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Influence Liquidity, Ownership Managerial, and *Free Cash Flow* To Policy Debt With Asset Structure As Variables Moderation in the Trade, Services and Investment Sectors Registered on the IDX for the 2021-2023 Period

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ABSTRACT

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Study This is study quantitative aiming For see How contribution liquidity , ownership managerial , and *free cash flow* that has an impact to policy debt with asset structure as variable moderation.Data used For study This is report finance annual sector trade, services and investment listed on the Indonesia Stock Exchange. The purposive sampling method was used For gather sample research consisting of 33 samples. The results of the research This show that (1) liquidity influential negative No significant to policy debt (2) ownership managerial influential positive significant to policy debt (3) *free cash flow* influential negative significant to policy debt (4) asset structure as variable moderation capable strengthen influence variable liquidity, ownership managerial, *free cash flow* against policy debt.

Policy Debt, Liquidity, Ownership Managerial, Free Cash Flow, Asset Structure.

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INTRODUCTION

Debt Policy is a decision made by management to determine the amount of funding that should be used to finance a company's operations (Bangun, 2022). According to Law Number 40 of 2007 concerning Limited Liability Companies (UUPT), various matters related to capital structure and company financing are regulated, including debt policy. Furthermore, Law Number 11 of 2020 on Job Creation, which is part of the omnibus law, introduces changes and adjustments to various regulations related to the economic sector, including provisions that affect a company's debt policy. One of these provisions is the ease of issuing debt instruments for companies.

The progress of the business world in economic development requires companies to ensure the availability of funds to carry out their operational activities. Companies need various sources of funding to operate. Financing is a crucial aspect because companies require funds to ensure the sustainability of their operational activities (Azara & Fardianti, 2021). Companies have two sources of financing: internal and external. Internal financing sources come from owners and retained earnings, while

external financing sources are derived from debt to creditors (Aminah & Wuryani, 2021). Various internal and external components of a company, such as liquidity, managerial ownership, asset structure, and free cash flow, are factors that can influence this decision-making process. Understanding the impact of each of these components can help companies determine the best method to manage and utilize their debt.

Debt Policy is a strategic decision made by management (Munfarida, 2020) to obtain funds through loans to support the smooth operation and business development of the company. This policy encourages managers to consider funding sources from debt, including interest burdens that must be paid, which in turn can increase the company's debt level. An increase in debt may potentially have a negative impact on the returns received by shareholders. If a company faces limitations in internal funding sources, the decision to utilize debt can become an option. To measure the extent to which the debt policy is applied, financial ratios such as the Debt to Equity Ratio are often used. This ratio shows the comparison between.

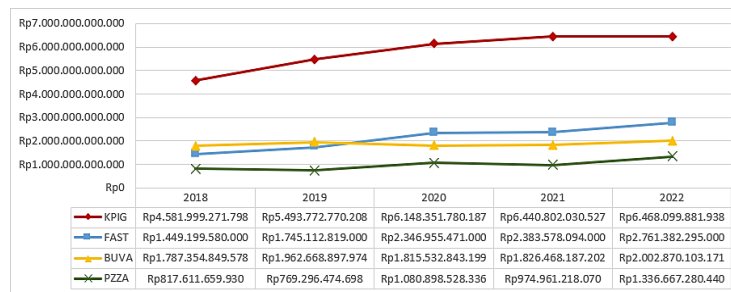


Figure 1.

Total Debt A number of Companies, Restaurants and Hotels

Source : idx.co.id

Based on available data, PT. MNC Land Tbk experienced a significant increase in debt from 2018 to 2022. A similar trend was observed in PT. Fast Food Indonesia Tbk, which recorded an increase in liabilities amounting to Rp2.76 trillion (idx.co.id). Additionally, PT. Bukit Uluwatu Vila Tbk and PT. Sarimelati Golden Tbk also showed a substantial surge in debt in 2022. This increase in debt was largely influenced by the impact of the COVID-19 pandemic (cnbcindonesia.com). Although the period from 2018 to 2019 was not during the pandemic, PT. MNC Land Tbk still recorded a relatively high debt figure in 2022, reaching Rp6.4 trillion (idx.co.id). This phenomenon occurred because companies tend to rely excessively on external financing to support their operations, leading to a sharp rise in debt in 2022 (<https://www.kompas.id/>).

