Asset Structure, Managerial Ownership and Growth Opportunity Against Capital Structure and Profitability as Moderation

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Abstract:

This study aims to test and analyze the influence of asset structure, managerial ownership, capital structure, growth opportunity, and profitability on the performance of Food and Beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2023 period. The background of this research is based on the importance of the food and beverage sector as one of the industries that has a significant contribution to the national economy, as well as the high competition that requires companies to manage resources and financial structures optimally. The research method uses a quantitative approach with secondary data in the form of the company's annual financial statements obtained from the IDX. The analysis was carried out through multiple regression techniques to determine the relationship and influence of independent variables on dependent variables. The results of the study are expected to provide an overview of the internal factors that affect the company's performance, especially in terms of asset management, managerial ownership, capital structure, growth opportunities, and profitability. These findings are expected to contribute theory to the development of science in the field of management and improvement of capital structure, as well as contribute to practitioners in companies related to optimizing capital structure. This study shows that asset structure, managerial ownership, growth opportunities, and profitability can affect capital structure.

Keywords: *Asset Structure, Managerial Ownership, Capital Structure, Growth Opportunity, Profitability.*

1. Introduction

The competition in the business world today has tough competition, companies need the right strategy to maintain business continuity in the future. Company management is required to be able to develop the company by utilizing and increasing its capital as effectively and efficiently as possible. One of the efforts to maintain the sustainability of the company is by continuing to develop the business. That way companies can develop their business as much as possible using sufficient capital (Denziana and Yunggo, 2017). The company in running its business definitely needs capital to make a profit, so that with the existence of capital, the company can complete what is its business needs. Capital is an important aspect of a company that is used to build, develop and ensure the sustainability of its business. To meet the company's fund needs, it can be done with two alternatives, namely by using internal sources of funds (own capital) and external sources of funds (Sari, 2021).The capital structure of each company is very useful and affects the financial position seen from the good or bad capital structure, also affects the value of the company because it includes financial provisions and is related to its long-term debt and short-term debt (Andika and Sedana, 2019). In a company, the capital structure needs to be well established so that finances can be guaranteed so that the company can get the desired profit, efforts are made by setting the maximum capital structure (Cahyani et al., 2022).Capital structure is an important factor for a company because it can be directly related to the company's financial condition. An optimal capital structure can result in capital cost efficiency. Capital efficiency will make the stock price rise and make the value of the company also rise. In determining the type of cost source chosen, managers must consider and use existing sources of funds as best as possible to determine investment activities and other operational activities that can later add or even maximize the value of the company (Safira et al., 2024) In general, the company's fixed assets are purchased with debt. These fixed assets can be used as collateral for creditors to pay off their obligations. This shows that companies with a high level of corporate fixed assets can more easily get into debt (R. L. Putri and Willim, 2023).

Funding decisions are decisions related to the problem of determining the sources of funds to be used, and the problem of the best balance between the sources of funds. Fulfillment of funding needs from internal sources, namely sources of funds formed or produced by themselves within the company. External financing, which is a source of funds derived from additional capital participation of owners or the issuance of new shares, bond sales, and loans from banks The right combination in the selection of capital will be able to produce an optimal capital structure that can be a strong foundation for the company to carry out its production activities, and can bring optimal profits for the company and its shareholders. What is meant by an optimal capital structure is a capital structure that optimizes the balance between risk and return so as to maximize the share price (Mukaromah and Suwarti, 2022).Food and beverages companies are the most attractive consumer industry because everyone needs to eat and drink to survive, so this industry sector is not dead. As a consumption industry, food and beverage companies are able to survive in the midst of business competition in the global market that is able to make a profitable contribution to society or companies. In addition, the consumption sector is a form of profitable investment that is able to invite interest from investors to invest their funds (Susanti, 2015).

