The Effect of Macro Economic, Financing Decision, Investment Decision on Value of The Firm with Financial Risk, Earning Management, Free Cash Flow as Intervening Variables and GCG as Moderating Variables In Indonesian Manufacturing Companies

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ABSTRACT- The purpose of this study was to examine and analyze the effect of macroeconomics, funding decisions, investment decisions on firm value with financial risk, earnings management, and free cash flow as intervening variables and GCG as moderating variable in manufacturing companies listed on the Indonesia Stock Exchange. The source of research data is secondary data, with the data collection method used is documentation.

This research was conducted on the Indonesia Stock Exchange on all manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2015-2018. The sample used is 30 companies. The source of research data is secondary data, with the data collection method used is documentation. Secondary data is in the form of company's annual financial statements which have been audited by independent auditors on all manufacturing companies listed on the Indonesia Stock Exchange. The data sources were obtained from Bank Indonesia, Capital market directory 2015, 2016, 2017, 2018 as well as the homepages of each company that was selected as a sample. The data used is a combination of data between companies (cross section) and time series, known as pooled cross section-time series.

The results showed that: (1) Macroeconomics had no significant effect on financial risk (2) Macroeconomics had a significant and negative effect on earnings management (3) Macroeconomics had no significant effect on free cash flow 4) Macroeconomics had no significant effect on firm value (5) Decisions financing has a positive and significant effect on financial risk (6) financing decisions have no significant effect on earnings management (7) financing decisions have a negative and significant effect on free cash flow (8) financing decisions have a positive and significant effect on firm value (9) investment decisions do not significant effect on financial risk (10) investment decision has no significant effect on earnings management (11) investment decision has no significant effect on free cash flow (12) investment decision has no significant effect on firm value, (13) financial risk positive and significant effect on earnings management (14) Financial risk has a positive and significant effect on free cash flow (15) Earnings management has a positive and significant effect on free cash flow in manufacturing companies listed on the IDX. BEI, (16) Financial Risk has a positive and significant effect on firm value (17) Earnings management has no significant effect on firm value (18) Free cash flow has a significant and negative effect on firm value. The results of the analysis of the indirect effect of macroeconomic influence on firm value, show that the influence of both is not significantly mediated by financial risk, earnings management, and free cash flow. The direct effect of macroeconomics on firm value also shows that it is not significant. The results of the analysis of the indirect effect of the influence of funding decisions on firm value indicate that the influence of both can be significantly mediated by financial risk and free cash flow, not by earnings management. The direct effect of funding decisions on firm value also shows significant results. The results of the analysis of the indirect effect of the influence of investment decisions

on firm value, show that the influence of both is not significantly mediated by financial risk, earnings management, and free cash flow. The direct effect of investment decisions on firm value also shows not significant, (19) Good Corporate Governance moderates the effect of financial risk on firm value, (20) Good Corporate Governance moderates the effect of earnings management on firm value, (21) Good Corporate Governance moderates the effect of cash flow independent of firm value.

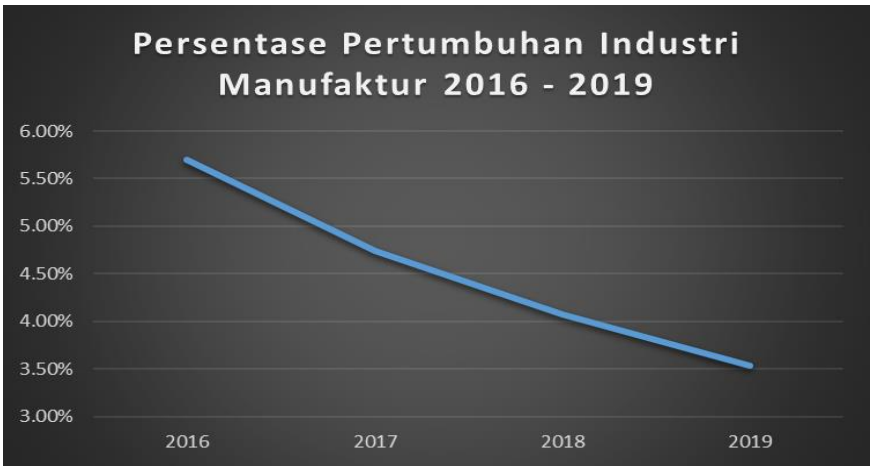
Keyword: Macroeconomics, Financing Decision, Investment Decision, Value Of The Firm, Financial Risk, Earning Management, Free Cash Flow, GCG.

I. INTRODUCTION

Firm value is an investor's perception of the company's level of success which is associated with stock prices. High stock prices make the value of the company also high. A high company value will make the market believe not only in the company's current performance but in the company's prospects in the future. If the stock price of a company experiences an increase, then investors judge that the company has succeeded in managing its business. Investor confidence is very beneficial for issuers, because the more people believe in issuers, the stronger the desire to invest in issuers. The more demand for the issuer's shares, the higher the share price. If the high stock price can be maintained, then investor confidence in the issuer will also be higher.

