

INSTITUTIONAL OWNERSHIP AND CASH HOLDINGS EFFECTS ON CAPITAL STRUCTURE: ASSET GROWTH AS A MODERATING VARIABLE

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Abstrak

Penelitian ini bertujuan menganalisis pengaruh kepemilikan institusional dan cash holding terhadap struktur modal dengan pertumbuhan aset sebagai variabel moderasi pada perusahaan sektor consumer cyclicals yang terdaftar di BEI periode 2020–2025. Penelitian menggunakan pendekatan kuantitatif dengan data sekunder dan purposive sampling. Analisis dilakukan melalui statistik deskriptif, uji asumsi klasik, regresi linier berganda, dan MRA. Hasil menunjukkan bahwa kepemilikan institusional berpengaruh positif dan signifikan terhadap struktur modal, sedangkan cash holding tidak berpengaruh signifikan. Pertumbuhan aset tidak memoderasi pengaruh kedua variabel tersebut terhadap struktur modal.

Kata Kunci: Kepemilikan Institusional, Cash Holding, Pertumbuhan Aset, Struktur Modal, Consumer Cyclicals

Abstract

> This study examines the effect of institutional ownership and cash holding on capital structure, with asset growth as a moderating variable, in consumer cyclicals companies listed on the Indonesia Stock Exchange during 2020–2025. Using a quantitative approach, secondary data, and purposive sampling, the data were analyzed through descriptive statistics, classical assumption tests, multiple linear regression, and MRA. The results show that institutional ownership positively and significantly affects capital structure, while cash holding has no significant effect. Asset growth does not moderate either relationship.

Keywords: Institutional Ownership, Cash Holding, Asset Growth, Capital Structure, Consumer Cyclicals

A. INTRODUCTION

Companies are generally established to generate profits and maintain business continuity in the long term. To achieve these objectives, companies need to implement proper financial management, particularly in determining the sources of financing used for operational activities and business development. These decisions are reflected in the company's capital structure.

Capital structure represents the proportion of debt and equity used to finance company activities. The determination of an optimal capital structure is important because it can affect financial risk, cost of capital, and company value.

This issue is particularly relevant to consumer cyclical companies because business performance in this sector is closely associated with changes in purchasing power and consumer behavior. The sector includes businesses such as automotive, retail, restaurants, hotels, entertainment, and lifestyle-related activities.

Household consumption is an important component of the Indonesian economy and provides a relevant environment for companies operating in the consumer cyclical sector. The research background reports household consumption growth of 4.82% in 2023 and a contribution of 53.18% to the national economy.

Financial conditions among companies in the same sector are not necessarily identical. Some companies maintain relatively conservative debt levels, while others use debt more extensively to finance operations or expansion. This variation indicates that capital structure decisions may be affected by internal company factors.

Institutional ownership is one factor that may influence capital structure. Cash holding is another factor that may be related to capital structure because cash represents internal funds available to support operations and investment. Asset growth is positioned as a moderating variable because expansion may change the company's financing requirements.

Previous studies have produced inconsistent findings concerning the determinants of capital structure. Therefore, this study re-examines the relationship between institutional ownership and cash holding with capital structure and examines whether asset growth changes these relationships.

1. Theoretical Review and Hypothesis

a. Agency Theory

Agency Theory explains the relationship between shareholders as principals and management as agents. Institutional ownership can function as an external monitoring mechanism because institutional investors have the ability to supervise management and influence important corporate decisions, including financing decisions.

b. Pecking Order Theory

Pecking Order Theory explains that companies generally prioritize internal financing, followed by debt and then equity when external financing is required. This preference is associated with information asymmetry and financing costs. In this study, cash holding represents internal financial resources that may affect the company's dependence on external debt.

c. The Effect of Institutional Ownership on Capital Structure

Institutional investors have the ability to monitor management and evaluate corporate financing policies. Stronger institutional ownership may improve monitoring and may also influence the company's willingness to use debt. Therefore, institutional ownership is expected to have a positive relationship with capital structure.

H1: Institutional ownership has a positive effect on capital structure.

d. The Effect of Cash Holding on Capital Structure

Cash holding represents the amount of cash and cash equivalents retained by a company. From the perspective of the Pecking Order Theory, companies with sufficient internal funds may reduce their reliance on external financing. However, cash can also be retained for precautionary needs, working capital, and future investment.