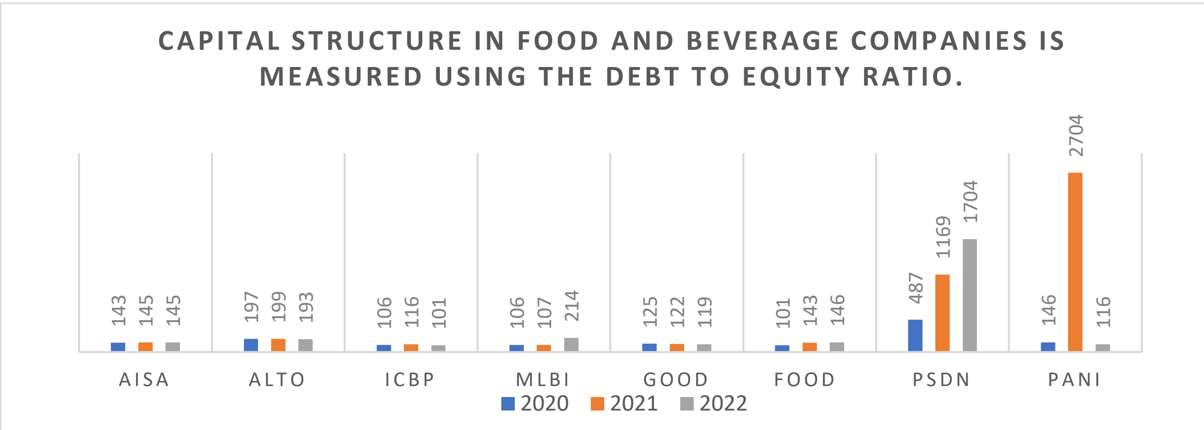

Figure 1. Graph of the percentage of capital structure above 100%

The variable value of DER (Debt Equity Ratio) has often occurred in a company because of business expansion that makes DER increase or decrease in a certain period, the risk faced by the company will increase if the value of DER increases due to the use of debt used as a source of funds more than the capital available in the company. A DER that is too high will have a bad impact on the company's performance, because the higher the debt level indicates that the company's interest expense will be larger and reduce profits. The company is said to be healthy if it can determine a source of funds that is not too expensive with a low interest rate and has a more flexible term so that the debt used can provide profits, then good DER management is needed. (AmenEtAl., 2023) (Inayati, 2019)

The asset structure in a company is one of the aspects that affect the capital structure because it is useful in determining how much the company gets long-term debt so that it can have an impact on determining the size of the capital structure owned. Funding decisions are decisions about how much debt is used compared to equity in financing a company's investments or decisions that aim to determine the optimal capital structure so as to increase the value of the company. Permanent financing consisting of short-term debt, long-term debt with its own capital is called a capital structure. (Andika and Sedana, 2019) (Afendi, 2018)

An important decision faced by a financial manager related to the continuity of a company's operations is a funding decision or a capital structure decision, which is a financial decision related to the composition of debt, preferred shares, and ordinary shares that the company must use. In fierce business competition, companies must make the right capital decisions, in this process managers need to determine the best capital structure. Capital structure decisions directly affect the magnitude of the risk and the rate of return or expected rate of return made by shareholders. The company's own funding sources to meet the company's funding needs come from equity, retained earnings and reserves. If the company's own funds are still lacking, then the company's external funds are debts that must be considered. (Lukman and Viviana, 2019)

Pecking order theory which says that companies will use internal funding sequences first to meet the company's needs, if it is not enough to meet the company's needs, the company will use external funding, because the rapid growth rate identifies that the company is expanding by using external funds in the form of debt.(ZulfahEtAl., 2017)

This research replicates previous research conducted by Afiezan (2022) with the research title Sales Growth, Asset Structure, Company Size, and Stock Price on Capital Structure with Profitability as a Moderation Variable then research conducted by Salam Dan Sunato (2022) which examines the Influence of Liquidity, Growth Opportunity, and Company Size on Capital Structure with Profitability as a Moderation Variable. similar research regarding capital structure such as research conducted by Dawud (2019) which shows that asset structure has a positive and insignificant effect on capital structure. while the research conducted by Nur et al. (2022) that asset structure affects capital structure. The difference between this study and the previous research is the addition of an independent variable, namely managerial ownership.

It is important for a company to consider the factors that affect the capital structure so that it can make the right capital structure decision, including determining the balance between debt and equity, so as to minimize the total cost of the agency. The value of the company will reach its maximum value.

The asset structure is a composite of the company's assets, indicating how much of the company's assets can be used as collateral to obtain a loan. The asset structure affects the capital structure, because companies with large fixed assets tend to obtain loans that can be used as collateral to increase their business activities. Profitability describes a company's ability to generate profits. With high profits, it will allow many investors to invest their shares in the company. In addition, it is profitable and the company has sufficient internal funds as a source of funds for the company. (Tijow Et Al., 2018)

Growth Opportunity is a factor that affects the capital structure so that it can establish a more appropriate capital structure. Growth opportunity is an opportunity for the growth of a company in the future, companies that have good future prospects and rapid growth really need large funds in the future. For good prospects, it will encourage prospective investors to invest in the company.rapid growth rate proves that the company is expanding using external funds in the form of debt. Companies that have rapid growth must increase their fixed assets, because the growth of the company's fixed assets from one period to the next period shows that the company has a very good performance, therefore asset growth affects a capital condition in the company which can cause the comparison between capital and debt to change.(Wahyuni and Ardini, 2017)