(Data Source: BPS)

Figure 1.
JCI Stock Price



(Data Source: BPS)

Figure 2.
Industry growth percentage

The occurrence of problems regarding the development of the manufacturing industry in Indonesia where the average growth of the manufacturing industry from 2016 to 2019 slowed down, namely 2016 by 5.7%, 2017 by 4.74%, in 2018 by 4.07% and 2019 by 3.54% . Based on these problems, it is necessary to analyze the occurrence of a decrease in the value of the company

Problems regarding the increase and decrease in stock prices occurred in manufacturing companies, the development of the JCI showed a decline where in 2016 it was 5,296, 2017 was 5,347, in 2018 it was 6,194.50 and 2019 was 6,061 The decline in stock prices can trigger a weakening of the company even though stock prices affect the company income.

From several previous studies, there are inconsistencies in the results of research predicting stock prices, and the reason the author takes the object of research on manufacturing companies on the Indonesia Stock Exchange is because manufacturing companies are companies that sell their products starting with an uninterrupted production process starting from purchasing raw materials to processing materials. a product that is ready for sale. Where this is done by the company itself so that it requires a source of funds to be used on the company's fixed assets. Manufacturing companies need more long-term sources of funds to finance their company's operations, one of which is stock investment by investors.

Research purposes

The purpose of this study is to prove and analyze:

(1) The effect of macroeconomics on financial risk in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (2) The effect of macroeconomics on Earning management in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (3) The effect of macroeconomics on free cashflow in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (4) The effect of macroeconomics on the value of the firm in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (5) The effect of financing decisions on financial risk in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (6) The effect of financing decisions on Earning management in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (7) The effect of financing decisions on free cash flow in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (8) The effect of financing decisions on the value of the firm in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (9) The effect of investment decisions on financial risk in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (10) Influencers of investment decisions on earnings management in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (11) The effect of investment decisions on free cash flow in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (12) The effect of the investment decision on the value of the firm in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (13) The effect of financial risk on earnings management in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (14) The effect of financial risk on free cash flow in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (15) The effect of earnings management on free cash flow in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (16) The effect of financial risk on the value of the firm in manufacturing companies listed on the Indonesian Stock Exchange (IDX). (17) The effect of earnings management on the value of the firm in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (18) The effect of free cash flow on the value of the firm in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (19) The influence of GCG in moderating the relationship between financial risk and the value of the firm in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (20) The effect of GCG in moderating the relationship between earning management and the value of the firm in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX). (21) The effect of GCG in moderating the relationship between free cash flow and the value of the firm in Manufacturing Companies listed on the Indonesian Stock Exchange (IDX).

II. THEORETICAL BASIS

Brigham & Houston explain the meaning of financial management as follows: "Financial management, also called corporate finance, focuses on (2010:5) to how much and what types of assets to acquire decisions relating how to raise the capital needed to purchase assets, and ho firm so as maximize its value" That is, financial management, which is also called corporate finance, focuses on decisions related to how much and what types of assets to run the company needs, how to increase and how to buy capital assets to run the company so that reach its maximum value.

Agency theory by Jensen and Meckling (1976) is a contract between the manager (agent) and the owner (principal). In order for this contractual relationship to run smoothly, the owner will delegate decision-making authority to the manager. An agency relationship is a contract in which one or more people (employer or principal) employs another person (agent) to perform a number of services and delegates decision-making authority to the agent (Jensen and Meckling, 1976). Jensen and Meckling (1976), stated that agency problems will occur when the proportion of managers' ownership of company shares is less than 100% so that managers tend to act to pursue their own interests and are not based on maximizing company value in making funding decisions.

Signal theory (signalling theory) is a theory proposed by Ross (1977). In this theory, it is argued that company executives will have better information and tend to provide this information to potential investors. The existence of information in the form of "good news" owned by the company related to future prospects is expected to increase the company's stock price. Broadly speaking, the availability of information is closely related to signaling theory.

Brigham and Houston (2015) state that signal theory provides an illustration that a signal or cue is an action taken by company management that provides instructions for investors about how management views the company's prospects. This theory reveals that investors can distinguish between companies that have high values and companies that have low values.

Stakeholder theory was first proposed by R. Edward Freeman (1984) and stated that stakeholder theory is a theory about organizational management and business ethics that discusses morals and values in managing organizations. It is stated in the stakeholder theory that the company is not an entity that only operates for its own sake but must also be able to provide benefits to its stakeholders. Thus, the existence of a company is strongly influenced by the support provided by the company's stakeholders. The assumptions of stakeholder theory are built on the statement that the company grows to be very large and causes the community

to become very involved and pay attention to the company, The existence of this stakeholder theory provides the basis that a company must be able to provide benefits to its stakeholders. These benefits can be provided by implementing corporate social responsibility (CSR) programs. The existence of this program in the company is expected to improve the welfare of employees, customers, and local communities. So that it is expected to establish a good relationship between the company and the surrounding environment.

