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The Effect of Profitability, Leverage, Liquidity, Free Cash Flow on Company Value with Dividend Policy as Moderating in Basic and Chemical Industrial Companies Listed on the Indonesia Stock Exchange for the 2017-2021 Period

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ABSTRACT

This study aims to examine and analyze the effect of Profitability, Leverage, Liquidity and Free Cash Flow on Firm Value with Dividend Policy as a Moderating Variable. The population in this study were 66 companies in the Basic Industry and Chemical Sector which were listed on the Indonesia Stock Exchange (IDX) for the period 2017 - 2021, using a purposive sampling technique so that 61 samples were obtained for 5 years with a total of 305 observational data. Methods of data analysis using panel data regression analysis with the help of the Eviews application program. The results of the study show that partially Profitability, Leverage, Liquidity and Free Cash Flow have a positive and significant impact on Firm Value. Meanwhile, Dividend Policy as a moderating variable is unable to moderate the effect of Profitability, Leverage, Liquidity and Free Cash Flow on Firm Value.

Keywords: Return On Assets; Debt to Equity Ratio; Current Ratio; Tobin's Q.

INTRODUCTION:

The main goal of the company is to increase the value of the company. The company value in question is the amount of price that investors are willing to pay if the company is to be sold. In addition, the value of the company can also be said to be a condition that has been achieved by the company as a sign of public trust in the company. Rahayu (2010) states that the value of the company is a value to measure the level of quality of the company and a value that describes the level of importance of a company in the eyes of customers.

This high corporate value will make the market believe in the company's current performance and future prospects. By improving financial performance, it is hoped that the firm value of a company will increase, both in the eyes of shareholders and stakeholders so that goals and going concern can be achieved (Dewi and Tarnia, 2011). Companies in achieving company goals experience obstacles regarding how to operate the company so that all company activities can be managed effectively and efficiently. The first obstacle is how to minimize conflicts of interest that occur between management and shareholders, by implementing an internal control structure so that the company is able to minimize conflicts of interest that may occur between management and shareholders. The next obstacle is how to make investors believe in the company that the management of funds is used appropriately and as efficiently as possible and ensure that management acts in the best interest of the company (Maryanti and Tjahjadi, 2013). One of the good and healthy companies can be seen from their financial performance (Dewi and Tarnia 2011). Measurement of financial performance in this study uses profitability ratios as measured by Return On Assets (ROA), Leverage as measured by the Debt to Equity Ratio (DER), Liquidity as measured by the Current Ratio and Free Cash Flow or free cash flow of a company.

A significant relationship between financial performance and firm value can be seen if you look at the main goal of each company, namely to obtain maximum profits, whereby an increase in profits indicates that a company's financial performance has increased. The company's financial performance can use financial ratios. Financial ratios show changes in the company's financial condition as well as the company's potential in managing company wealth in increasing company value (Tjandrakirana and Monika, 2014). However, in reality, increased performance is not always in line with an increase in firm value. This can be seen from the research data for the samples tested in this study during the observation period, as shown in the following table.

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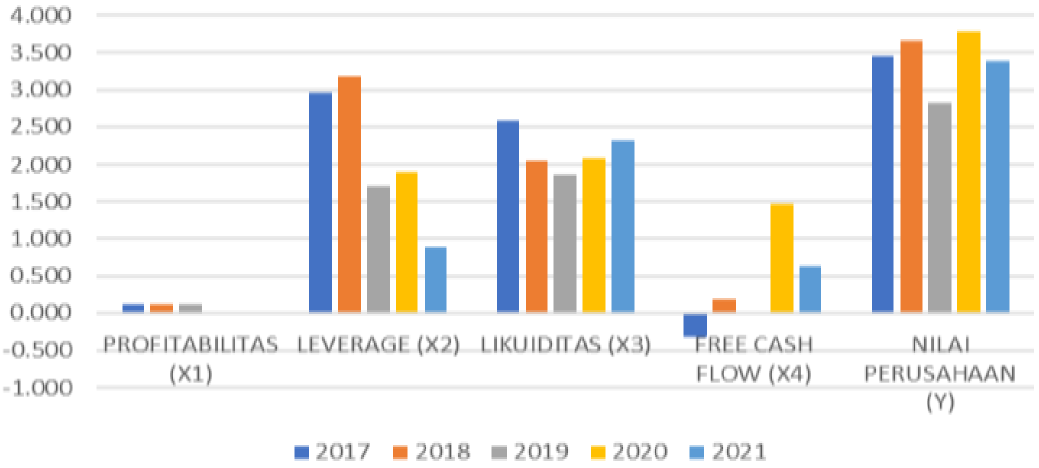
Table 1. Average Value of Research Variables for the 2017-2021 Period

