta_1 TATO + \beta_2 DER + \beta_3 FCF + \varepsilon \quad (1)$$

$$PBV = \alpha + \beta_1 TATO + \beta_2 DER + \beta_3 FCF + \beta_4 DPR + \beta_5 TATO*DPR + \beta_6 DER*DPR + \beta_7 FCF*DPR + \varepsilon \quad (2)$$

Keterangan:

PBV : Firm Value
α : Constant
β_1- β_7 : Coefficient Regression
TATO : Asset Management
DER : Leverage
FCF : Free Cash Flow
DPR : Dividend Policy (Moderating)
TATO*DPR : Interaction between asset management with dividend policy
DER*DPR : Interaction between leverage with dividend policy
FCF*DPR :Interaction between free cash flow and dividend policy
ε : Erorr

5. RESULT

5.1. Descriptive Statistics

The results of the descriptive analysis are presented in table 1 below:

Table 1. Descriptive statistics

Variable	N	Min	Max	Mean	Std. Deviation
PBV	73	0.291	28.498	3.10523	3.872288
TATTOO	73	0.001	2.834	1.17788	0.572665
DER	73	0.055	0.707	0.35449	0.167012
FCF	73	-0.267	0.412	0.05497	0.126194
DPR	73	0.002	2.710	0.49619	0.487409
Valid N (listwise)	73				

The results of the descriptive analysis show the number of samples (N) of 73 company data during 2018-2020, from each variable it can be interpreted that the highest value of the firm value variable (PBV) is 28.498. While the lowest value is 0.291. The mean value is 3.10523 which means that the average share price of consumption sector companies has 3.10523 times of earnings per share. The standard deviation value is 3.872288 which is greater than the mean which means the data used is heterogeneous.

The highest value of the asset management variable (TATO) is 2.834. As for the lowest value of 0.001. The mean value is 1.17788 which means that the average sales of consumption sector companies have 1.17788 times of total assets. The standard deviation of 0.572665 is smaller than the mean value, which means that the data used is homogeneous.

The highest value of the leverage variable (DER) is 0.707. While the lowest value is 0.055. The mean value is 0.35449 which means that the average total debt of consumption sector companies has 0.35449 times of total capital. The standard deviation value of 0.167012 is smaller than the mean value, which means that the data used is homogeneous.

The highest value of the variable free cash flow(FCF) is 0.412. While the lowest value is -0.267. The mean value is 0.05497 which means that the averagefree cash operating activities of consumption sector companies has 0.05497 times of total assets. The standard deviation value of 0.126194 is greater than the mean value, meaning that the data used is heterogeneous.

The highest value of the dividend policy variable (DPR) is 2.710. While the lowest value is 0.002. The mean value is 0.49619 which means that the average dividend per share of the company has 0.49619 times of earnings per share. The standard deviation of 0.487409 is smaller than the mean value which means that the data used is homogeneous.

5.2. Linear Regression

The results of this study can be seen in the table:

Table 2. Equation 1

Variable	Beta	t	Sig.	Description
Constant	0.163	0.117	0.907	
TATO	-0.008	-0.011	0.991	Rejected
DER	5.568	2.236	0.029	Accepted
FCF	17.771	5.422	0.000	Accepted
R^2 : 0.274				
F Count: 10.070 with sig. 0.000				

Source: Data processed with SPSS 24.00

PBV = 0.163 – 0.008 TATO + 5.568 DER – 17.771 FCF + ε

Table 3. Equation 2 (Moderating Regression Analysis)

Variable	Beta	t	Sig.	Description
Constant	3.833	1.990	0.051	
TATO	-0.977	-0.989	0.326	Rejected
DER	-0.298	-0.084	0.933	Rejected
FCF	5.536	1.148	0.255	Rejected
DPR	-5.730	-2.783	0.007	Accepted
TATO*DPR	0.889	0.581	0.563	Rejected
DER*DPR	9.738	1.833	0.071	Rejected
FCF*DPR	21.590	3.068	0.003	Accepted
R^2 : 0.361				
F Count: 6.820 with sig. 0.000				

Source: Data processed with SPSS 24.00

PBV = 3.833 – 0.977 TATO – 0.298 DER + 5.536 FCF – 5.730 DPR + 0.889 TATO*DPR + 9.738 DER*DPR + 21.590 FCF*DPR + ε

5.3. Classical Assumption Test

The normality test was conducted to see whether in the regression model the dependent variable and the independent variable both had a normal distribution or not. Based on the results of the Kolmogrov-Smirnov test in equation 1 Asympt is obtained. Sig. (2-tailed) 0.004 < 0.05 and equation 2 Asympt is obtained. Sig. (2-tailed) 0.005 < 0.05 which means the data is indicated to be abnormal. To overcome this problem, the researcher uses the Central Limit Theorem (CLT) assumption, that is, if the number of studies is large enough (more than30 samples), then the assumption of normality can be ignored. The number of samples in this study was 73, so it can be said to be normally distributed.