III. RESEARCH METHODS

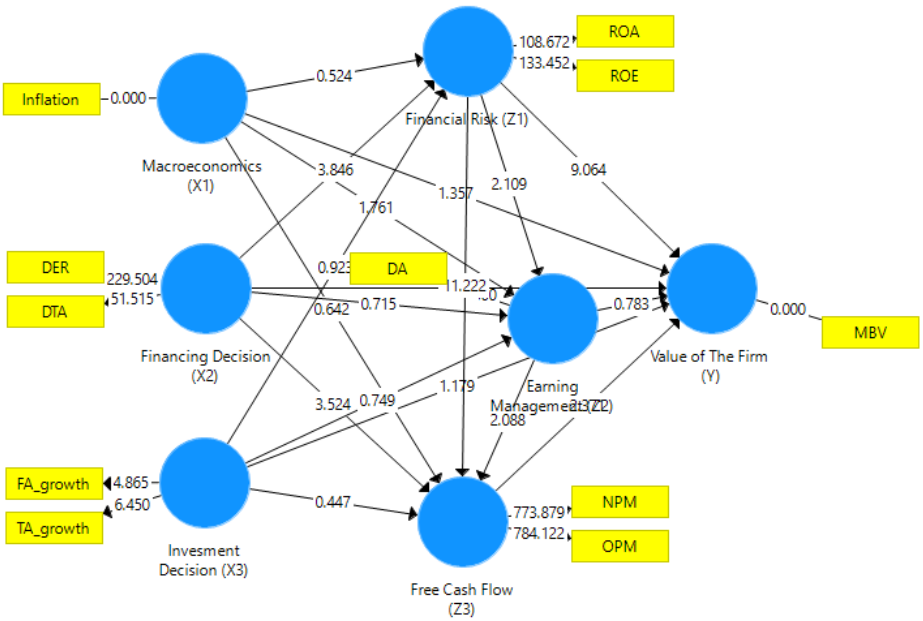
This research was conducted on the Indonesia Stock Exchange on all manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2015-2018. The sample used is 30 companies. The source of research data is secondary data, with the data collection method used is documentation. Secondary data is in the form of company's annual financial statements which have been audited by independent auditors on all manufacturing companies listed on the Indonesia Stock Exchange. The data sources were obtained from Bank Indonesia, Capital market directory 2015, 2016, 2017, 2018 as well as the homepages of each company that was selected as a sample. The data used is a combination of data between companies (cross section) and time series, known as pooled cross section-time series.

The analytical method used in this study is to use Partials Least Square (PLS), the reasons are:

1. all variables used in the study are variables that can be measured directly (measured variables)
2. data analyzed by PLS does not have to be normally distributed. PLS does not assume any particular distribution.
3. PLS can use nominal, categorical, ordinal, interval, and ratio data. In this study using ratio and nominal data.

PLS uses a three-stage iteration process and each stage of iteration produces an estimate. The first stage produces weight estimates, the second stage produces estimates for the inner and outer models, and the third stage produces estimates of means and locations (constants). The stability of this estimate was evaluated by using the t-statistic test obtained through algorithm and boostrating procedures.

IV. RESEARCH RESULT



The re test, the research hypothesis can be accepted if the t-count value (T-statistic) 1.96 or the p-value is smaller than the error rate (α) 5%. The following is the path coefficient value (original sample estimate), the t-count value (t-statistic), and the p value in the PLS model:

Figure 3.
T Value – Statistics Results from PLS Boostrapping

Table 1.
Direct Effect Hypothesis Testing Results

Hip.	*Structural Relationship*	*Sign*	*Original Sample*	*StDev*	*T-Stat*	*P-Values*
H1	Macroeconomics (X1) -> Financial Risk (Z1)	(+)	0.045	0.085	0.524	0.601ns
H2	Macroeconomics (X1) -> Earnings Management (Z2)	(-)	-0.156	0.078	2,000	0.049*
H3	Macroeconomics (X1) -> Free Cash Flow (Z3)	(-)	-0.037	0.057	0.642	0.521ns
H4	Macroeconomics (X1) -> Value of The Firm (Y)	(-)	-0.064	0.047	1.357	0.175 ns
H5	Financing Decision (X2) -> Financial Risk (Z1)	(+)	0.441	0.115	3.846	0.000*

H6	Financing Decision (X2) -> Earnings Management (Z2)	(-)	-0.097	0.136	0.715	0.475 ns
H7	Financing Decision (X2) -> Free Cash Flow (Z3)	(-)	-0.315	0.089	3,524	0.000*
H8	Financing Decision (X2) -> Value of The Firm (Y)	(+)	0.275	0.054	5.095	0.000*
H9	Investment Decision (X3) -> Financial Risk (Z1)	(-)	-0.065	0.071	0.923	0.357 ns
H10	Investment Decision (X3) -> Earnings Management (Z2)	(+)	0.060	0.081	0.749	0.454 ns
H11	Investment Decision (X3) -> Free Cash Flow (Z3)	(-)	-0.023	0.052	0.447	0.655 ns
H12	Investment Decision (X3) -> Value of The Firm (Y)	(-)	-0.052	0.044	1.179	0.239 ns
H13	Financial Risk (Z1) -> Earnings Management (Z2)	(+)	0.358	0.170	2.109	0.035*
H14	Financial Risk (Z1) -> Free Cash Flow (Z3)	(+)	0.765	0.068	11.222	0.000*
H15	Earning Management (Z2) -> Free Cash Flow (Z3)	(+)	0.204	0.098	2,088	0.037*
H16	Financial Risk (Z1) -> Value of The Firm (Y)	(+)	0.826	0.091	9.064	0.000*
H17	Earnings Management (Z2) -> Value of The Firm (Y)	(-)	-0.073	0.093	0.783	0.434 ns
H18	Free Cash Flow (Z3) -> Value of The Firm (Y)	(-)	-0.171	0.072	2,371	0.018*
*: significant at the 0.05 level ns : not significant at the 0.05 level						