The separation of ownership and control has long been known as a source of conflict between management and shareholders. Because they can make substantial personal gains, without actually incurring the costs, managers have an incentive to engage in value-maximizing behaviors that worsen the company's performance. As a solution to this problem of agency, advocate an increase in managerial ownership. Based on the above background, the author feels the need to conduct a study with the title: "The Influence of Asset Structure, Managerial Ownership, and(LiEt al., 2007)Growth Opportunity on Capital Structure with Profitability as a Moderation Variable in Food and Bavarage Sub-Sector Accounting Companies Listed on the Indonesia Stock Exchange in 2020-2023.

2. Overview of Theories and Concepts

2.1 Pecking order theory

Pecking order theory shows that companies make funding decisions in a structure from internal funds to external funds. The funding sequence starts from the funds generated from retained earnings, then debt, and finally the issuance of new shares, which means starting from the source of funding with the lowest cost. This theory emphasizes on making financing decisions according to the order of the investor's logical preferences for the company's prospects and consistent with the objectives so that the manager can maximize shareholder profits. Pecking order theory assumes that companies tend to choose internal funding to fund their projects. The company also adjusts its dividend rate target according to investment opportunities. The Pecking Order Theory believes that companies with low profitability actually have a high level of debt because companies with low profitability have fewer internal sources of funds (Myers, 1984).

The pecking order theory put forward by Mysers (2001) uses the basics of thinking that there is no specific target debt to equity ratio where there is only a hierarchy of funding sources that are most in demand by each company. This theory explains why profitable companies generally use small amounts of debt. This is because the company has a low target debt ratio, but because they need little external financing. So less profitable companies will tend to use larger debt because there are several reasons they have, namely from internal funds (retained earnings), and external funds (debt and shares), external funding sources (debt) are preferred in this theory. (Dewanti, 2024)

2.2 Signaling theory

Signaling theory was first proposed by Spence (1973) who explained that the sender (owner of information) provides a signal or signal in the form of information that reflects the condition of a company that is beneficial to the recipient (investor). According to Brigham and Houston (2011), signal theory explains the management's perception of the company's future growth, which will affect the response of potential investors to the company. The signal is in the form of information that explains the management's efforts in realizing the owner's wishes. This information is considered an important indicator for investors and business people in making investment decisions.

Brigham and Housten (2014) signal is an action taken by a company to provide instructions to investors on how management views the company's prospects. This signal is in the form of information about what has been done by the management to realize the owner's wishes. The information issued by the company is important, because it affects the investment decisions of parties outside the company.

2.3 Empirical Review

The empirical review related to the variables used from this study is as follows:

The capital structure is a permanent expense, which describes the balance between long-term debt and capital itself. Structure (Sari and Ardini, 2017).The company's capital structure is an important aspect of success. Capital refers to the rights or shares of the business owner in the capital account, residual profits (retained profits), or assets over and above all his liabilities The capital structure includes equity as well as long-term debt. Equity is the capital of a business owner and is maintained in the business for an indefinite period of time. Then there is foreign money, the higher the share of foreign capital in the capital structure of the company, the higher the danger of not being able to pay long-term debt and interest on time. This shows that the opportunity of creditors to take part in the capital invested in the company to bear the risk of loss is even greater.(RinaEtAl., 2022)

2.4 Capital Structure

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2.5 Asset structure

Asset structure is also a factor that affects the capital structure. An asset structure describes a portion of the amount of assets that can be used as collateral. With a high proportion of fixed assets having a greater ability to pay off their debts, they have more opportunities to acquire debt. This is because existing fixed assets can be used as debt collateral by the company. So, it can be said that the asset structure can be used to determine how much long-term debt can be used in relation to the amount of collateral held and this will affect the determination of the size of the company's capital structure. Asset growth is the company's ability to increase the size of the company which can be seen from the increase in assets. Based on the definition that has been put forward by experts, it can be concluded that asset growth is the ability of a company to increase the size of the company which can be seen from the annual change of the total assets owned by the company. Companies always need funds to grow and develop, in addition to available internal funds, external funds such as debt are also needed. Companies with high growth rates require more outside capital because companies that grow rapidly will show greater self-strength, and companies will definitely need more funds. (Nita Septiani and Suaryana, 2018) (Aurelia and São Paulo, 2020)