H2: Cash holding has a negative effect on capital structure.

e. Asset Growth Moderates the Effect of Institutional Ownership on Capital Structure

Companies with growing assets may require additional financing to support expansion. Institutional investors can monitor whether additional financing is used productively and whether the resulting debt remains manageable.

H3: Asset growth moderates the effect of institutional ownership on capital structure.

f. Asset Growth Moderates the Effect of Cash Holding on Capital Structure

Asset growth may increase the need for financing. When internal cash is sufficient, a growing company may use its own funds instead of debt. Therefore, asset growth may potentially moderate the relationship between cash holding and capital structure.

H4: Asset growth moderates the effect of cash holding on capital structure.

B. METHOD

This research adopted a quantitative method to investigate the effect of institutional ownership and cash holding on capital structure and to assess the moderating role of asset growth. The study examined consumer cyclicals sector companies listed on the Indonesia Stock Exchange throughout 2020–2025.

Secondary information was collected from annual financial reports published through the official Indonesia Stock Exchange platform and the respective company websites. Samples were selected through purposive sampling according to established criteria.

The thesis reports 540 initial observations. Following data treatment and transformation, 311 observations were used in the final regression analysis. Data analysis was performed using IBM SPSS and included descriptive statistics, classical assumption testing, multiple linear regression analysis, and Moderated Regression Analysis (MRA).

C. RESULTS AND DISCUSSIONS

1. Descriptive Statistic

Based on the table, the dataset consists of 311 observations after data transformation.

The mean values are 0.2623 for Institutional Ownership, 0.0469 for Cash Holding, 0.0056 for Asset Growth, and 0.1801 for Capital Structure. These results provide an overview of the characteristics and distribution of each variable used in the analysis.

Table 1 Descriptive Statistic

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Institutional Ownership (X1)	311	-0.47	0.85	0.2623	0.18185
Cash Holding (X2)	311	-0.31	0.61	0.0469	0.10457
Capital Structure (Y)	311	-0.56	1.04	0.1801	0.21994
Asset Growth (Z)	311	-0.78	1.46	0.0056	0.17229

Source: Secondary data processed, 2026.

The descriptive statistics show variation among the sampled companies in institutional ownership, cash holding, capital structure, and asset growth.

2. Classical Assumption Test

a. Normality Test

A normality test was conducted on the model residuals using the One-Sample Kolmogorov–Smirnov Test as the basis for the decision, given the specific nature of the SPSS output. The test results are presented in Table 2

Table 2 Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		311
Normal Parameters ^{a,b}	Mean	-0,0005
	Std. Deviation	0,25238

Most Extreme Differences	Absolute	0,071
	Positive	0,071
	Negative	-0,057
Kolmogorov-Smirnov Z		0,001
Asymp. Sig. (2-tailed)		0,080
a. Test distribution is Normal.		
b. Calculated from data.		

Source: Secondary data processed, 2026.

The Asymp. Sig. value of 0.080 is greater than 0.05. Thus, the model residuals satisfy the normality assumption. Consequently, the statistical decision indicates that the null hypothesis regarding the normal distribution is not rejected; in other words, the data are normally distributed.

b. Multicollinearity Test

The multicollinearity test aims to determine whether the independent variables exhibit excessively strong linear relationships. A model is considered free from multicollinearity if the tolerance value exceeds 0.10 and the Variance Inflation Factor (VIF) value is less than 10. The test results are presented in Table 3.

Table 3 Multicollinearity Test

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Kepemilikan Institusional	0,978	1,022
	Cash Holding	0,975	1,026

	Pertumbuhan Aset	0,996	1,004
a. Dependent Variable: Struktur Modal			

Source: Secondary data processed, 2026.

All variables exhibit tolerance values well above 0.10 and VIF values close to 1. These values indicate that institutional ownership, cash holdings, and asset growth do not share excessive linear correlations. Consequently, the regression coefficients can be interpreted without indications of distortion due to multicollinearity.

c. Heteroscedasticity Test

The heteroscedasticity test was conducted using the Glejser method, which involves regressing the values against the independent variables. The model is considered free from heteroscedasticity if the significance value for each variable is greater than 0.05. The test results are presented in Table 4.