Year	PROFITABILITY (X1)	*LEVERAGE* (X2)	LIQUIDITY (X3)	*FREE CASHFLOW* (X4)	COMPANY VALUE (Y)
2017	0.112	2,968	2,583	-0.306	3,453
2018	0.111	3,187	2050	0.191	3,656
2019	0.122	1,704	1862	-0.017	2,827
2020	0.020	1893	2080	1,475	3,784
2021	0.009	0.889	2,317	0.625	3,383

Source: *Author's calculations.*

Table 1 shows the average value of profitability, leverage, liquidity, free cash flow and the company value of the Basic Industry and Chemical Sector during the 2017-2021 period experienced fluctuating values. But on the one hand, the direction shown by several variables does not have harmony between theory and fact, this can be seen clearly from the table representation in the graph below.



Source: *Author's calculations.*
Figure 1. Graph of Average Value of Research Variables for the 2017-2021 Period.

Graph 1. shows the different directions of the influence of the variables profitability, leverage, liquidity and free cash flow on company value during 2020-2021. The theory states that there is a positive relationship or direction from the four financial performances to company value. But in fact, the data shows a negative direction. This can be seen from the profitability values during the 2017-2019 period which tended to be stable and in 2020 again experienced a decline, but this is different from the company value in 2019 which showed a quite drastic decline and in 2020 there was a significant increase. Leverage itself has the same direction during the research period on firm value. Liquidity in 2018 has decreased and 2021 has increased, but it is inversely proportional to the value of the company, which in 2018 has increased and 2021 has decreased. Free cash flow itself shows the same direction towards the ups and downs of the company's value.

Basic Industry and Chemical companies which are one of the sectors included in the branch of the manufacturing industry (non-oil and gas industry) which produces basic materials which will then be processed into finished goods. This sector is used as the object of research because the Basic Industry and Chemical sectors are one of the manufacturing industry sectors that have experienced an increasing trend over the past few years, as shown in the following figure.

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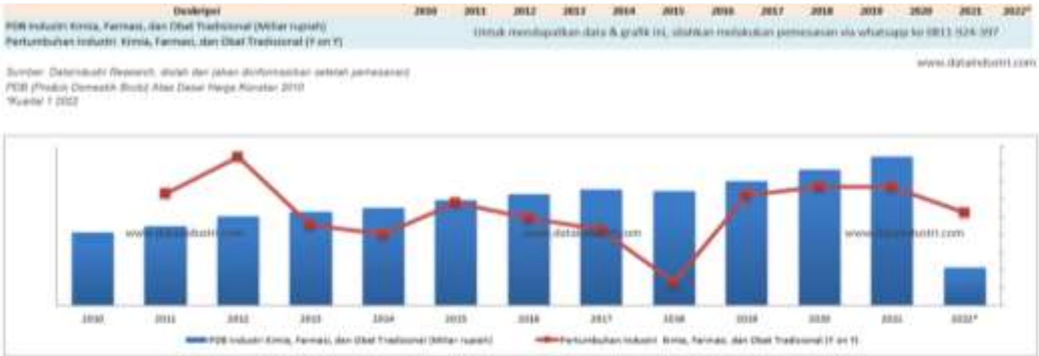

Source: *dataindustri.com*
Figure 2. Growth Trends in Basic and Chemical Industries for the 2011-2022 Period.