Related cases involving debt policies in foreign companies that faced bankruptcy due to difficulties in managing high levels of debt further highlight this issue. One notable example is Rite Aid, a well-known retail company, which reported a significant loss of US\$307 million in 2023, partly due to unmanaged debt. Similarly, Party City filed for bankruptcy in January 2023 after facing intense competition and long-term financial losses. During the bankruptcy filing process, the company reached an agreement with its debtholders to reduce its debt burden by US\$1.7 billion (CNBC Indonesia). These examples underscore the importance of effective debt policy management to ensure the sustainability of a company's operations.

Several factors can influence a company's debt policy, one of which is liquidity. Liquidity describes a company's ability to fulfill its obligations in a timely manner, reflecting its financial position. A company is considered "liquid" if it can meet all its obligations according to schedule and maintain a trend of liquidity, thereby reducing its total liabilities. To evaluate how much liquid assets a company has compared to its short-term obligations, the Current Ratio (CR) is often used to assess liquidity (Feryyanshah & Sunarto, 2022). Research by Munfarida (2020) states that liquidity does not have a significant influence on debt policy. However, Tridayanti et al. (2016) and Sianturi et al. (2023) argue that liquidity has a significant negative influence on debt policy, indicating that companies with higher liquidity levels tend to use less debt in their financing.

Another factor influencing debt policy is managerial ownership. When managers own shares in the company, they hold dual roles as both managers and shareholders. By granting share ownership to managers, it is expected to encourage them to pay closer attention to the company's performance, as their personal interests as shareholders align with the company's objectives. This can motivate managers to act more efficiently and strategically, thereby enhancing shareholder welfare and driving the overall achievement of the company's goals (Wardana, 2022). Research by Adnin & Triyonowati (2021) and Pipit Muliyah et al. (2020) confirms that managerial ownership influences debt policy.

The next factor influencing debt policy is free cash flow. Free cash flow refers to the cash available within a company that can be used for various operational needs. The concept of free cash flow focuses on the cash generated from a company's operational activities after deducting the need for reinvestment. Free cash flow can be calculated by reducing capital expenditures for fixed assets from the current and previous periods, as well as subtracting working capital from liquid assets and liquid liabilities. Free cash flow provides insight into how much a company can utilize available funds for other objectives, such as debt repayment or dividend distribution (Nurkholik & Khasanah, 2022). Research by Feryyanshah & Sunarto (2022) and Pipit Muliyah et al. (2020) suggests that free cash flow has a significant negative influence on debt policy.

This study is important to examine the influence of independent variables liquidity, managerial ownership, and free cash flow on the dependent variable, debt policy, with asset structure as a moderating variable. This research plays a significant role in helping companies make better and more rational financial decisions. Additionally, it contributes to the development of financial theory and provides insights that can be applied in managerial practices to optimize capital structure and debt management in the face of dynamic and uncertain economic conditions.

As a novelty, this research introduces managerial ownership as well as asset structure as a moderating variable. The rationale for including managerial ownership is that managers with significant shareholdings tend to be more accountable in decision-making, as they bear the risk if their decisions fail. The moderating variable is

used to prove that asset structure can strengthen the relationship between liquidity, managerial ownership, and free cash flow on debt policy. If a company has a high asset structure, it indicates that the company possesses many assets that can be used as collateral for debt.