Table 4 Heteroscedasticity Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,209	0,015		14,401	0,000
	Kepemilikan Institusional	0,009	0,046	0,012	0,203	0,839
	Cash Holding	-0,116	0,079	-0,084	-10,460	0,145
	Pertumbuhan Aset	0,051	0,048	0,061	1,070	0,286

Source: Secondary data processed, 2026.

The significance values for X1, X2, and Z are 0.839, 0.145, and 0.286, respectively. Since all values exceed 0.05, the model is free from heteroscedasticity.

d. Autocorrelation Test

Autocorrelation testing was conducted using the Durbin–Watson statistic. This test is important because the research data includes time-series observations. The model results following transformation are presented in Table 5.

Table 5 Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,379 ^a	0,144	0,135	0,20451	2,004
a. Dependent Variable: Struktur Modal					
b. Predictors: (Constant), Kepemilikan Institusional, Cash Holding, Pertumbuhan Aset					

Source: Secondary data processed, 2026.

Based on Table 4.7, the autocorrelation test results using the Durbin-Watson test yielded a value of 2.004. With a sample size of 313 and $k=4$, the values obtained were dU (1.834245), dL (1.795985), and $4-dU$ (2.165755). The results indicate that $dU < DW < 4-dU$; therefore, it can be concluded that there is no autocorrelation.

3. Multiple Linear Regression Analysis

Multiple linear regression analysis is used to examine the direct effect of institutional ownership and cash holdings on capital structure. The direct effect model employs X1 and X2 as predictors of Y. The regression coefficient results are presented in Table 6.

Table 6 Multiple Linear Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,069	0,021		3,339	0,001
	Kepemilikan Institusional	0,460	0,064	0,381	7,136	0,000
	Cash Holding	-0,196	0,112	-0,093	-1,750	0,081
a. Dependent Variable: Struktur Modal						

Source: Secondary data processed, 2026.

Based on Table 6, the regression equation can be formulated as follows:

$$Y = 0.069 + 0.460X_1 - 0.196X_2 + e$$

The constant of 0.069 represents the value of Y when X₁ and X₂ are zero. The X₁ coefficient of 0.460 indicates a positive relationship, meaning a one-unit increase in institutional ownership is associated with a 0.460-unit increase in capital structure. Meanwhile, the X₂ coefficient of -0.196 indicates a negative relationship, with a one-unit increase in cash holding associated with a 0.196-unit decrease in capital structure.

a. Goodness of Fit Test (F-Test)

Uji F digunakan untuk menilai apakah kepemilikan institusional dan cash holding secara bersama-sama membentuk model yang signifikan dalam menjelaskan struktur modal. Hasil pengujian disajikan pada Tabel 4.10.

Table 7 Goodness of Fit Test (F-Test)

ANOVA ^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,146	2	1,073	25,713	0,000 ^b
	Residual	12,850	308	0,042		
	Total	14,996	310			
a. Dependent Variable: Struktur Modal						
b. Predictors: (Constant), Kepemilikan Institusional, Cash Holding						

Source: Secondary data processed, 2026.

An F-value of 25.713 with a significance level of less than 0.001 indicates that the direct effect model is significant. In other words, institutional ownership and cash holdings are jointly significantly associated with capital structure, although partial testing reveals that only institutional ownership is statistically significant.

b. Partial Test (T-Test)

The t-test is used to assess the influence of each independent variable on capital structure. Hypothesis decisions are based on a significance level of 0.05. A summary of the t-test results is presented in Table 8.

Tabel 8 Partial Test (t-Test)

Model		t	Sig.
1	(Constant)	3,339	0,001
	Kepemilikan Institusional	7,136	0,000
	Cash Holding	-1,750	0,081

Source: Secondary data processed, 2026.

Institutional ownership yielded a t-value of 7.136 with a significance level of less than 0.001. Since the significance value is less than 0.05 and the coefficient is positive, H1 is accepted. Thus, institutional ownership has a positive and significant effect on capital structure.

Cash holdings yielded a t-value of -1.750 with a significance level of 0.081. Since the significance value exceeds 0.05, H2 is rejected. Although the relationship is negative, there is insufficient evidence to establish an effect on capital structure at the 5% significance level.

c. Moderated Regression Analysis (MRA)

Moderation testing is carried out in stages. Model 2 includes institutional ownership, cash holdings, and asset growth without interaction variables. The goal is to see the coefficient of each variable before interactions are entered. The results are presented in Table 9.