The results of hypothesis testing using the results of PLS bootstrapping can be in accordance with the table above which can be explained as follows:

1. **Macroeconomics has no significant effect on financial risk in manufacturing companies listed on the BEI**
   The value of the coefficient of the influence of macroeconomics on financial risk is only 0.045 with T-statistics of 0.524 (<1.96) and p-value of 0.601 (>α=5%), so it is decided that macroeconomics has no significant effect on financial risk, meaning that the higher the macroeconomic conditions have not have a real impact on changes in the company's financial risk management. Based on these results, the first hypothesis which states that macroeconomics has an effect on financial risk in manufacturing companies listed on the IDX cannot be accepted (H1 is rejected). The results of this study support the theory that macroeconomics has a significant effect on financial risk. As well as supporting research conducted by Ni Made Witha Dwipartha (2013) that macroeconomics has a significant effect on firm value, Ulfi (2017) macroeconomics has a significant effect on financial risk management. Solichah, Tri Ratnawati, Sri Hartutie moehaditoyo (2019) macroeconomics.

2. **Macroeconomics has a negative and significant effect on earnings management in manufacturing companies listed on the BEI**

   The coefficient value of the effect of macroeconomics on earnings management is -0.156 (negative) with T-statistics of 2.00 (≥1.96) and p-value of 0.049 (≤α=5%), so it is decided that macroeconomics has a negative and significant effect on earnings management. This means that the higher inflation as a macroeconomic indicator, the more earnings management practices occur by lowering profits. Based on these results, the second hypothesis which states that macroeconomics has an effect on earnings management in manufacturing companies listed on the IDX is acceptable (H2 is accepted). The results of this study support the macroeconomic theory that has a significant effect on earning management. As well as supporting research conducted by Prima, Tri Ratnawati, Sri Hartutie Moehaditoyo, (2018), Rina Br Bukit and Fahmi N Nasution,

3. **Macroeconomics has no significant effect on free cash flow in manufacturing companies listed on the BEI**

   The coefficient value of the effect of macroeconomics on free cash flow is only -0.037 with T-statistics of 0.642 (<1.96) and p-value of 0.521 (>α=5%), so it was decided that macroeconomics had no significant effect on free cash flow, meaning that the higher inflation as a macroeconomic indicator has not yet given a real impact on changes in free cash flow. Based on these results, the third hypothesis which states that macroeconomics has an effect on free cash flow in manufacturing companies listed on the IDX cannot be accepted (H3 is rejected). The results of this study do not support the above theory. However, this study is in line with the results of research conducted by Catur F. Ukhriyawati, Tri Ratnawati, Slamet Riyadi (2017) with the results of free cash flow having a positive and insignificant effect on firm value,

4. **Macroeconomics has no significant effect on the value of the firm in manufacturing companies listed on the BEI**

   The value of the coefficient of the effect of macroeconomics on the value of the firm is only -0.064 with T-statistics of 1.357 (<1.96) and p-value of 0.175 (>α=5%), so it is decided that macroeconomics has no significant effect on the value of the firm, meaning that the more high inflation as a macroeconomic indicator does not have a real impact on changes in firm value. Based on these results, the fourth hypothesis which states that macroeconomics has an effect on the value of the firm in manufacturing companies listed on the IDX cannot be accepted (H4 is rejected). The results of this study are not. To support the theory, macroeconomics has a significant effect on earning management. This is supported through research conducted by, Sujoko (2016), Cahyanti Agutina and Anindya (2015), Hwihanus,

5. **Financing decisions have a positive and significant effect on financial risk in manufacturing companies listed on the BEI**

   The coefficient value of the influence of the financing decision on financial risk is 0.441 (positive) with T-statistics of 3.846 (≥1.96) and p-value of 0.000 (≤α=5%), so it is decided that the financing decision has a positive and significant effect on financial risk. , meaning that the higher the financing decision, the higher the financial risk management. Based on these results, the fifth hypothesis which states that financing decisions affect financial risk in manufacturing companies listed on the IDX is acceptable (H5 is accepted). The results of this study are supported by the above theory. And in line with research conducted by Luh Putu Novita Sartini & Ida Bagus Anom Purbawangsa (2015) which results in investment decisions having a significant positive effect on funding decisions.

6. **Financing decisions have no significant effect on earnings management in manufacturing companies listed on the BEI**

   The coefficient value of the influence of the financing decision on earnings management is only -0.097 with T-statistics of 0.715 (<1.96) and p-value of 0.475 (>α=5%), so it was decided that the financing decision had no significant effect on earnings management, meaning that the higher the decision financing does not have a real impact on the practice of earnings management. Based on these results, the sixth hypothesis which states that financing decisions affect earnings management in manufacturing companies listed on the IDX cannot be accepted (H6 is rejected).

