Jurnal Manajemen Indonesia (Vol. 23(2), pp. 241-253, 2023)
Online ISSN: 2502 – 3713 | Print ISSN: 1411 - 7835

This Journal is available in Telkom University Online Journals

Jurnal Manajemen Indonesia

Journal homepage: journals.telkomuniversity.ac.id/ijm

Analysis of Financial Structure on Profitability and Non-Financial Performance in Industrial Companies

Supardi[1], Sriyono[1], and Sigit Hermawan[1]
[1] Faculty of Law, Business and Social Sciences, Universitas Muhammadiyah Sidoarjo, Indonesia

Abstract
Non-financial performance can be used to determine the success of the company and show the growth of a company. This study aims to examine and analyze the effect of Financial Structure (Working Capital, Asset Structure, and Operating Leverage) on Profitability and Non-Financial Performance in Industrial Companies. The sampling method used is the census method, which is a comprehensive sampling of 15 companies with a 3-year research period from 2019 to 2021. Method A the analysis is with method Partificial Least Square (PLS) using the Smart program PLS 2.0. The results of the analysis show that working capital and asset structure have an effect on profitability. Working capital, asset structure and operating leverage have no effect on non-financial performance. Profitability has an effect on Non-Financial Performance. Profitability mediates the effect of Working Capital and Asset Structure on Non-Financial Performance. Profitability does not mediate the effect of Operating Leverage on Non-Financial Performance. The result shows, that all proposed hypotheses are accepted except Hypothesis High Operating Leverage does not affect the Company's Non-Financial Performance. The company can grow and develop, and can increase the company's profitability by increasing its own capital and reducing some of the company's debt. Non-financial performance can be improved by providing fast, good, and satisfying service to consumers.

Keywords —Working Capital; Asset Structure; Operating Leverage; Profitability; Non-Financial Performance

Abstrak
Kinerja non keuangan dapat digunakan untuk menentukan keberhasilan perusahaan dan menunjukkan pertumbuhan suatu perusahaan. Penelitian ini bertujuan untuk menguji dan menganalisis pengaruh Struktur Keuangan (Modal Kerja, Struktur Aset, dan Leverage Operasi) terhadap Profitabilitas dan Kinerja Non Keuangan pada Perusahaan Industri. Metode pengambilan sampel yang digunakan adalah metode sensus, yaitu pengambilan sampel secara komprehensif dari 15 perusahaan dengan periode penelitian 3 tahun dari tahun 2019 hingga 2021. Metode A analisisnya dengan metode Partificial Least Square (PLS) menggunakan program Smart PLS 2.0. Hasil analisis menunjukkan bahwa modal kerja dan struktur aset berpengaruh terhadap profitabilitas. Modal kerja, struktur aset dan leverage operasi tidak berpengaruh terhadap kinerja non-keuangan. Profitabilitas berpengaruh terhadap Kinerja Non Keuangan. Profitabilitas memediasi pengaruh Modal Kerja dan Struktur Aktiva terhadap Kinerja Non-Keuangan. Profitabilitas tidak memediasi pengaruh Operating Leverage terhadap Kinerja Non Finansial. Hasil penelitian menunjukkan, bahwa semua hipotesis yang diajukan diterima kecuali Hipotesis High Operating Leverage tidak berpengaruh terhadap Kinerja Non Keuangan Perusahaan. Perusahaan dapat tumbuh dan berkembang, serta dapat meningkatkan profitabilitas perusahaan dengan meningkatkan modal sendiri dan mengurangi sebagian hutang perusahaan. Kinerja non keuangan dapat ditingkatkan dengan memberikan pelayanan yang cepat, baik, dan memuaskan kepada konsumen.

Kata kunci — Modal Kerja; Struktur Aktiva; Leverage Operasi; Profitabilitas; Kinerja Non-Keuangan

Article info
Received (21/06/2022)
Revised (03/02/2023)
Accepted (31/07/2023)
Corresponding_supardi@umsida.ac.id
DOI: 10.25124/jmi.v23i2.5029

I. INTRODUCTION

In general, the main purpose of the establishment of a company is to obtain optimal profit from the utilization of its potential properly, especially regarding the management of working capital. Because working capital is the main factor driving the company's operations, where more than half of the total assets of the company are current assets which are elements of working capital. In the management and use of working capital, it must be used efficiently in order to obtain an optimal net profit. The results of research by Nurak (2016); Raheman & Natsir (2007); and Nugroho (2011) found that working capital has an effect on profitability. Working capital is the total current assets of the company (Weston & Brigham, 2016). This is in line with Djarwanto (2019) where the company has sufficient working capital to operate economically, so that it does not experience financial difficulties in covering losses and can overcome crisis or emergency situations without disturbing the company's financial condition. Furthermore, Riyanto (2018), stated that companies in operation need working capital to finance the purchase of raw materials, labor costs, salary costs, electricity and water costs, employee administration costs and so on, where money or operational costs are expected to be profitable in the long run. short. If the company cannot overcome the shortage of working capital, it will result in the company being hampered in achieving its goals (Muktiadji & Lia, 2012).