2.6 Managerial Ownership

Ownership structure is another important factor that affects a company's performance. The ownership structure reflects the proportion of shareholding of the company's shareholders. Ownership structures include institutional ownership as well as managerial ownership which is an important element in company management. Managerial ownership can lower agency costs and encourage managers to improve company performance. If managerial ownership exceeds a certain limit, it will cause the manager to prioritize personal interests over the interests of shareholders. Meanwhile, institutional ownership also has the ability to supervise the company's performance. The existence of institutions as shareholders will make supervision of managers more careful so that shareholders' investments are protected. (Alabdullah, 2018), (Aluchna and Kaminski, 2017), (Itan, 2021)

The company is certain that there will always be a conflict of interest between the manager and the shareholders, this happens because each party has different preferences for the company's goals. Not only that, conflicts of interest between managers and shareholders usually also occur related to investment decisions that will be made by the company. Management usually prefers lower-risk investments to protect their positions, while shareholders prefer high-risk investments in the hope of high returns (Bathala, et al.1994). This conflict of interest inevitably has to be solved because otherwise, it will have a bad effect on the company's performance. In addition, this is also intended so that the company's good image can still be maintained. Managerial stock ownership is one way to reduce agency conflicts. Managerial stock ownership refers to the manager's ownership of shares in a company. This means that a manager will be dual as a manager and a shareholder so that when making decisions it will be in accordance with the main goals of the company. (Afendi, 2018)

2.7 Growth Opportunity

Growth Opportunity is a factor that affects the capital structure so that it can establish a more appropriate capital structure. Growth opportunity is an opportunity for the growth of a company in the future, companies that have good future prospects and rapid growth really need large funds in the future. For good prospects, it will encourage potential investors to invest in the company.rapid growth rate proves that the company is expanding by using external funds in the form of debt. Companies that have rapid growth must increase their fixed assets, because the growth of the company's fixed assets from one period to the next period shows that the company has a very good performance, therefore asset growth affects a capital condition in the company which can cause the comparison between capital and debt to change. (Wijaya and Ardini, 2020)

Growth opportunity is the possibility of a company to grow Companies that are expected to grow high in the future tend to use stocks to finance their operational activities. In contrast, companies with low growth opportunities typically use long-term debt as their source of funding. Because growth opportunities vary between companies, my management's funding decisions will also vary. Companies with good growth opportunities tend to use their own capital to avoid underinvestment; a condition in which a positive investment project fails to be implemented. In addition, the influence of capital ownership and debt policies can affect the value of taxable companies, agency fees, and financial difficulties due to the use of shares.(Goyal,n.d.)

2.8 Profitability

Profitability is a company's ability to generate profits as measured by Return on Asset (ROA). The better the profitability ratio, the better it is to describe the company's high profitability ability. The company's ability to make a profit will greatly determine the company's share price itself because, if the company can make a profit very well, then investors will assume that the company will continue to exist and be profitable in the future. (Lubis and Arief, 2022), (Nabila and Rahmawati, 2023)

The high profitability value indicates that the company's performance has increased and it is estimated that the company has good future prospects so that the demand for company shares also increases which will ultimately increase the company's value. Profitability can be measured by every company's operation, which is the main goal of its business, which is to seek profit or profitability. The greater the company's profits, the greater the retained earnings that it can afford to use in its operations. The company's main choice in choosing financing is retained earnings so that increasing the capital structure will cause the use of debt to be lower. (Goddess and Candradewi, 2018), (Dwijayanti and Handayani, 2023)

3. Research Methods

3.1 Research design

Research design is a structure of research design that leads to valid, objective, effective, and efficient processes. This research design tests hypothesis testing. Where a hypothesis can be defined as a logically estimated relationship between two or more variables that are shown in the form of a testable statement (Sekaran and Bougie, 2017). By testing and confirming the expected relationship, it is hoped that solutions can be found to address the problems at hand. The variables in this study consist of independent variables and dependent variables as well as moderation variables based on hypothesis testing based on secondary data. The unit of analysis in this study is food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2023 period.

3.2 Population and Sample

The population used in this observation is food and beverage companies listed on the Indonesia Stock Exchange (IDX). The number of companies listed in food and beverage on the IDX in 2020-2023 is 42 companies. Food and beverage companies are considered because they are the companies that are most resistant to monetary or economic crises, compared to other sectors, because in any situation, whether in crisis or non-crisis conditions, some food and beverage products are still needed. Because this product is a basic need for people throughout Indonesia. Sekaran and Bougie (2017) samples are a smaller part of a population. The sample consists of a number of members that have been selected from the population, but not all elements of the population make up the sample. The research technique used specifically in this research is purposive sampling where sampling is carried out based on certain criteria and categories, not by returning samples randomly.