Figure 2. shows an increase from the basic industry and chemical sectors over the last 12 years. So in this case it is used as a basis for taking this sector as an object of research. In addition, this study also uses dividend policy as a moderating variable because dividend policy is one of the company's policies in distributing the company's net profit to shareholders which is often the main reason for investors to invest. Based on the Bird in the Hand Theory put forward by Gordon and Lintner (1963), dividend policy will affect firm value if there is an information asymmetry between investors and company managers which has an impact on investor response regarding company dividend policy which then affects firm value. This can be interpreted that investors interpret changes in dividend rates in management's view as prospects for future profits for the company.

Seeing the background and differences in the results of the research above, the researcher is interested in examining how the effects of profitability, leverage, liquidity and free cash flow partially affect company value in Basic Industry and Chemical companies listed on the Indonesia Stock Exchange for the 2017 period -2021. Furthermore, we will also examine whether the dividend policy is able to moderate the effect of profitability, leverage, liquidity and free cash flow as an interaction on company value in Chemical and Basic Industry companies listed on the Indonesia Stock Exchange for the 2017-2022 period.

LITERATURE REVIEW:

Signaling Theory

Signaling Theory states that companies with good quality will deliberately give signals to the market, thus the market is expected to be able to distinguish good and bad quality companies (Hartono, 2005). Information issued by the company that can be a signal for parties outside the company, especially for investors is the annual report. All investors need information to evaluate the relative risks of each company so that they can diversify their portfolios and investment combinations with the desired risk preference. If a company wants its shares to be purchased by investors, the company must disclose financial statements openly and transparently to external parties (Bergh, et al., 2014).

The Bird in the Hand Theory

The bird in the hand theory states that the expected capital gain is likely to be more risky than a definite dividend yield, so that investors will demand a higher rate of return for each reduction in dividend yield (Gordon and Lintner, 1963). This theory states that shareholders consider dividend policy to be relevant to share value. This is based on the opinion that investors prefer dividends because receiving dividends is a definite income compared to capital gains. Shareholders will judge that dividends received have a higher value than retained earnings, so companies should set dividends with a pay-out ratio and offer high dividend yields (Asnawi and Wijaya, 2005).

Asymmetric Information Theory

Asymmetric information or information inequality is a situation in which managers have different (better) information about the condition or prospects of the company than investors (Brigham and Houston,

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2001). Companies can increase the value of the company, by reducing information asymmetry. One way to reduce information asymmetry is to provide a signal to outsiders about reliable financial information that will reduce uncertainty about future company prospects (Wolk et al, 2000).

The value of the company

Firm value is a condition that has been achieved by a company as an illustration of public trust in the company after going through a process of activity for several years, namely since the company was founded until now (Noerirawan, 2012). High corporate value is the desire of the company owners, because this shows high shareholder prosperity.

Firm value in this study is based on Tobin's Q. Tobin's Q is a statistical description that functions as a proxy for firm value from an investor's perspective, which is the combined value of tangible assets and intangible assets (Nugroho, 2012). A low company Tobin's Q value (between 0 and 1) indicates that the replacement cost of the company's assets is greater than the market value of the company. This indicates that the market undervalues the company. Meanwhile, if the Tobin's Q value of a company is high (more than 1), then the company's value is greater than the company's recorded asset value. This indicates that there are several company assets that are not measured or recorded.

Profitability

Profitability is the ability of a company to generate profits in a certain period by using all of its capital. Profitability is the ratio to assess the company's ability to seek profits or profits in a certain period. This ratio also provides a measure of the level of effectiveness of a company's management as shown from the profits generated from sales or from investment funding (Kasmir, 2019).

In the study of profitability ratios using the proxy Return On Assets (ROA), because this ratio shows how much the contribution of assets in generating profits. The company's ability to generate profits will be a good signal for investors so that it will increase the volume of stock trading and have an impact on company value. In addition, the company's ability to generate profits will also determine how good the company is in the eyes of investors from a financial perspective, so that this has an impact on increasing company value in the eyes of investors (Ayu and Suarjaya, 2017).