RESEARCH METHOD

Types of research used in study This is quantitative with secondary data. selection of sub- sectors of hotels, tourism, restaurants, and retail in study based on high relevance to trend consumers and dynamics economy moment This. Sectors This contribute significant to economy, especially in create field work and support growth economy, both at the level of local both domestic and global. The tourism and hotel sectors, for example, are heavily influenced by factors external like policy government and the global situation, which provides opportunity For analyze impact from change condition international to business . While that, sector restaurants and retail are closely related with behavior consumers who continue developing, including change preference to online shopping (e-commerce) and experience more personal consumers. The technique of taking sample This use purposive sampling method, with Criteria: (1) Companies in the hotel, tourism, restaurant and retail sub -sectors registered on the IDX during 2021-2023 period (2) Companies in the hotel, tourism, restaurant and retail sub-sectors that publish report finance in use rupiah currency (3) Sub sub company hotel, tourism, restaurant and retail sectors that have complete data related required variables Based on the data that has been obtained by the Indonesia Stock Exchange (BEI) on the company hotel, tourism, restaurant and retail sub-sectors during 2021-2023 period there are 52 companies.

Variables Study

Table 1.
Definitions Operations and Measurement Variables

Variables	Definition	Indicator	Source
Policy Debt (Variable Dependent)	Policy debt is comparison between total debt with total equity. This can also be show how much Good a business that can fulfil all his obligations. So that a manager can take a decision For fulfil need	$DER = \frac{Total\ Hutang}{Total\ Ekuitas}$	(Ariningrum & Junia, 2023)

	operational company.		
Liquidity	Liquidity show that ability a company For fulfil obligation term in short at the time due with use assets smoothly.	$CR = \frac{Aset Lancar}{Hutang Lancar}$	(Amara, 2023)
Ownership Managerial	Ownership managerial is owner share a company. Where a manager own role important For determine policy in utilization debt. Because management company will more wise in utilise debt to avoid from affected by bankrupt company.	$MOWN = \frac{Jumlah Kepemilikan Manajerial}{Jumlah Saham Beredar}$	(Dewi & Arisanda , 2022)

Free Cash Flow	Free Cash Flow or also known as net cash flow is the amount of money available in the company, used For do various activity operational. Concept net cash flow This focus [there is cash generated from operation company after used For reinvestment. This is can counted with reduce capital expenditure from assets still clean period present and assets still clean period previously and working capital clean from current assets minus debt fluent	$FCF = \frac{AKO - PM - MKB}{Total Aset}$ <p>Information : FCF = Free Cash Flow AKO = Operating Cash Flow PM = Capital Expenditure MKB = Working Capital Clean</p>	(Nurkholik & Khasanah , 2022)
Asset Structure (Variable Moderation)	Asset Structure is gauge proportion of fixed assets company. Asset structure is used as guarantee debt and show that company own source sufficient power For get debt	$Struktur Aset = \frac{Aset Tetap}{Total Aset}$	(Amara, 2023)

	from creditors.		
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In the research This use technique data analysis, namely descriptive statistics, tests assumption classical, hypothesis testing and multiple linear regression. Assumption testing classic includes (1) normality test, (2) multicollinearity test, (3) autocollinearity test, (4) heteroscedasticity test. Hypothesis Test namely (1) T test, (2) F test, (3) coefficient test determination. As for multiple linear regression formulated as following:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 * Z + \beta_5 X_2 * Z + \beta_6 X_3 * Z + \varepsilon$$

Information:

Y= Policy Debt

α = Constant

β = Coefficient regression that shows elasticity from each variable

X_1 = Liquidity

X_2 = Ownership Managerial

X_3 = Free Cash Flow

Z = Moderation

ε = Influence other variables outside the established model or Error term

RESULT AND DISCUSSION

Statistics Descriptive

Table 2.
Descriptive Statistics

Variables	N	Minimum	Maximum	Average	Std.Deviation
Policy Debt (Y)	33	0.00	6.21	0.8199	1.33846
Liquidity (X1)	33	0.00	91.25	7,4976	20.92553
Ownership Managerial (X2)	33	0.00	0.77	0.0906	0.19521
Free Cash Flow (X3)	33	-0.48	1.48	0.1117	0.3198
Structure (Z)	33	0.02	7.10	0.8124	1,17037
INTERACTION 1 (X1*Z)	33	0.00	75.17	6,0507	17.29131
INTERACTION 2 (X2*Z)	33	0.00	0.64	0.0556	0.14183
INTERCATION 3 (X3*Z)	33	-3.01	0.17	-0.0615	0.53074
Valid N	33				