3.3 Data Types and Sources

The type of data used in this observation is quantitative data. Quantitative data is data that focuses research on a sample or population with quantitative data analysis, then based on the philosophy of positivism, with the aim of providing estimates and proving the established hypothesis. The data source used in this observation is secondary data. According to Sekaran and Bougie (2017), secondary data focuses on information that has been collected from existing sources, such as company records or documentation, government publications, industry analysis provided by the media, web, internet, and others. This observation uses data sources derived from the annual reports and sustainability reports of food and beverage companies listed on the Indonesia Stock Exchange (IDX) 2020-2023. Data was obtained through the official website of the Indonesia Stock Exchange (www.idx.co.id) and the company's website page.

3.4 Data Collection Methods

The data collection technique in this observation is by the documentation method. The documentation method is a method by collecting, studying and analyzing secondary data. . The variables of capital structure, asset structure, managerial ownership, growth opportunities, and profitability use data from the company's financial statements and annual reports published through the company's website and the company's annual report obtained through the official website of the Indonesia Stock Exchange www.idx.co.id.

3.5 Research Instruments

Research instruments are tools that can be used by researchers in collecting research data. This study uses observation as a research instrument, which takes research data in the form of financial statements obtained from the official website of the IDX and the official website of each company being researched

3.6 Data Engineering and Analysis

Data analysis techniques used to simplify data to make it easier to interpret are processed using formulas or rules that are in accordance with the research approach. This research uses quantitative analysis, where quantitative analysis is a form of analysis intended for data that is grouped into categories in the form of numbers. The data analysis method uses descriptive statistics, classical assumption tests and hypothesis tests with the help of SPSS.

4. Research Results

4.1 Multiple Linear Analysis

Multiple linear regression analysis reflects the linear relationship between two or more independent variables and dependent variables (Sekaran & Bougie, 2016).

Table 1. Multiple Linear Analysis

Coefficient						
		Unstandardized Coefficients		Standardized Coefficients		
Type		B	Std. Error	Beta	t	Sig.
1	(Constant)	-0.824	0.322		-2.555	0.012
	AssetStructure	4.050	0.583	0.592	6.950	0.000
	Managerial Ownership	2.598	0.516	0.426	5.030	0.000
	Growth Opportunity	-0.208	0.077	-0.219	-2.701	0.008
a. Dependent Variable: Capital Structure						

Source: SPSS Output Results (2024)

The multiple linear regression equation above, it can be found that the constant value is -0.824 and the regression coefficient value of the asset structure, managerial ownership and growth opportunity variables is 4,050, 2,598, and 0.208, respectively. From the regression equation, it can be explained that if the value of the variable value of asset structure, managerial ownership and growth opportunity is equal to zero, then the value of the variable value of the capital structure is equal to the constant value. If the variables of asset structure, managerial ownership and growth opportunity increase by one, then the variables of capital structure will increase.

4.2 Multiple Linear Analysis Moderation

As for the multiple linear regression test, the moderation is as follows.

Tabel 2. Multiple Linear Analysis Moderation

Coefficient						
		Unstandardized Coefficients		Standardized Coefficients		
Type		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.275	0.042		30.715	0.000
	Profitability	-0.129	0.043	-8.978	-3.021	0.003

	X1. Z	0.350	0.112	5.382	3.121	0.002
	X2. Z	0.077	0.034	3.914	2.292	0.024
	X3. Z	0.106	0.043	0.460	2.484	0.015
A. Dependent Variable: Capital Structure						

Source: SPSS Output Results (2024)

The multiple linear regression equation of moderation above, it can be seen that the constant value is 1.275, the regression coefficient value of the profitability variable moderates the asset structure is 0.350, the regression coefficient value of the profitability variable moderate's managerial ownership is 0.350, and the profitability moderate's growth opportunity by 0.106. From the regression equation, it can be explained that if the value of the profitability variable moderates the asset structure, and if the value of the profitability variable moderate's managerial ownership, while if the profitability variable moderate's growth opportunity increases by one, then the profitability variable will Coefficient of Determination
The Coefficient of Determination test is a method used to assess the extent to which the regression model is able to explain variations in dependent variables. The coefficient of determination (R2) is a measure that describes the proportion of variability in a dependent variable that can be explained by an independent variable in a regression model.