7. **Financing decisions have a negative and significant effect on free cash flow in manufacturing companies listed on the BEI**

   The coefficient value of the influence of the financing decision on free cash flow is -0.315 (negative) with T-statistics of 3.524 (≥1.96) and p-value 0.000 (≤α=5%), so it was decided that the financing decision had a negative and significant effect on free cash flow, meaning that the higher the financing decision, the lower the free cash flow, so the seventh hypothesis which states that the financing decision affects free cash flow in manufacturing companies listed on the BEI, is acceptable (H7 is accepted).

8. **Financing decisions have a positive and significant effect on the value of the firm in manufacturing companies listed on the BEI**

   The coefficient value of the influence of the financing decision on the value of the firm is 0.275 (positive) with T-statistics of 5.095 (≥1.96) and p-value of 0.000 (≤α=5%), so it was decided that the financing decision had a positive and significant effect on value of the firm, meaning that the higher the financing decision, the higher the firm value. Based on these results, the eighth hypothesis which states that the financing decision affects the value of the firm in manufacturing companies listed on the BEI is acceptable (H8 is accepted). The results of this study are supported by the above theory. And in line with research conducted by Nuuridha Matiin, Tri Ratnawati, Slamet Riyadi (2018) with the results of funding decisions having a significant effect on firm value.

9. **Investment decision has no significant effect on financial risk in manufacturing companies listed on the BEI**

   The coefficient value of the influence of investment decision on financial risk is only -0.065 with T-statistics of 0.923 (<1.96) and p-value of 0.357 (>α=5%), so it was decided that the investment decision had no significant effect on financial risk, meaning the higher the decision financing does not have a real impact on changes in the company's financial risk management. Based on these results, the ninth hypothesis which states that investment decisions affect financial risk in manufacturing companies listed on the IDX cannot be accepted (H9 is rejected).

10. **Investment decision has no significant effect on earnings management in manufacturing companies listed on the BEI**

    The coefficient value of the influence of investment decision on earnings management is only 0.060 with T-statistics of 0.749 (<1.96) and p-value of 0.454 (>α=5%), so it is decided that investment decision has no significant effect on earnings management, meaning that the higher the financing decision does not have a real impact on the practice of earnings management. Based on these results, the tenth hypothesis which states that investment decisions affect earnings management in manufacturing companies listed on the IDX cannot be accepted (H10 is rejected).

11. **Investment decision has no significant effect on free cash flow in manufacturing companies listed on the BEI**

    The coefficient value of the influence of investment decision on free cash flow is only -0.023 with T-statistics of 0.447 (<1.96) and p-value of 0.655 (>α=5%), so it is decided that investment decision has no significant effect on free cash flow, meaning that the more high financing decisions do not have a significant impact on the company's free cash flow. Based on these results, the eleventh hypothesis which states that investment decisions affect free cash flow in manufacturing companies listed on the IDX cannot be accepted (H11 is rejected).

12. **Investment decision has no significant effect on the value of the firm in manufacturing companies listed on the BEI**

    The coefficient value of the influence of investment decision on the value of the firm is only -0.052 with T-statistics of 1.179 (<1.96) and p-value of 0.239 (>α=5%), so it was decided that the investment decision had no significant effect on the value of the firm, This means that the higher the financing decision does not have a real impact on increasing the value of the company.

Based on these results, the twelfth hypothesis which states that investment decisions have an effect on the value of the firm in manufacturing companies listed on the IDX cannot be accepted (H12 is rejected).

13. Financial risk has a positive and significant effect on earnings management in manufacturing companies listed on the BEI

The coefficient value of the effect of financial risk on earnings management is 0.358 (positive) with T-statistics of 2.109 (≥1.96) and p-value of 0.035 (≤α=5%), so it is decided that financial risk has a positive and significant effect on earnings management. , meaning that the better financial risk management, the higher the practice of earnings management by increasing profits. Based on these results, the thirteenth hypothesis which states that financial risk affects earnings management in manufacturing companies listed on the BEI is acceptable (H13 is accepted). The results of this study are supported by the above theory. And in line with research conducted by Prima Noermaning Attarie, Tri Ratnawati,

14. Financial risk has a positive and significant effect on free cash flow in manufacturing companies listed on the BEI

The coefficient value of the influence of financial risk on free cash flow is 0.765 (positive) with T-statistics of 11,222 (≥1.96) and p-value of 0.000 (≤α=5%), so it is decided that financial risk has a positive and significant effect on free cash flow. cash flow, meaning that the better the financial risk management, the higher the company's free cash flow. Based on these results, the fourteenth hypothesis which states that financial risk affects free cash flow in manufacturing companies listed on the BEI is acceptable (H14 is accepted).