Source : Processed Data, 2024

Based on the results of the descriptive statistical test in table 1 with amount sample as many as 33 for 3 years. The lowest value on the variable liquidity of 0.00 obtained by PT Planet Properindo Jaya Tbk 2021 and PT Red Planet Indonesia Tbk year

2023 where company experience difficulty in fulfill obligation term in short, so that company own very low cash levels compared to with current liabilities. The highest value on the variable liquidity of 91.25 obtained by PT Surya Andalan Primary Tbk 2022 which shows that company This own many relatively current assets to current liabilities of the company, which means company own position strong liquidity. The average value of the variable liquidity 7,4976 which gives description general that the average company own level sufficient liquidity low compared to with standard liquidity Where more small from standard deviation 20.92553 which means nature heterogeneity or varies.

Lowest value on variable ownership managerial 0.00 obtained by PT Arthavest Tbk 2021-2023, PT Bukit Ulluwatun Villa Tbk 2021-2022, PT Bayu Buana Tbk 2021-2023, PT Fast Food Indonesia Tbk 2021-2023, PT Surya Andalan First Tbk 2021-2023, PT Jakarta Setiabudi International Tbk 2021-2023, PT Intikramik Alamasri Industry Tbk 2021-2023 and PT Menteng Heritage Realty Tbk 2021-2023 which shows that structure ownership company the fully controlled by the holder share external or institutional, and not There is incentive direct for manager For own share company The highest value. ownership managerial 0.77 obtained by PT Selera Murni Tbk 2021-2023 stated that company This own structure ownership concentrated in one party managerial. The average value of the variable ownership managerial 0.0906, p. This show that most of the company under observation own level relative ownership low Where more small from standard deviation 0.19521 which means nature heterogeneity or varies.

Lowest value variable *free cash flow* -0.48 obtained by PT Pembangunan Graha Lestari Indah Tbk year 2021 thing the show that company experience lack free cash flow, which means after company pay all expenditure operations and investments. The company still experience cash deficit. Highest value variable *free cash flow* of 1.48 obtained by PT Selera Murni Tbk 2021 shows that company own excellent ability in generate cash from operation and have flexibility financial For pay dividends, do investment, or reduce debt. Average value of the variable *free cash flow* 0.1117 states that in a way general companies under observation own free cash flow positive, but in a relatively small amount. This is means Most of it company produce little cash after fulfill need operational and investment Where more small from standard deviation 0.3198 which means nature heterogeneity or varies.

Lowest value variable asset structure of 0.02 acquired by PT Planet Properindo Jaya Tbk 2021 which shows that company This own very low ratio between fixed assets or futures assets long with total assets. Value highest variable asset structure of 7.10 obtained by PT Destinasi Tirta Nusantara Tbk year 2023 thing This show that company own proportion of fixed assets or futures assets very long compared to with total assets. The average value of the variable asset structure 0.8124 in total general indicates that part big company tend own sufficient asset proportion big that is not easy changed into cash term short Where results the more small from standard deviation 1.17037 which means nature heterogeneity or varies.

Lowest value from interaction influence variable liquidity to policy debt moderated by variables asset structure has mark of 0.00 obtained by PT Planet Properindo Jaya Tbk 2021 and PT Red Planet Indonesia Tbk 2023 which shows that No There is significant interaction between variable liquidity and policy debt which is influenced by the asset structure in the second company This is can happen If second company the own policy more finances conservative or No influenced by factors liquidity and asset structure in taking decision about debt. Highest value from interaction influence variable liquidity to policy moderated debt variable asset structure of 75.17 acquired by PT Surya Andalan Primary Tbk 2022 which indicates company This own condition sufficient finances Good with high liquidity and optimal asset structure, which allows company For in a way effective use debt as part from policy finance they ..Average value of interaction influence liquidity to policy debt moderated by asset structure 6.0507 shows that there is fluctuation or high variation in the influence found between the company being studied Where results the more small from standard deviation 17.29131 which means nature heterogeneity or varies.