The multicollinearity test is a test aimed at testing whether the regression model found a correlationbetween the independent variables. If the VIF value is < 10 and the tolerance value is > 0.10, it can be concluded that there is no multicollinearity. In this study, it isknown that all independent variables in equation 1 have a VIF value, namely TATO 1.067; DER 1.144; FCF 1.132 < 10 and the tolerance value is TATO 0.937; DER 0.874; FCF 0.883 > 0.10. While in equation 2 has a VIF value of TATO 2.405; DER 2.616; FCF 2.785;

TATO*DER 4.672; DER*DPR 6.463; FCF*DPR 4.163 < 10 and the tolerance value is TATO 0.416; DER 0.382; FCF 0.359; TATO*DPR 0.214; DER*DPR 0.155; FCF*DPR 0.240 > 0.10. Based on these results, it can be concluded that there is no multicollinearity.

The heteroscedasticity test aims to test whether the regression model has an inequality of variance from the residuals of one observation to another observation. In this study, to determine the existence of heteroscedasticity, Spearman's Rank Test was used with a significance value criterion of > 0.05, so the data did not occur heteroscedasticity. In this study, it was found that in equation 1 the significance value of TATO is 0.450; DER 0.059; FCF 0.061 > 0.05. In equation 2 the significance value of TATO is 0.353; DER 0.092; FCF 0.077; DPR 0.485; TATO*DPR 0.844; DER*DPR 0.072; FCF*DPR 0.052 > 0.05. Based on these results, it can be concluded that the data does not occur heteroscedasticity.

The autocorrelation test aims to test whether there is a correlation between the confounding error in period t and the confounding error in period t-1 in the regression model. If there is a correlation, then there is an autocorrelation problem. To find out the symptoms of autocorrelation, the Durbin Watson (DW) test was used, the result was that it was between -2 to +2, indicating that there was no autocorrelation. In equation 1 this study produces (DW) of 1.535 and in equation 2 it produces 1.850 which means that it is between -2 and +2, it can be concluded that there is no autocorrelation symptom.

5.4. Model Feasibility Test

F test is used to determine the effect of the independent variable on the dependent variable simultaneously or together. Based on the results of table 1, it can be seen that in equation 1 produces F_{count} 10.070 > F_{table} 2.736 with a significance value of 0.000 < 0.05 this indicates that in this study asset management (TATO), leverage (DER), free cash flow (FCF) simultaneously significant effect on firm value.

The results in equation 2 in table 3 produce F_{count} 6.820 > F_{table} 2.152 with a significance value of 0.000 < 0.05 this indicates that asset management (TATO), leverage (DER), free cash flow (FCF), moderation between asset management and dividend policy (TATO*DER), moderation between leverage and dividend policy (DER*DPR), moderation between free cash flow and dividend policy (FCF*DPR) simultaneously have a significant effect on firm value.

The results of R^2 show the coefficient of determination, which means the percentage contribution of the influence of the independent variable on the dependent variable. Based on equation 1 in table 2, the adjusted R^2 value is 0.274 or 27.4%. This shows that the variable of firm value (PBV) can be explained by the variables of asset management (TATO), leverage (DER), free cash flow (FCF). While the remaining 72.6% is explained by other factors or variables outside of this study.

While the results of equation 2 in table 3 after the moderation obtained the adjusted R^2 value of 0.361 or 36.1%. This shows that the firm value variable (PBV) can be explained by asset management variables (TATO), leverage (DER), free cash flow (FCF), dividend policy (DPR), TATO*DPR, DER*DPR, FCF*DPR. While the remaining 63.9% is explained by other factors or variables outside of this study.

5.5. Hypothesis Test

Based on the results of hypothesis testing in equation 1 and equation 2, it can be interpreted as follows:

5.5.1. Hypothesis 1

The significance value of the asset management variable is 0.991 > 0.05, H1 is rejected and results that asset management has no effect on firm value.

5.5.2. Hypothesis 2

The significance value of the leverage variable is 0.029 < 0.05, H2 is accepted and results that leverage has an effect on firm value.

5.5.3. Hypothesis 3

The significance value of the free cash flow variable is 0.000 < 0.05, H3 is accepted and results that free cash flow has an effect on firm value.

5.5.4. Hypothesis 4

The significance value obtained is 0.563 > 0.05, H4 is rejected and results that dividend policy is not able to moderate asset management on firm value. The significance value of dividend policy as an independent variable is 0.007 < 0.05. Therefore, it can be concluded that the dividend policy variable is a moderating predictor.

5.5.5. Hypothesis 5

The significance value obtained is 0.071 > 0.05, H5 is rejected and results that dividend policy is not able to moderate leverage on firm value. The significance value of dividend policy as an independent variable is 0.007 < 0.05. Therefore, it can be concluded that the dividend policy variable is a moderating predictor.