Tabel 3. Coefficient of Determination increase

Model Summaryb					
Type	R	R Square	Adjusted R Square	Std. Errorofthe Estimate	Durbin-Watson
1	.619a	0.383	0.364	1.3964162148	1.880
a. Predictors: (Constant), Growth Opportunity, Managerial Ownership, Asset Structure					
b. Dependent Variable: Capital Structure					

Source: SPSS Output Results (2024)
Based on the results of the SPSS output, the R Square value of 0.383 indicates that 38.3% of the change in capital structure can be explained by thevariables of asset structure, managerial ownership, and growth opportunity. While the rest, 61.7% is explained by other variables outside this model. The Adjusted R Square value of 0.364 reinforces that this model is quite feasible to use even though it can still be further developed.

5. Discussion

The discussion relates the results of hypothesis testing with scientific logic based on the research findings, the theoretical foundations used, and the results of previous studies that support these findings.

5.1 Asset structure has a positive effect on capital structure

The results of the regression analysis showed that the asset structure variable had a regression coefficient of 4.050, with a calculated t-value of 6.950 and a significance value of 0.000. Since the significance value is smaller than 0.05 and the calculated t-value is greater than the table t-value of 1.984 (with n = 100, df = 96, α = 0.05, two sides), it can be concluded that the asset structure has a positive and significant effect on the capital structure, H1 is accepted, H1 is accepted. This means that the greater the proportion of fixed assets in the company's total assets, the greater the tendency of the company to use debt in its capital structure.

This finding can be explained through the Pecking Order Theory approach introduced by Myers and Majluf (1984). This theory states that companies have a tiered preference in choosing sources of financing: first from internal sources such as retained earnings, second from debt, and finally from the issuance of new shares. Companies tend to avoid external financing especially in the form of equity as it can lead to dilution of ownership and negative signals to the market. However, when internal funds are insufficient and companies have a large amount of fixed assets, they prefer to use debt, because these fixed assets can be used as collateral that reduces creditor risk. In this context, the asset structure becomes important because it reflects the extent to which the company has tangible assets that can be used to guarantee loans. The higher the proportion of fixed assets, the stronger the company's position in negotiating with creditors. Thus, asset structure plays a role as a determining factor in access to external financing. In addition, companies with high asset structures also show that they operate on a larger scale and are capital-intensive, so the need for external funds increases, especially for long-term investment financing.

Thus, from a theoretical and empirical perspective, it can be concluded that asset structure has a positive and significant influence on the company's capital structure, especially in the context of Pecking Order Theory. Companies with high fixed assets tend to choose financing through debt rather than issuing shares, because they are considered more efficient, do not cause dilution of ownership, and have a stronger bargaining position in obtaining loans.

5.2 Managerial ownership has a positive effect on the capital structure

The results of the regression test showed that the managerial ownership variable had a regression coefficient of -0.354, with a calculated t-value of -2.561 and a significance value of 0.012. Since the significance value < 0.05 and the value |t calculates| > t table (2,561 > 1,984), it can be concluded that managerial ownership has a negative and significant effect on the capital structure, H2 is accepted. That is, the greater the proportion of shares owned by the management, the less inclined the company is to use debt in its capital structure. This finding can be explained using the Pecking Order Theory (Myers & Majluf, 1984), which states that companies will prioritize internal funding (retained earnings) before using external funding such as debt or equity. In the context of managerial ownership, when management has ownership interests within the company, they tend to be more cautious in making financing decisions, including in the use of debt. This is because they also bear the financial and operational risks due to the funding decision, including the risk of default or high interest expenses. Pecking Order Theory emphasizes the importance of information asymmetry between management and outside parties. In the case of high managerial ownership, the asymmetry of information becomes reduced, since the main decision-maker is the owner himself. Thus, they better understand the company's internal conditions and tend to avoid external financing that can give rise to fixed liabilities, especially if the company has sufficient internal funds. In addition, managers who are also the owners of the company are more focused on the long-term sustainability of the company, so they are more conservative in terms of capital structure. Thus, it can be concluded that managerial ownership has a negative and significant effect on the capital structure, where the greater the proportion of shares owned by management, the less dependence the company has on external funding in the form of debt. These findings are in line with the principles of the Pecking Order Theory, which emphasizes a preference for internal financing, especially when management has a direct incentive to avoid the risks arising from the use of debt.

5.3 Asset structure has a positive effect on capital structure

The results of the regression analysis showed that the growth opportunity variable had a regression coefficient of -0.416, with a calculated t-value of -3.661 and a significance value of 0.000.