Lowest value from interaction influence variable ownership managerial to policy debt moderated by variables asset structure 0.00 acquired PT Arthavest Tbk 2021-2023, PT Bukit Uluwatun Villa Tbk 2021-2022, PT Bayu Buana Tbk 2021-2023, PT Fast Food Indonesia Tbk 2021-2023, PT MNC LAND Tbk 2021-2023, PT Surya Andalan Primary Tbk 2021-2022, PT Jakarta Setiabudi International Tbk 2021-2023, PT Intikramik Alamasri Industry Tbk 2021-2023, PT Island Concepts Indonesia Tbk 2021-2022, PT Menteng Heritage Realty Tbk 2021-2023 value the state that No There is significant interaction between variable liquidity and policy debt which is influenced by the asset structure in the second company, which means liquidity and also asset structure in both company own policy more finances conservative or No affected by factors The highest value. from integration influence variable ownership managerial to policy debt moderated by variables asset structure has the value of 0.64 obtained by PT Selera Murni Tbk the year 2022 indicates that company This own condition sufficient finances Good with high liquidity and structure optimal assets, which allows company For in a way effective use debt as part from policy finance. The average value of interaction influence variable ownership managerial to policy debt moderated by variables asset structure 0.0556 where more small from standard deviation of 0.14183 indicates that in a way overall, influence ownership managerial to policy debt tend small and not too significant If compared to with factors others in part big the company being studied which means nature heterogeneity or varies.

Lowest value from interaction influence variable *free cash flow* to policy debt moderated by variables asset structure of -3.01 obtained by PT Destinasi Tirta Nusantara Tbk 2023 value the show that improvement *free cash flow* precisely relate with decline policy debt, which may be happen Because company This tend using internal funds (*cash flow*) to financing, avoiding use debt although own structure asset certain that should be allow financing with debt. Highest value from interaction influence variable *free cash flow* with method to policy debt moderated by variables

asset structure of 0.17 acquired by PT Selera Murni Tbk 2021 with results the means company This use *free cash flow* For enlarge policy its debts, utilizing existing internal funds For support financing external through debt, even though its influence No too big. The average value of interaction influence variable *free cash flow* to policy debt moderated by variables asset structure -0.0615 where more small from standard deviation of 0.53074 indicates that part big the company under study more choose For use *free cash flow* as source funding main, than increase debt, even though structure asset they allow For financing external, thing the own characteristic heterogeneity or varies.

Assumption Test Classic

On the assumption test results classic prove that study This normally distributed because spread it the points in the p-plot image around the diagonal line and follow direction of the diagonal line. It looks like sig value 0.127 which means its value more big from 0.05 things This show normal distribution of the residual research data. The tolerance value of each variable is > 0.10 and $VIF < 10$, then No there is problem multicollinearity between independent variables in research. Research this is also free from autocorrelation, because seen mark from Durbin-Waston namely of 1.671 which shows $DU < DW < 4 - DU$. The scatterplot image shows existence dot, dot, dot spread in a way random as well as located above and below number 0 on the Y axis, thing This show that study This free from symptom heteroscedasticity.