15. Earnings management has a positive and significant effect on free cash flow in manufacturing companies listed on the BEI

The coefficient value of the influence of earnings management on free cash flow is 0.204 (positive) with T-statistics of 2.088 (≥1.96) and p-value of 0.037 (≤α=5%), so it is decided that earnings management has a positive and significant effect on free cash flow. cash flow, meaning that the practice of earnings management by increasing profits will increase the company's free cash flow. Based on these results, the fifteenth hypothesis which states that earnings management has an effect on free cash flow in manufacturing companies listed on the BEI is acceptable (H15 is accepted). The results of this study are supported by the above theory. And in line with research conducted by Rina Br. Hill,

16. Financial risk has a positive and significant effect on the value of the firm in manufacturing companies listed on the BEI

The coefficient value of the influence of financial risk on the value of the firm is 0.826 (positive) with T-statistics of 9.064 (≥1.96) and p-value of 0.000 (≤α=5%), so it is decided that financial risk has a positive and significant effect on value of the firm, meaning that the better the financial risk management, the higher the value of the firm, so the 16th hypothesis which states that financial risk affects the value of the firm in manufacturing companies listed on the BEI, is acceptable (H16 is accepted).

17. Earnings management has no significant effect on the value of the firm in manufacturing companies listed on the BEI

The coefficient value of the effect of earnings management on the value of the firm is only -0.073 with T-statistics of 0.783 (<1.96) and p-value of 0.434 (>α=5%), so it is decided that earnings management has no significant effect on the value of the firm. firm, meaning that the practice of earnings management does not have a real impact on increasing firm value. Based on these results, the seventeenth hypothesis which states that earnings management has an effect on the value of the firm in manufacturing companies listed on the Indonesia Stock Exchange, cannot be accepted (H17 is rejected). The results of this study are not. support the above theory. This is supported by research conducted by Emy Wahyu Kristanti, Maswar Patuh Priyadi (2016) with the results of earnings management having no effect on firm value.

18. Free cash flow has a negative and significant effect on the value of the firm in manufacturing companies listed on the BEI

The coefficient value of the influence of free cash flow on the value of the firm is -0.171 (negative) with T-statistics of 2.371 (≥1.96) and p-value of 0.018 (≤α=5%), so it was decided that free cash flow had a negative effect. and significant to the value of the firm, meaning that the higher the free cash flow of the company, the lower the value of the company. Based on these results, the eighteenth hypothesis which states that free cash flow affects the value of the firm in manufacturing companies listed on the Stock Exchange is acceptable (H18 is accepted).

A. Indirect Effect Analysis

The next stage of innel model analysis is a comparative analysis on the path of direct effect, indirect effect, and total effect. The results of the calculation of the direct, indirect, and total influence coefficients are presentedin the following table:

Table 2.

Indirect influence path	*Direct Effects*	Indirect Effect Analysis *Indirect Effect*		
		coef.	P-Value	Mediation Nature
X1 → Z1 → Y	-0.064ns	0.037ns	0.606	*No mediation*
X1 → Z2 → Y		0.011ns	0.467	*No mediation*
X1 → Z3 → Y		0.006ns	0.559	*No mediation*
X2 → Z1 → Y	0.275*	0.364*	0.000	*Partial mediation*
X2 → Z2 → Y		0.007ns	0.684	*No mediation*
X2 → Z3 → Y		0.054*	0.046	*Partial mediation*
X3 → Z1 → Y	-0.052ns	-0.054ns	0.363	*No mediation*
X3 → Z2 → Y		-0.004ns	0.644	*No mediation*
X3 → Z3 → Y		0.004ns	0.694	*No mediation*

X1 : *Macroeconomics* Z2 : *Earnings Management*
X2 : *Financing Decision* Z3 : *Free Cash Flow*
X3 : *Investment Decision* Y : *Value of the Firm*
Z1 : *Financial Risk*

* : significant at the alpha 0.05 level
ns : not significant at the alpha 0.05 level

In the indirect effect analysis, apart from knowing the significance of the indirect effect or the effect of mediation, the nature of the mediation can also be known. Ghozali (2011: 248) explains, detecting the nature of mediation can be seen from the mediation effect, if the direct effect of exogenous variables on endogenous variables is significant, and the indirect effect through intervening variables is also through a significant path, then it is said to be partially mediation. On the other hand, if the direct effect of the exogenous variable on the endogenous variable is not significant, while the indirect effect of the intervening variable is through a significant path, then it is said to be fully mediation or perfect meditation.

The results of the indirect effect analysis of the effect of macroeconomics on the value of the firm, show that the influence of the two is not significantly mediated by financial risk, earnings management, and free cash flow. The direct effect of macroeconomics on the value of the firm also shows that it is not significant. These results provide information that macroeconomic conditions do not have a major impact on changes in firm value, either directly or indirectly through the mediation of financial risk management, earnings management, and free cash flow.

The results of the indirect effect analysis of the influence of financing decisions on the value of the firm, show that their influence can be significantly mediated by financial risk and free cash flow, not earnings management. The direct effect of financing decisions on the value of the firm also shows significant results. These results provide information that the greater the financing decision will have a major impact on financial risk management and free cash flow, which in turn will have an impact on increasing firm value, while earnings management does not mediate the influence of both. The type of mediation is partially mediation, meaning that financing decisions can have a direct impact on increasing firm value, or through financial risk management mediators and free cash flow.

Furthermore, the results of the indirect effect analysis of the influence of investment decisions on the value of the firm, show that their influence is not significantly mediated by financial risk, earnings management, and free cash flow. The direct effect of investment decision on the value of the firm also shows not significant. These results provide information that investment decisions do not have a major impact on changes in firm value, either directly or indirectly through the mediation of financial risk management, earnings management, and free cash flow.