Leverage

Leverage ratio is the ratio used by investors to measure the composition of the company's total debt to equity. Debt is an agreement between the company as a debtor and creditor. Leverage ratio uses total capital financed by debt or known as the Debt to Equity Ratio (DER). DER is a comparison between total debt and total equity (equity). Total debt is total liabilities (obligations), both short term and long term debt. DER shows the part of each own capital that is used as collateral for the entire debt (Kasmir, 2019).

Liquidity

Liquidity is the company's ability to pay the company's short-term obligations (Kasmir, 2015). Companies that have good liquidity will be trusted by investors because the company's performance is considered good. The liquidity ratio in this study uses the Current Ratio (CR) proxy. The current ratio is a commonly used measure of short-term liabilities, a company's ability to meet debt needs when they are due (Kasmir, 2019).

Free Cash Flow

Free cash flow or free cash flow is cash flow available to be distributed to all investors after the company invests its funds in fixed assets, new products and working capital needed to maintain the continuity of the company's operations (Brigham and Houston, 2006). If the company has a large free cash flow, managers have a tendency to use it for consumption and opportunistic behavior that is not in the interests of shareholders (Mahsunah, 2013).

Free cash flow reflects the rate of return for investors, whether in the form of debt or equity. Free cash flow can be used to pay debts, buy back shares, pay dividends or save it for future growth opportunities for the company. If the free cash flow from the company is positive ($FCF \geq 0$) then the company's finances are

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in good condition, whereas if the free cash flow from the company is negative (FCF ≤ 0) and the company must issue shares for additional capital, it will result in reduced profit per share. from the company. Free cash flow is an indicator to measure a company's ability to return profits to shareholders through reducing debt, increasing dividends or repurchasing shares with that company value will also increase. Free cash flow is a determinant in determining the value of the company, so that company management is more focused on efforts to increase free cash flow. Free Cash Flow which high in a company indicates high company performance, so that company value will increase (Harijanto and Mildawati, 2017)

Dividend Policy

Dividend policy is a policy associated with determining whether the profits earned by the company will be distributed to shareholders as dividends or will be retained in the form of retained earnings. Policy on dividend payments is a very important decision in a company. This policy will involve two parties who have different interests, namely the first party the shareholders, and the second party the company itself (Hermuningsih, 2009).

Dividend policy in this study is measured by the Dividend Payout Ratio (DPR). The Dividend Payout Ratio compares the dividends paid to the net profit the company gets. Dividend policy concerns the issue of using profits that are the rights of shareholders (Hery, 2017).

Hypotheses

Effect of Profitability on Firm Value

Based on the Signaling Theory, a high ROA will provide a positive signal for investors to predict that the company will be in favorable conditions in the future. The higher the profit generated by the compan, the value of the company will also increase. So it can be concluded that high profitability indicates good company prospects, so investors will respond positively to this signal and firm value will increase (Mai, 2013). This theory is supported research by Sucuahi & Cambarihan (2016) which shows that profitability has a significant positive effect on firm value. The same results were shown by Cheryta, Moeljadi, and Indrawati (2017), Fajaria and Isnalita (2018), Hirdinis (2019), Khushi, et.al (2020), Saputri and Bahri (2021) which states that profitability has a positive influence or relationship to company value. Based on this description, the hypothesis can be formulated as follows:

H_1 : Profitability has a positive effect on Firm Value.

Effect of Leverage on Firm Value

The Signaling Theory states that a company that has a high level of leverage that is well managed becomes a positive signal for the company so that it can increase the value of the company (Brigham and Houston, 2006). This theory is supported by research by Frederik et al. (2015), which states that there is a positive influence on firm value. This is also supported by Rizqia, Aisjah, and Sumiati (2013), Utami (2015), Farooq & Masood (2016), Sondakh (2019), Odum et al. (2019) and Jihadi, et al (2021). Based on this description, the hypothesis can be formulated as follows:

H_2 : Leverage has a positive effect on Firm Value.