Tabel 9 Moderated Regression Analysis (MRA) equation 2

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,069	0,021		3,353	0,001
	Kepemilikan Institusional	0,460	0,065	0,380	7,121	0,000
	Cash Holding	-0,200	0,113	-0,095	-1,774	0,077
	Pertumbuhan Aset	-0,032	0,068	-0,025	-0,480	0,631

Source: Secondary data processed, 2026.

In Model 2, institutional ownership remains positively and significantly influential, while cash holdings and asset growth are not significant. Asset growth has a coefficient of -0.032 with a significance level of 0.631. These results indicate that asset growth does not have a significant direct effect on capital structure in this model.

Model 3 subsequently incorporates two interaction variables: X1_Z and X2_Z. The interaction coefficients and significance levels are used to determine whether asset growth moderates the relationship between institutional ownership and cash holdings with capital structure.

Tabel 10 Moderated Regression Analysis (MRA) equation 3

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,068	0,021		3,229	0,001
	Kepemilikan Institusional	0,463	0,066	0,383	6,973	0,000
	Cash Holding	-0,199	0,115	-0,095	-1,726	0,085
	Pertumbuhan Aset	0,012	0,104	0,010	0,117	0,907
	Kepemilikan Institusional_Pertumbuhan Aset	-0,163	0,386	-0,035	-0,422	0,674
	Cash Holding_Pertumbuhan Aset	0,441	0,344	0,070	1,281	0,201

a. Dependent Variable: Struktur Modal

Source: Secondary data processed, 2026.

Based on Table 10, the MRA equation can be formulated as follows:

$$Y = 0.068 + 0.463X_1 - 0.199X_2 + 0.012Z - 0.163(X_1 \times Z) + 0.441(X_2 \times Z) + e$$

The $X_1 \times Z$ interaction has a coefficient of -0.163 with a significance level of 0.674. Since the significance value is greater than 0.05, asset growth does not moderate the effect of institutional ownership on capital structure. Thus, H3 is rejected.

The $X_2 \times Z$ interaction has a coefficient of 0.441 with a significance level of 0.201. Since the significance value is greater than 0.05, asset growth does not moderate the effect of cash holdings on capital structure. Thus, H4 is rejected.

d. Coefficient of Determination (R^2)

The coefficient of determination is used to measure the ability of all predictors in the MRA model to explain the variation in capital structure. The results are presented in Table 11.

Table 11 Coefficient of Determination (R^2)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,385 ^a	0,148	0,135	0,20461

Source: Secondary data processed, 2026.

The R-squared value of 0.148 indicates that the variables explain 14.8% of the variation in capital structure, while the remaining 85.2% is explained by factors outside the research model. The adjusted R-squared value of 0.135 reflects the

model's explanatory power after accounting for the number of predictors and sample size.

Overall, H1 is accepted, while H2, H3, and H4 are rejected. This conclusion is based on the final model, which satisfied the classical assumption tests.

D. CONCLUSIONS

The findings show that institutional ownership has a positive and significant effect on capital structure in consumer cyclical companies listed on the Indonesia Stock Exchange during 2020–2025. This indicates that greater institutional ownership is associated with greater use of debt in the capital structure.

Cash holding does not have a significant effect on capital structure, indicating that cash availability alone does not determine the company's use of debt. Asset growth does not moderate the relationship between institutional ownership and capital structure or the relationship between cash holding and capital structure.

Therefore, H1 is accepted, while H2, H3, and H4 are rejected. The relatively low explanatory power of the model also indicates that other factors may contribute to capital structure decisions.

E. SUGGESTIONS

Subsequent studies are encouraged to lengthen the observation period and increase the number of research observations. Researchers may also incorporate additional factors that could be associated with capital structure, including profitability, liquidity, asset structure, firm size, business risk, sales growth, interest rates, and dividend policy. In addition, asset growth could be assessed using broader indicators, such as sales growth, investment opportunities, capital expenditure, or the quality of productive assets, in order to provide a more accurate representation of company growth. Future research may also consider firms from different industrial sectors or apply cross-sector comparisons to improve the generalizability of the findings.

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