Since the significance value < 0.05 and |t calculates| > t table (|-3,661| > 1,984) at n = 100 and df = 96, it can be concluded that growth opportunity has a negative and significant effect on the capital structure, H3 is accepted. This means that the higher the growth opportunities of a company, the lower the tendency of the company to use debt in its capital structure. This finding can be explained through Signaling Theory (Ross, 1977), which states that companies signal to the market through their funding decisions. In this case, companies with high growth opportunities tend to avoid using debt, because they want to maintain financial flexibility to capture future expansion opportunities without being burdened with fixed obligations in the form of interest and principal installments. Thus, companies will prefer internal funding sources or issuing new shares rather than increasing debt burdens, in order to maintain stability and attract investor interest by demonstrating prudent risk management.

Furthermore, companies with large growth prospects usually want to avoid underinvestment problems, which are conditions in which companies are unable to capitalize on potential projects because they are limited by debt contracts that limit management freedom. Therefore, growth-oriented companies prefer capital structures with a lower portion of debt as a signal that they have room for maneuver and a long-term strategy oriented towards sustainable growth. This choice reflects careful and credible management, thus increasing market confidence. Thus, based on relevant empirical data and theories, it can be concluded that growth opportunities have a negative and significant effect on capital structure, in line with Signaling Theory. Growing companies prefer to reduce their debt portions to maintain flexibility, avoid agency conflicts, and send a positive signal to investors that they are capable of financing expansion with sound internal funding sources and effective risk management strategies.

5.4 Profitability moderates the relationship between asset structure and capital structure

The results of the regression analysis showed that the interaction between asset structure and profitability (X1. Z) has a regression coefficient of 0.350, with t calculation = 3.121 and significance value = 0.002. Since the significance value is smaller than 0.05 and the calculated t-value is greater than the table t (3.121 > 1.984 at df = 96, α = 0.05), it can be concluded that profitability significantly moderates the influence of asset structure on capital structure positively, H4 is accepted. This means that profitability strengthens the relationship between the amount of fixed assets owned by a company and the level of debt use in its capital structure.

In the perspective of Pecking Order Theory (Myers & Majluf, 1984), companies will rely more on internal funding such as retained earnings, before turning to external funding such as debt or the issuance of new shares. Therefore, companies that have high profitability tend to avoid debt, because they already have sufficient internal funds to finance their business activities. On the other hand, a large fixed asset structure usually provides a strong guarantee for the company to obtain loans from financial institutions. However, within the framework of this theory, even if companies have strong collateral of fixed assets, they will still avoid the use of debt as long as high profitability can cover investment or operational needs.

This finding is strengthened by the results of a study by Sari and Nugroho (2023) which revealed that the interaction between profitability and asset structure negatively impacts the tendency of companies to increase debt, so that companies continue to rely on profits as the main source of financing. Even in the construction and manufacturing sectors that are densely packed with fixed assets, Wulandari and Setyawan (2021) show that profit is the main consideration in capital structure decisions, not fixed assets owned. Kurniawan and Dewi (2024) also emphasized that high asset structure is not the main determinant in increasing leverage if the company has good profit performance; Companies still tend to refrain from using debt as long as internal funds are adequate.

In conclusion, within the framework of Pecking Order Theory, companies that have a combination of high asset structure and high profitability will still tend to avoid debt because they have alternative financing from internal funds. These findings confirm that profitability is a moderator that directs companies to stay in the financing hierarchy, and still prioritize funding from retained earnings, despite having large fixed assets as collateral.

5.5 Profitability moderates the relationship of managerial ownership to capital structure

The results of the analysis show that the interaction variable between managerial ownership and profitability (X2. Z) has a regression coefficient of 0.077, with t calculation = 2.292 and significance value = 0.024. Since the significance value is smaller than 0.05 and the calculated t is greater than the t table (2.292 > 1.984; n = 100, df = 96), it can be concluded that profitability significantly moderates the relationship between managerial ownership and capital structure positively, H5 is accepted. In the perspective of Pecking Order Theory (Myers & Majluf, 1984), companies tend to prefer internal funding such as retained earnings first, then debt, and finally issuing new shares. When managerial ownership is high, management who are also shareholders tend to be more cautious in using external funding, especially debt, because financing decisions will directly impact their personal financial well-being. They will tend to avoid financial policies that increase the company's financial risk, such as excessive debt addition. However, the role of profitability moderation is important here. When a company has high profitability, managers as owners have a stronger incentive to use retained earnings as the primary source of funding and not add to the debt burden. High profitability allows financing from within without having to go into debt, so the tendency to increase leverage will decrease, especially if management has significant ownership in the company. Thus, the combination of high profitability and managerial ownership reinforces the company's preference to avoid external funding, particularly debt.