Hypothesis Testing

Table 3.
Results of Multiple Linear Regression Test and T-Test

	Model	Unstandardized Coefficient	Standardized Coefficient	Beta	t	Sig.
		B	Std.Error			
1	(Constant)	0.423	0.114		3,693	0.001
	Liquidity	-0.006	0.005	-0.088	-1,214	0.235
	Ownership Managerial	6,678	0.532	0.974	12,542	0,000
	Free Cash Flow	-1,479	0.323	-0.353	-4,583	0,000
2	(Constant)	1,042	0.182		5,720	0,000
	Liquidity	-0.212	0.096	-3,318	-2,218	0.036
	Ownership Managerial	-1,987	0.849	-0.290	-2,340	0.028
	Free Cash Flow	0.467	0.212	0.112	2,207	0.037
	Asset Structure	-0.986	0.226	-0.862	-4,363	0,000
	Liquidity * Asset Structure	0.254	0.116	3,283	2,187	0.038
	Ownership Managerial * Asset Structure	12,096	1,162	1,282	10,408	0,000
	Free Cash Flow* Asset Structure	-1,421	0.312	-0.564	-4,558	0,000

Equation model with moderation in equality regression this, researcher using moderation model perfect, where variable Z does not entered to in equation, but rather

only interaction with variable independent only. Formula multiple linear regression in table 3 can written as following:

$$Y = 1.042 - 0.212L - 1.987O + 0.467F + 0.254 + 12.096 - 1.421 + \varepsilon$$

T-test

Based on analysis table 3, it is known mark significance variable independent before moderated on research This that is variable liquidity of 0.235 with mark significance of 0.05, p. This show that variable liquidity influential negative No significant to policy debt. While variable ownership managerial of 0,000, *free cash flow* of 0.000 with mark significance of 0.05, in matter This show that variable the influential significant to policy debt.

Furthermore that is mark significance moderated variables in research This that is liquidity of 0.038, ownership managerial of 0,000, and *free cash flow* of 0.000. The significance value in the research This more small from 0.05, which means matter This show that variable moderation asset structure strengthens connection between influence liquidity, ownership managerial, *free cash flow* to policy debt.

F Test

Table 4.
F Test Results

ANNOVA			
Model		F	Sig.
1	Regression	55,136	0.000 ^b
2	Regression	169,278	0.000 ^b

Based on table 4, the results of the F test are known that p- value 55.136 before moderated and the sig value is 0.000 < 0.05 which means that the equation model before moderated stated worthy. After happen moderation seen The p-value is 169.279 and the sig value is 0.000, which also means that variable moderation capable strengthen the equation model.

Coefficient Determination

Based on coefficient test value determination in the summary table, can seen that in model 1 (before moderation), the R² value is 0.851 or 85.1%, meaning that equation model 1 can explain connection influence between variable by 85.1% while the rest explained with other variables outside the model. In model 2 (after moderation) R² value increases becomes 0.979 or 97.9%. This means that the model equation 2 can explain connection influence between variable by 97.9%, while the rest explained with variable other. On the other hand we can also take conclusion Z moderation which provides influence by 12.8% against equality before regression.

Discussion Hypothesis

Influence Liquidity to Policy Debt

Based on acquisition the results of the hypothesis test that have been done show that variable liquidity have sig value of 0.235 > 0.05 and the value coefficient of -0.006.

This is show that liquidity has no negative effect significant to policy debt. So that in matter This show that H1 is accepted. In the framework theory agency, there is connection between liquidity and policy debt explained through conflict interest between manager (agent) and owner or creditor (principal). Liquidity, refers to the ability company For fulfil obligation term in short For using current assets, with high liquidity means company have sufficient cash or liquid assets others. So, the company can determine the amount and structure of debt used For financing operational or investment

Research result This in line with study conducted by and (Tarigan et al., 2022) which (Lestari & Reviandani, 2022) put forward that liquidity influential negative No significant to policy debt.

Influence Ownership Managerial to Policy Debt

Based on processing results of the hypothesis test conducted researchers, show that variable ownership managerial have sig value of $0.000 < 0.05$ and the value coefficient of 6,678. This is show that ownership managerial influential positive significant to policy debt. This is show that H2 is rejected. Ownership share give incentive to manager For increase mark company, because improvement mark stocks are also profitable they in a way direct and, encourage use debt in a way more efficient . Managers who have shares in the company will more tend For act in interest together with holder share others, with objective For increase mark company through policy strategic and responsible debt answer. This is in accordance with theory agency, which explains that ownership shares by manager can reduce conflict agency and drive use debt as tool For increase discipline finance. Relationship This show that ownership high managerial can give incentive to manager For more responsible answer in taking decision in financing. Research result This in line with research conducted by (Shelinky et al., 2022) (Pipit Mulyah et al., 2020) which shows that ownership managerial influential positive to policy debt.