The Effect of Liquidity on Firm Value

Brigham and Hauston (2001) in signaling theory states that a company that has a good level of liquidity will provide a positive signal to investors about the viability of the company in the future and attract investors' interest in investing so that it will increase the demand for shares and increase the value of the company. This theory is supported research by Cheung (2015) which found a positive influence between liquidity and firm value. This is also supported by research by Farooq & Masood (2016) , Dewi & Sujana (2019), Sukarya & Bagaskara (2019), Gunawan et al (2019), Sondakh (2019) , and Jihadi, et al (2021)). Based on this description, the hypothesis can be formulated as follows:

H_3 : Liquidity has a positive effect on F Firm Value.

Effect of Free Cash Flow on Firm Value

Free cash flow is a determinant in determining the value of the company, so that company management

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is more focused on efforts to increase free cash flow. Free Cash Flow which high in a company indicates high company performance, so that company value will increase (Harijanto and Mildawati, 2017). This theory is supported by research by Giriati (2015) which states that free cash flow has a positive effect on firm value. The same results were shown by Kereh (2018), Profita and Ratnaningsih (2019) Based on this description, the hypothesis can be formulated as follows:
H_4 : Free Cash Flow has a positive effect on Firm Value.

The Effect of Profitability on Firm Value with Dividend Policy as a Moderating Variable

The dividend policy is moderated because it is expected to strengthen the effect of profitability on firm value, because a policy of paying cash dividends to shareholders will further increase firm value. It can also be said that the company will be able to maximize the value of the company if investors' expectations of obtaining a rate of return in the form of cash dividends can be realized. Information about the cash dividend payment policy contains signals related to the company's prospects in the future (Puspitaningtyas, 2017). This statement is supported by research by Martini (2013) and Rochmah and Fitria (2017) and Putri and Wiksuana (2021). Based on this description, the hypothesis can be formulated as follows:
H_5 : Dividend Policy can moderate the effect of Profitability on Firm Value.

The Effect of Leverage on Firm Value with Dividend Policy as a Moderating Variable

Companies that are able to manage the use of debt properly are used as capital so that they can generate profits for the company which can be used to pay dividends to shareholders so that it becomes added value for the company (Asvidyan, 2018). This statement is in line with research by May and Muhammad (2018) which show that dividend policy can moderate the relationship between financial performance, in this case, namely leverage on firm value. Based on this description, the hypothesis can be formulated as follows:
H_6 : Dividend policy can moderate the influence of leverage on Firm Value.

The Effect of Liquidity on Firm Value with Dividend Policy as a Moderating Variable

Liquidity will affect the size of the dividends paid to shareholders. Dividends are cash outflows, so the greater the amount of cash available, the better the company's liquidity, the greater the company's ability to pay dividends (Harjito and Martono, 2001). This statement is in line with the results of research conducted by Putri and Wiksuana (2021) which proves that dividend policy is able to moderate the effect of liquidity on firm value. Based on this description, the hypothesis can be formulated as follows:
H_7 : Dividend policy can moderate the effect of Liquidity on Firm Value.

The Effect of Free Cash Flow on Firm Value with Dividend Policy as a Moderating Variable

Owen and Yawson (2009) explain that a company in the mature stage is represented by a large amount of free cash flow. The condition of a company that generates a lot of cash from its operating activities and has residual cash that is used to pay dividends, this is in line with the free cash flow hypothesis which states that companies with high free cash flow are certainly able to pay high dividends. Free cash flow also reflects the performance of financial management in making financial decisions. Firm value can provide shareholder prosperity if the company has truly free cash, which can be distributed to shareholders as dividends (Mery, 2017). Based on this description, the hypothesis can be formulated as follows:
H_8 : Dividend policy can moderate the effect of Free Cash Flow on Firm Value.

METHODOLOGY:

This research is included in the type of associative research with a quantitative approach. The population in this study are Chemical and Basic Industry Manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2017 - 2021, totaling 66 companies. The sampling technique used in this study was purposive sampling, so that 61 samples were obtained, so that the number of observations in this study was 61 x 5 years = 305 data observations. the samples are listed in Appendix III.