19. Good Corporate Governance (GCG) moderates the influence of Financial risk on the Value of the firm.

The moderating analysis of GCG on the effect of earnings management on the value of the firm shows an insignificant effect with a CR value of 0.229 (smaller than 1.96) and a significance value (p-value) of 0.819 (greater than 5% significance level), meaning that GCG does not significantly moderate the effect of earnings management on the value of manufacturing firms.

20. Good Corporate Governance (GCG) moderates the influence of Earning management on the Value of the firm

GCG moderates the effect of earnings management on the value of the firm, unacceptable (H20 is rejected). GCG is not a moderating variable, because at stage 1 earnings management has no significant effect on the value of the firm.

21. Good Corporate Governance moderates the effect of free cash flow on the value of the firm

Furthermore, the moderating analysis of GCG on the effect of free cash flow on the value of the firm also shows an insignificant effect with a CR value of 0.783 (smaller than 1.96) and a significance value (p-value) of 0.434 (greater than the 5% significance level).), meaning that GCG does not significantly moderate the effect of free cash flow on the value of manufacturing companies. Thus, the 21st hypothesis which states that GCG moderates the effect of free cash flow on the value of the firm, cannot be accepted (H21 is rejected). The type of GCG moderation is homologizer moderator, meaning that although it is not significant at this time, in the future, GCG can still potentially moderate the effect of free cash flow on the value of the firm. The direction of influence of the financing decision on financial risk is in the opposite direction, the original sample is negative which indicates the influence of the financing decision on financial risk. Financing dicision as measured by Debt to equity ratio (DER), Debt to total assets (DTA) Decisions regarding investment will determine the company's funding sources, either through debt or own capital, which will be allocated to support the company's operating activities, both in working capital investment and fixed assets. Financial risk is closely related to the condition of the company and management decisions. Management decisions on the use of debt will increase the company's fixed debt costs, namely paying interest. While the benefits obtained are not necessarily increased. In this case, there is a need for efficiency in the company's operational financing in order to cover the company's fixed funding.

V. CONCLUSION

The conclusions that can be drawn in testing the hypothesis using the results of the PLS bootstrapping as stated in chapter five and chapter six are as follows:

1. Macroeconomics has no significant effect on financial risk in manufacturing companies listed on the IDX. This means that the higher macroeconomic conditions have not had a real impact on changes in the company's financial risk management. The higher macroeconomic conditions have not had a real impact on changes in the company's financial risk management. Based on these results, the first hypothesis which states that macroeconomics has an effect on financial risk in manufacturing companies listed on the IDX cannot be accepted (H1 is rejected).
2. Macroeconomics has a negative and significant effect on Earnings management in manufacturing companies listed on the BEI. This means that the higher inflation as a macroeconomic indicator, the more earnings management practices occur by lowering profits. Based on these results, the second hypothesis which states that macroeconomics has an effect on earnings management in manufacturing companies listed on the IDX is acceptable (H2 is accepted),
3. Macroeconomics has no significant effect on free cash flow in manufacturing companies listed on the BEI. This means that the higher inflation as a macroeconomic indicator has not had a real impact on changes in free cash flow. Based on these results, the third hypothesis which states that macroeconomics has an effect on free cash flow in manufacturing companies listed on the IDX cannot be accepted (H3 is rejected).
4. Macroeconomics has no significant effect on the value of the firm in manufacturing companies listed on the IDX. This means that the higher inflation as a macroeconomic indicator does not have a real impact on changes in firm value. Based on these results, the fourth hypothesis which states that macroeconomics has an effect on the value of the firm in manufacturing companies listed on the IDX cannot be accepted (H4 is rejected).
5. Financing decisions have a positive and significant effect on financial risk in manufacturing companies listed on the IDX. so it was decided that the financing decision had a positive and significant effect on financial risk, meaning that the higher the financing decision, the higher the financial risk management. Based on these results, the fifth hypothesis which states that financing decisions affect financial risk in manufacturing companies listed on the IDX is acceptable (H5 is accepted).
6. Financing decision does not have a significant effect on earnings management in manufacturing companies listed on the Stock Exchange, it is decided that the financing decision has no significant effect on earnings management, meaning that the higher the financing decision does not have a real impact on the practice of earnings management. Based on these results, the sixth hypothesis which states that financing decisions affect earnings management in manufacturing companies listed on the IDX cannot be accepted (H6 is rejected).
7. Financing decisions have a negative and significant effect on free cash flow in manufacturing companies listed on the IDX. it was decided that the financing decision had a negative and significant effect on free cash flow, meaning that the higher the financing decision, the lower the free cash flow, so the seventh hypothesis which states that the financing decision has an effect on free cash flow in manufacturing companies listed on the Stock Exchange is acceptable (H7 is accepted). .
8. Financing decisions have a positive and significant effect on the value of the firm in manufacturing companies listed on the BEI, it is decided that the financing decision has a positive and significant effect on the value of the firm, meaning that the higher the financing decision, the higher the firm value. Based on these results, the eighth hypothesis which states that the financing decision affects the value of the firm in manufacturing companies listed on the BEI is acceptable (H8 is accepted).
9. The investment decision has no significant effect on financial risk in manufacturing companies listed on the BEI, it is decided that the investment decision has no significant effect on financial risk, meaning that the higher the financing decision does not have a real impact on changes in the company's financial risk management. Based on these results, the ninth hypothesis which states that investment decisions affect financial risk in manufacturing companies listed on the IDX cannot be accepted (H9 is rejected).