5.5.6. Hypothesis 6

The significance value obtained is 0.003 < 0.05, H6 is rejected and results that dividend policy is not able to moderate free cash flow to firm value. The significance value of dividend policy as an independent variable is 0.007 < 0.05. Therefore, it can be concluded that the dividend policy variable is a pseudo-moderation.

6. DISCUSSION

6.1. Effect of asset management on firm value

The results of hypothesis testing indicate that asset management has no significant effect on firm value. These results indicate that potential investors or investors perceive that the composition of total assets is dominated by fixed assets, approaching extreme conditions that can cause inefficiency for the company. This shows that the company's effectiveness in using fixed assets to generate sales does not necessarily generate profits. The results of this study are not in accordance with the author's initial hypothesis, but arein line with the results of research conducted by Astutik (2017), Munawar (2018).

6.2. Effect of leverage on firm value

This study results that leverage has a significant effect on firm value. In other words, leverage can increase firm value when leverage is high and vice versaleverage can reduce firm value when leverage is low. This indicates that high leverage will provide good prospects so as to provide a positive signal for investors to increase stock prices. An increase in stock prices will increase the value of the company. This is supported by previous research conducted by Astutik (2017) Sutama and Lisa (2018), Chandra et al (2020), Andreas (2021).

6.3. Effect of free cash flow on firm value.

This study shows the results that free cash flow has a significant effect on firm value. In other words, free cash flow will increase firm value when free cash flow is high and vice versa free cash flow will decrease firm value when cash flow is low. High company performance will increase company value throughdividends, share prices or retained earnings to be invested in the future. High free cash flow will have a high return compared to companies that have low free cash flow. In addition, a surplus of internal funds will increase the company's ability to meet its short-term andlong-term obligations. This shows the company's ability to handle finances in the future so that it gets a positive response from investors. These results are in line with research conducted by Sari and Wirajaya (2017), Dewi (2019), Zurriah (2021).

6.4. The effect of dividend policy on asset management and firm value.

The results of this study indicate that dividend policy is not able to moderate asset management on firmvalue. The significance value of dividend policy as an independent variable shows a value less than 0.05. Therefore, it can be concluded that the dividend policy variable is a moderating predictor of the effect of asset management on firm value. This means that dividend policy only acts as an independent variable in the relationship model that is formed.

This indicates that the dividend policy is not able to strengthen or weaken the influence of asset management on firm value. The results of the study are in line with research conducted by Wikartika & Asmara (2021) which says that asset management based on the level of profit is not the only thing that is important for investors to assess the company's performance, on the contrary, a very high dividend return indicates the use of a very high level of debt. which will later become a burden for investors and companies in the future which ultimately slows down sustainable growth.

6.5. The effect of dividend policy on leverage and firm value

The results of this study indicate that dividend policy is not able to moderate the effect of leverage on firm value. The significance value of dividend policy as an independent variable shows a value less than 0.05. Therefore, it can be concluded that the dividend policy variable is a moderating predictor of the influence of leverage on firm value. This means that dividend policy only acts as an independent variable in the relationship model that is formed.

The results of this study support research conducted by Tahu and Susilo (2017), Mery (2017), Aldi et al (2020). No matter how good the dividend policy made by management, it does not affect investors because investors see that large leverage will provide great risk to the company they invest in. In addition, companies that have high leverage tend to prioritize fulfilling long- term obligations and interest expenses on their debts rather than distributing large dividends.

6.6. The Effect of dividend policy on free cash flow and firm value

The results of this study indicate that the dividend policy is able to moderate free cash flow to firm value. The significance value of dividend policy as an independent variable shows a value less than 0.05. Therefore, it can be concluded that the dividend policy variable quasi-moderates the effect of free cash flow on firm value. This means that dividend policy moderates the relationship between the independent variable and the dependent variable which is also the independent variable.

The results of this study support the research conducted by Burhanudin et al (2019) which results that dividend policy has a significant effect in moderating (weakening) the effect of free cash flow on firm value. Companies with high dividend payout rates will be a signal for investors about the availability of company funds to make low investments and this will make the value of the company decrease. This decline in company value can be caused by the company's low free cash flow to be used for company investment, so the company requires additional funds from outside such as additional debt. The addition of the company's debt will then be a negative signal for investors which will reducethe value of the company.

7. CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and testing conducted, it can be concluded that the asset management variable has no significant effect on firm value. Leverage and free cash flow variables have a significant effect on firm value. After the moderation shows the results of the dividend policy are not able to moderate the asset management and leverage variables on firm value. But dividend policy is able to moderate free cash flow to firm value.

Based on the research that has been done, there are limitations that need to be considered by further researchers, including this study only uses a population of manufacturing companies in the consumption sector so that it cannot be generalized to other sector companies. This study only uses the 2018-2020 observation year, so the sample obtained does not capture company fluctuations.

As for suggestions that can be given through the results of this study in future research, it is hoped that it can expand the population and extend the research period so that it can capture fluctuations in external and internal conditions of the company.

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