The technique of collecting data in research is to use the method of documentation from secondary data sources. The analytical method used is the classical assumption test, panel data regression analysis and moderation regression analysis with statistical data processing software tools, namely Eviews.

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RESEARCH RESULTS AND DISCUSSION:

Result

Classic assumption test

The normality test in this study was not carried out because the data studied was panel data with a large number of data observations, namely n = 61 with 305 data observations. In panel data with a large number of data observations, the data normality test can be ignored (Gujarati, 2004). The results of the multicollinearity test, it can be concluded that there are no symptoms of multicollinearity between the independent variables. This is because the correlation value between variables is below 0.8, which means that there are no symptoms of multicollinearity (Erlina, 2011). Autocorrelation test shows the assumption of non-autocorrelation is met. In other words, no autocorrelation symptoms occur. Based on the results of the Breusch-Pagan test, it is known that there are no symptoms of heteroscedasticity.

Hypothesis testing

Lagrange Multiplier test and test, the estimation model used in this study is the Common Effect Model (CEM).

Determination Coefficient Test and Simultaneous Test (F Statistical Test)

Table 2. Determination Coefficient Test and Simultaneous Test (F Statistical Test)

R-squared	0.515284	Mean dependent var	3.420402
Adjusted R-squared	**0.508821**	SD dependent var	9.147334
SE of regression	6.410835	Akaike info criterion	6.570114
Sum squared residue	12329.64	Schwarz criterion	6.631102
Likelihood logs	-996.9423	Hannan-Quinn criter.	6.594508
F-statistics	79.72964	Durbin-Watson stat	1.966085
Prob(F-statistic)	**0.000000**		

Source: *Processed Results of Eviews 10 Software.*

Based on Table 5.7, it is known that the coefficient of determination (R-squared) is R 2 = 0.5088. This value can be interpreted as profitability, leverage , liquidity, free cash flow simultaneously or jointly influencing firm value by 50.88 %, the remaining 49.12 % is influenced by other factors not tested in this study. It is also known that the value of Prob. (F-statistics) , namely 0.000000 <0.05, it can be concluded that all independent variables, namely profitability, leverage , liquidity, free cash flow simultaneously, has a significant effect on firm value variables

Partial Test (Test Statistical t)

Table 3. Partial Test (Test Statistical t) and Interaction Moderation Test

Dependent Variable: Y?				
Method: Pooled Least Squares				
Date: 11/14/22 Time: 16:39				
Sample: 2017 2021				
Included observations: 5				
Cross-sections included: 61				
Total pool (balanced) observations: 305				
Variables	**coefficient**	**std. Error**	**t-Statistics**	**Prob.**
X1	**3.596708**	1.008546	3.566231	**0.0004**
X2	**0.186703**	0.037518	4.976368	**0.0000**
X3	**0.824494**	0.123981	6.650183	**0.0000**
X4	**1.641941**	0.149073	11.01433	**0.0000**
Z	**0.447573**	0.753245	0.594193	**0.5528**
X1Z	**0.703079**	6.212849	0.113165	**0.9100**
X2Z	**-0.050100**	0.262152	-0.191111	**0.8486**
X3Z	**0.016233**	0.250595	0.064779	**0.9484**
X4Z	**1.031700**	0.782994	1.317634	**0.1886**
C	**-0.172163**	0.468137	-0.367763	0.7133

Source: *Processed Results of Eviews 10 Software.*

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Based on the table, it is known that profitability, leverage, liquidity and free cash flow partially positive and significant effect on firm value. The interaction moderation test shows that dividend policy is not significant in moderating the effect of profitability, leverage, liquidity and free cash flow on firm value.

Discussion

Effect of Profitability on Firm Value

Based on the results of the statistical t test, the result is that profitability in this study has an effect positive and significant to firm value, so it can be concluded that hypothesis 1 is accepted. These results are in line with the signal theory which states that profitability is a signal from management which provides an overview of the company's prospects based on the level of profit formed and will directly affect stock prices in the capital market. Company profit is an important element in creating company value because it shows the company's prospects in the future.