These findings are reinforced by several previous studies. Saputra and Wahyudi (2020) stated that high managerial ownership tends to make management more conservative in using debt, especially when the company has high profitability. Lestari and Nugraheni (2021) also found that companies with large managerial ownership prefer to use retained earnings for business expansion, rather than taking risky loans. Meanwhile, Agustin and Rahmawati (2022) explain that the combination of profitability and managerial ownership creates strong internal control over capital structure decisions, with a focus on efficiency and avoidance of interest charges. Thus, profitability as a moderator reinforces the influence of managerial ownership on the company's tendency to use internal funding instead of debt. Managers who are also owners feel more responsible for financial risks, and when profitability is high, decisions to avoid debt become more assertive and consistent. This is in line with the Pecking Order Theory which emphasizes the order of financing based on the level of risk and information cost, where retained earnings are the main choice.

5.6 Profitability moderates the relationship of growth opportunity to capital structure

Based on the results of multiple linear regression, the interaction between growth opportunity and profitability (X3. Z) showed a regression coefficient of 0.106, with a calculated t-value of 2.484 and significance of 0.015. Since the significance value is smaller than 0.05 and t is calculated to be greater than t of the table (2.484 > 1.984; n = 100, df = 96, α = 0.05), it can be concluded that profitability positively moderates and significantly the relationship between growth opportunity and capital structure, H6 is accepted. In the perspective of Signaling Theory, financial information such as profitability is used by companies as signals to the market to show the company's prospects and fundamental strengths. When a company has a high growth opportunity, investors and creditors will question whether the company is able to take advantage of those opportunities effectively. In this context, high profitability is a strong signal that the company is managed efficiently, has the ability to generate stable profits, and is worthy of being trusted to obtain external financing.

This means that companies with high growth opportunities and high profitability will find it easier to get funding from outside, especially in the form of debt, because external parties consider that the company has positive performance and prospects. Thus, profitability reinforces the market's belief that the company is able to manage growth effectively, which ultimately increases confidence to channel funds. These findings are reinforced by previous research. Wijaya and Pratama (2021) stated that companies that have high growth opportunities must show positive signals such as high profitability in order to attract the attention of investors and creditors. Putri and Nugroho (2020) also found that the interaction between growth and profitability has a positive influence on capital structure because profitability signals that companies are able to manage funding wisely. Furthermore, Rizki and Handayani (2022) explained that companies that send positive signals through financial statements (e.g. stable profits) have easier access to external funding, including long-term debt. Thus, it can be concluded that profitability acts as a positive signal that strengthens the influence of growth opportunities on capital structure, in line with Signaling Theory, where high profitability is considered an indicator of a company's credibility in managing growth and financial risk.

6. Conclusion

Asset Structure has a positive and significant effect on capital structure In this context, asset structure is important because it reflects the extent to which the company has tangible assets that can be used to guarantee loans. The higher the proportion of fixed assets, the stronger the company's position in negotiating with creditors. Thus, asset structure plays a role as a determining factor in access to external financing. Managerial ownership has a negative and significant effect on the capital structure, the greater the proportion of shares owned by the management, the less inclined the company is to use debt in its capital structure. In the context of managerial ownership, when management has ownership interests within the company, they tend to be more cautious in making financing decisions, including in the use of debt. Growth Opportunity has a negative and significant effect on the capital structure. This means that the higher the growth opportunities of a company, the lower the tendency of the company to use debt in its capital structure. Companies will prefer internal funding sources or issuing new shares rather than increasing debt burdens, in order to maintain stability and attract investors by demonstrating prudent risk management. Profitability significantly moderates the influence of asset structure on capital structure positively, that is, profitability strengthens the relationship between the amount of fixed assets owned by the company and the level of debt use in its capital structure. A large fixed asset structure usually provides a strong guarantee for the company to obtain loans from financial institutions. Profitability significantly moderates the relationship between managerial ownership and capital structure positively. When managerial ownership is high, management who are also shareholders tend to be more cautious in using external funding, especially debt, because financing decisions will directly impact their personal financial well-being. Profitability moderates positively and significantly the relationship between growth opportunities and capital structure, high profitability is a strong signal that the company is managed efficiently, has the ability to generate stable profits, and is trustworthy to obtain external financing.

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