Influence Free Cash Flow against Policy Debt

Based on acquisition results of the hypothesis test conducted researchers, show that variable *free cash flow* have sig value of 0.000 less from 0.05 and the value coefficient of -1.479. This is show that *free cash flow* influential in a way negative and significant to policy debt. Coefficient negative show that the more Lots level *free cash flow*, then policy debt tend the more low. This is show that H3 is accepted. In theory agency state that company with high *free cash flow* tend face problem more agency big. Manager Possible use *free cash flow* For fund projects that are not profitable (overinvestment) or interest personal, which has a negative impact on policy debt.

Research result This in line with study conducted by (Feryyanshah & Sunarto, 2022) the one who put forward that *free cash flow* influential negative significant to policy debt.

The role of asset structure in relationships Liquidity and Policy Debt

Interaction test state that asset structure can to moderate connection liquidity to policy debt with level significant of 0.038. The results of the study This state that asset

structure as variable moderation capable strengthen influence liquidity to policy debt. This is because, if company own high proportion of current assets, then liquidity company more awake, and manager as agent Possible more pushed for take policy more debt big Because ability company For fulfil obligation debt in term short to be more guaranteed. In case This manager will tend more aggressive in use debt Because risk more bankruptcy low.

The role of asset structure in relationships Ownership Managerial and Policy Debt

Interaction test state that asset structure can to moderate connection ownership managerial to policy debt with level significant as big as 0.000. Research results This state that variable asset structure as variable moderation capable strengthen influence ownership managerial to policy debt . This is because of asset current assets, such as cash, receivables, and inventory, have more properties liquid, which means more easy converted to cash for fulfil debt obligations. Managers who have shares in the company Possible more tend For take more debt policy tall If they feel that company can with easy convert asset fluent into cash For fulfil debt obligations. In case this, structure assets consisting of from Lots asset fluent will increase confidence self manager in using debt without add risk liquidity company.

The role of asset structure in relationships Free Cash Flow and Policy Debt

Interaction test state that asset structure can to moderate connection *free cash flow* to policy debt with level significant of 0.000. The results of the study This state that variable asset structure as variable moderation capable strengthen influence variable *free cash flow*. This is because the Company with proportion asset high form (such as land, buildings, machinery) in general own mark more collateral good. In case This make they more easy get loan with ethnic group more flowers low. Therefore that is, high *free cash flow* in the company kind of This Possible No push increase in debt significant Because need funding Already fulfilled through asset collateral. So, the company with stable asset structure in the form of fixed assets tend to be more free in utilise debt, even though own large *free cash flow*. This is happen because of fixed assets can made into as collateral that can be obtained increase trust creditors in give loan. On the other hand, if company with more many assets are of a nature No tangible such as (goodwill, rights) patent, or brand trade) will tend more be careful in use debt, even though they own *free cash flow* ynag high. Higher assets liquid or No tangible Possible considered more at risk mdan not enough can made into guarantee so that creditors Possible will more not enough believe in give financing

CONCLUSION

Based on results analysis, can concluded that variable liquidity influential negative No significant, variable ownership managerial influential positive significant, and variable *free cash flow* has an effect negative significant to policy debt. While that, variable moderation asset structure capable to moderate connection between variable independent on policy debt, because with interaction test results show significant. The existence of asset structure in regression model in a way overall increase model

quality, which is reflected from improvement The R^2 value of 85.1% becomes 97.9%, which indicates that variable moderation give contribution positive to the power of the model that can influence connection between variable in a way direct.

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