The better the profitability, the better the company's financial performance, which results in an increase in the company's stock price, so that the share price and the number of outstanding shares will affect the increase in company value. The results of this study strengthen the results of previous studies which found a positive effect of profitability on firm value, such as research conducted by Sucuahi and Cambarihan (2016), Cheryta, Moeljadi, and Indrawati (2017), Fajaria and Isnalita (2018), Hirdinis (2019), Khushi, et.al (2020), Saputri and Bahri (2021).

Effect of Leverage on Firm Value

Based on the results of the statistical t test, the result is leverage take effect positive and significant to firm value, so it can be concluded that hypothesis 2 is accepted. The results of this study are in line with the trade off theory which states that optimal debt management can balance risk and return so as to maximize share prices and increase firm value, while high leverage if it cannot be managed properly will risk increasing the interest expense borne by the company so that it can reduce the level of profitability of the company which has an impact on decreasing the value of the company.

The results of this study are supported by research by Rizqia, Aisjah, and Sumiati (2013), Frederik et al. (2015), Utami (2015), Farooq & Masood (2016), Sondakh (2019) , Odum et al. (2019), Wilson (2020), and Jihadi, et al (2021) which state that there is a positive influence between company leverage and company value. However, the results of this study contradict the research conducted by Sofiamira and Asandimitra (2017), Fajaria and Isnalita (2018) and Astuti, Wahyudi, and Mawardi (2018), which state that there is a negative influence or relationship from leverage to firm value.

The Effect of Liquidity on Firm Value

Based on the results of the statistical t test, the result is liquidity take effect positive and significant to firm value, so it can be concluded that hypothesis 3 is accepted. The results of this study are in line with the signal theory which states that liquidity has a positive relationship with firm value where the higher the level of liquidity, the firm value will increase, conversely the lower the liquidity, the more low company value. Companies that have good liquidity are considered to have good performance, thereby influencing investors to invest and increase stock prices which will ultimately increase the value of the company.

The higher the liquidity ratio of a company, the higher the company's liabilities which are borne by current assets, thereby increasing public trust, this means that the company's value is also getting better, or in other words a high level of liquidity means a high company value and vice versa (Lubis et al., 2017). The results of this study are supported by research by Cheung (2015), Farooq & Masood (2016), Dewi & Sujana (2019), Sukarya & Bagaskara (2019), Gunawan et al (2019), Sondakh (2019), and Jihadi, et al (2021) which proves that there is a positive influence between liquidity and company value. However, different results were shown by Fajaria and Isnita (2018), Putri and Wiksuana (2021) which stated that there was a negative influence or relationship from leverage to company value.

Effect of Free Cash Flow on Firm Value

Based on the results of the statistical t test, the result is that free cash flow has a positive and significant effect on firm value, so it can be concluded that hypothesis 4 is accepted. The results of the study are in line

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with the signal theory which states that high free cash flow indicates high company performance, so this is a positive signal for investors and has an impact on increasing company value. The high performance of the company will increase shareholder value which is manifested in the form of high returns through dividends, stock prices, or retained earnings to be invested in the future. However, the results of this study are not in line with the results of research by Naini dan Wahidawati (2014) who found no effect of free cash flow on firm value.

The Effect of Profitability on Firm Value with Dividend Policy as a Moderating Variable

The Moderated Regression Analysis (MRA) interaction test show that the dividend policy is not significant in moderating the effect of profitability on firm value, so it can be concluded that hypothesis 5 is rejected. The results of this study strengthen the research conducted by Puspitaningtyas (2017) which also proves that dividend policy is not able to moderate the effect of profitability on firm value.

Dividend policy in this study is not able to moderate the effect of profitability on firm value because information about company dividend policy does not affect the variable profitability of firm value, or in other words dividend policy is not able to strengthen investors' assessment of company shares even when there is an increase in company profitability. However, the results of this study do not support the results of research conducted by Martini (2013), and Rochmah and Fitria (2017) which prove that dividend policy is able to moderate the effect of profitability on firm value.