10. Investment decisions have no significant effect on earnings management in manufacturing companies listed on the Stock Exchange, it is decided that investment decisions have no significant effect on earnings management, meaning that the higher financing decisions do not have a real impact on the practice of earnings management. Based on these results, the tenth hypothesis which states that investment decisions affect earnings management in manufacturing companies listed on the IDX cannot be accepted (H10 is rejected).
11. The investment decision has no significant effect on free cash flow in manufacturing companies listed on the Stock Exchange, it is decided that the investment decision has no significant effect on free cash flow, meaning that the higher the financing decision does not have a significant impact on the company's free cash flow. Based on these results, the eleventh hypothesis which states that investment decisions affect free cash flow in manufacturing companies listed on the IDX cannot be accepted (H11 is rejected).
12. The investment decision has no significant effect on the value of the firm in manufacturing companies listed on the Stock Exchange. It is decided that the investment decision has no significant effect on the value of the firm, meaning that higher financing decisions do not have a significant impact on increasing firm value. Based on these results, the twelfth hypothesis which states that investment decisions have an effect on the value of the firm in manufacturing companies listed on the IDX cannot be accepted (H12 is rejected).
13. Financial risk has a positive and significant effect on earnings management in manufacturing companies listed on the IDX. It is decided that financial risk has a positive and significant effect on earnings management, meaning that the better financial risk management, the higher the practice of earnings management by increasing profits. Based on these results, the thirteenth hypothesis which states that financial risk affects earnings management in manufacturing companies listed on the BEI is acceptable (H13 is accepted).
14. Financial risk has a positive and significant effect on free cash flow in manufacturing companies listed on the Stock Exchange, so it was decided that financial risk has a positive and significant effect on free cash flow, meaning that the better financial risk management, the higher the company's free cash flow. Based on these results, the fourteenth hypothesis which states that financial risk affects free cash flow in manufacturing companies listed on the BEI is acceptable (H14 is accepted).
15. Earnings management has a positive and significant effect on free cash flow in manufacturing companies listed on the Stock Exchange, it is decided that earnings management has a positive and significant effect on free cash flow, meaning that the practice of earnings management by increasing profits will increase the company's free cash flow. Based on these results, the fifteenth hypothesis which states that earnings management has an effect on free cash flow in manufacturing companies listed on the BEI is acceptable (H15 is accepted).
16. Financial risk has a positive and significant effect on the value of the firm in manufacturing companies listed on the BEI, it is decided that financial risk has a positive and significant effect on the value of the firm, meaning that the better financial risk management, the higher the firm value, so the 16th hypothesis which states financial risk affects the value of the firm in manufacturing companies listed on the Stock Exchange, acceptable (H16 is accepted).
17. Earnings management has no significant effect on the value of the firm in manufacturing companies listed on the Stock Exchange, it is decided that earnings management has no significant effect on the value of the firm, meaning that the practice of earnings management does not have a significant impact on increasing firm value. Based on these results, the seventeenth hypothesis which states that earnings management has an effect on the value of the firm in manufacturing companies listed on the Indonesia Stock Exchange, cannot be accepted (H17 is rejected).
18. Free cash flow has a negative and significant effect on the value of the firm in manufacturing companies listed on the Stock Exchange, it is decided that free cash flow has a negative and significant effect on the value of the firm, meaning that the higher the free cash flow of the company, the lower the value of the company. Based on these results, the eighteenth hypothesis which states that free cash flow affects the value of the firm in manufacturing companies listed on the Stock Exchange is acceptable (H18 is accepted).
19. Good Corporate Governance moderates the influence of financial risk on the value of the firm. This means that GCG significantly strengthens the influence of financial risk management on the value of manufacturing companies. Thus, the nineteenth hypothesis which states that GCG moderates the effect of financial risk on the value of the firm, can be accepted (H19 is accepted). The type of GCG moderation is pure moderator, meaning that GCG is a pure moderator variable that is able to strengthen the influence of financial risk on the value of the firm.
20. Good Corporate Governance moderates the effect of earnings management on the value of the fir. This means that GCG does not significantly moderate the effect of earnings management on the value of manufacturing companies. Thus, the 20th hypothesis which states that GCG moderates the effect of earnings management on the value of the firm, cannot be accepted (H20 is rejected). GCG is not a moderating variable, because at stage 1 earnings management has no significant effect on the value of the firm
21. Good Corporate Governance moderates the effect of free cash flow on the value of the firm. This means that GCG does not significantly moderate the effect of free cash flow on the value of manufacturing companies. Thus, the 21st hypothesis which states that GCG moderates the effect of free cash flow on the value of the firm, cannot be accepted (H21 is rejected). The type of GCG moderation is homologizer moderator, meaning that although it is not significant at this time, in the future, GCG can still potentially moderate the effect of free cash flow on the value of the firm.

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