The Effect of Leverage on Firm Value with Dividend Policy as a Moderating Variable

The Moderated Regression Analysis (MRA) interaction test show that the dividend policy is not significant in moderating the influence of leverage on firm value, so it can be concluded that hypothesis 6 is rejected. Dividend policy as a moderating variable in this study is not able to influence the relationship between leverage and firm value because no matter how good the dividend policy made by company management, it will not be able to influence investors' decisions to invest. This is due to the large level of corporate leverage so that investors are willing to take risks that will occur in the company whose capital will be invested. In addition, a high level of leverage will make the company prioritize paying long-term debt and interest expenses on its debts rather than paying dividends with large amounts but still paying dividends with smaller amounts. When compared to companies that have lower leverage, it is certain that these companies will provide greater dividends because the liabilities borne by the company for interest expenses/costs on debt are less so that profits can be used to increase the welfare of shareholders which means increasing the value of the company.

The results of this study strengthen the results of research by Mahendra (2011), Tahu & Susilo (2017), and Aldi, et al. (2020) which shows that dividend policy is not able to moderate the influence of leverage on firm value. However, the results of this study are in contrast to the results of research conducted by Martini & Riharjo (2014) and Anggraeni & Sulham (2020) who found that dividend policy is able to moderate the influence of leverage on firm value.

The Effect of Liquidity on Firm Value with Dividend Policy as a Moderating Variable

The Moderated Regression Analysis (MRA) interaction test show that the dividend policy is not significant in moderating the effect of liquidity on firm value, so it can be concluded that hypothesis 7 is rejected. Dividend policy in this study is not able to moderate the effect of liquidity on firm value because information about the high and low level of the company's dividend policy will not affect the relationship between liquidity and firm value, or in other words the level of company dividend policy does not cause a market reaction so it does not affect the increase or decrease in company value. In addition, this is also because when the company's liquidity is low, the level of dividend distribution is also low compared to the profits earned by the company during the current period so this does not have an impact on the company.

The results of this study reinforce the results of Anggraeni & Sulham's research (2020) which found results that dividend policy is not able to moderate the influence of liquidity on dividend policy. However, the results of this study are in contrast to the results of a study conducted by Mery et al. (2017) which shows the results that the dividend policy as measured by the Dividend Payou Ratio is able to moderate the effect of liquidity on firm value.

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The Effect of Free Cash Flow on Firm Value with Institutional Ownership as a Moderating Variable

The Moderated Regression Analysis (MRA) interaction test show that the dividend policy is not significant in moderating the effect of Free Cash Flow on firm value, so it can be concluded that hypothesis 8 is rejected. The results of this study strengthen the results of Yuliana's research (2020) which shows the results that the dividend policy as measured by the Dividend Payou Ratio is not able to moderate the effect of Free Cash Flow on company value. Information about the dividend rate or dividend policy of the company is not able to influence the company's cash flows and have an impact on the company's value. Because investors will tend to look directly at the company's cash flow, regardless of the level of dividends paid. So that in this case, dividend policy as a moderating variable is considered unable to moderate the effect of free cash flow on firm value.

CONCLUSIONS, PROPOSALS, RECOMMENDATIONS:

Based on the results of the description above, it can be concluded that Profitability, Leverage, Liquidity and Free cash flow partially have a positive and significant effect on company value in Chemical and Basic Industry companies listed on the Indonesia Stock Exchange in 2017-2021. The results of the moderation test show that the dividend policy is not able to moderate the effect of profitability, profitability, leverage, liquidity and free cash flow by interaction. on company value in Basic Industry and Chemical companies listed on the Indonesia Stock Exchange in 2017-2021.

Based on the conclusions of the results that have been found, the researcher provides suggestions for further researchers, to increase the population or research sample, such as taking the entire manufacturing sector or other sectors listed on the IDX, as well as adding or extending the year of observation. In addition, future researchers can also add other variables as moderating variables such as managerial ownership.

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