In the implementation of the company's operations, there is always a gap between the company's vision and mission and the policy processes that are implemented, this creates inefficiencies that affect the policy patterns of each company's management. Through the influence of financial conditions on profitability and non-financial performance of industrial companies can project company profits. Balanced by referring to 4 (four) main aspects, namely finance, customers or users, internal business and industrial development. This is the first step to map the position of companies with different backgrounds, so that a picture/actual condition of each company is obtained. One of the problems faced by management in industrial companies in Indonesia is financial problems, because it collides with the availability of working capital where the company cannot operate because the funds will be used to purchase raw materials and employee salaries. The financial function is very important, because it involves all company activities related to efforts to obtain funds and use these funds effectively and efficiently. For every effectiveness that is carried out, of course, it requires financing issued from capital sources, both in the form of working capital and investment capital (Kaplan et al., 2015).

Performance appraisal by utilizing financial information as an indicator has been widely used, but only by reviewing financial measures as one indicator has not shown perfect results to assess the performance of a company (Kaplan et al., 2015). Then develop a more comprehensive performance appraisal system, which not only uses financial aspects to measure company performance but also non-financial aspects as part of the information system. So in this study, non-financial performance appraisal is reviewed through customer satisfaction. According to Dwiyanto (2017), it is not enough to assess the performance of public organizations only by using indicators attached to the bureaucracy such as efficiency and effectiveness, but also from the indicators attached to service users, Every company must be able to utilize working capital optimally according to the needs in carrying out company activities. Given the importance of working capital in industrial companies in Indonesia, this is a reason to examine the effect of financial conditions on profitability and non-financial performance of Indonesian industrial companies.

The purpose of this study is: to testand analyze the effect of working capital, asset structure, and operating leverage on probabilities in Indonesian industrial companies, examine and analyze the effect of working capital, asset structure and operating leverage on non-financial performance in Indonesian industrial companies and analyze the effect of profitability on non-financial performance, and analyze the effect of working capital, asset structure and operating leverage on non-financial performance through profitability.

II. LITERATURE REVIEW

The grand theory in this study is the signaling theory, which explains that the signaling is carried out by management to reduce asymmetric information. According to Sari & Zuhrotun (2006), signaling theory explains why companies have the urge to provide financial statement information to external parties. This impetus arises because of asymmetric information between the company (management) and external parties, where management knows the company's internal information which is relatively more abundant and faster than outside parties such as investors and creditors. The development of the company's performance and the results that have been achieved by the company need a financial report from the company concerned, where the results of the analysis of the financial statements are the basis for interested parties to make decisions (Rachmawati, 2017).

Martono & Harjito (2016) define profitability as the company's ability to earn profits within a certain period. The more effectively a corporation manages its assets to generate profit, the greater its profitability ratio (Dillak dan Fitri, 2019). Working Capital is net capital which is the excess of current assets with current liabilities, to finance business activities. According to the theory of Weston & Copeland (2012), working capital is the difference between current assets and current liabilities. Thus, working capital is an investment in the form of cash, securities, receivables and inventories minus current liabilities that are used to protect current assets. Analysis of the source and use of working capital is very important both for internal and external analysis, in addition to working capital problems which are closely related to daily operations, it also shows the level of security or margin of safety for creditors, especially short term creditors. Research result Sensini & Vazquez (2021); Alvarez et al. (2021); Arnaldi (2021) found that working capital has an effect on profitability. Based on the description above, the first hypothesis is formulated as follows:

H1 : Working Capital has a significant effect on profits in Indonesian industrial companies.

Baridwan (2015), states: "The asset structure is reflected on the left side of the balance sheet which describe the composition to be financed”. According to Syamsuddin (2015): "The asset structure is a provision for the allocation of costs to each component of current assets and fixed assets". Titman and Wessels (2011) stated that the asset structure is "The balance and comparison of components of fixed assets and total assets". Based on the opinion above, it can be concluded that the asset structure is a comparison between current assets and the company's fixed assets. The higher the asset structure indicates the company's ability to guarantee long-term debt. On the other hand, the lower the asset structure of the company, the lower the guarantee of long-term debt. Every company is trying to increase profitability. If the company succeeds in increasing profitability, it can be said that the company is able to manage its resources effectively and efficiently so as to generate high profits. Conversely, if the company has low profitability, it shows that the company is not able to manage its resources properly, so it does not generate high profits. The results of Baridwan's research (2015) state that profitability is the company's ability to earn profits in sales, total assets and own capital. Based on the description above, the first hypothesis is formulated as follows:

H2 : Asset structure has a significant effect on profit in Indonesian industrial companies.

Operating leverage shows how much the company uses fixed operating expenses. Fixed operating expenses usually come from fixed depreciation, production and marketing costs. Companies that use fixed costs in a high proportion (relative to variable costs) are said to use high operating leverage, in other words the degree of operating leverage for the company is high. If a company has a high level of operating leverage, a high level of sales will result in high revenue. On the other hand, if the level of sales falls significantly significant, the company will suffer losses.

Younas and Sarmad (2020) aim to evaluate the effect of financial leverage and operating leverage on stock systematic risk. In the era of trendy business competition, the power to expand the company's arrival usually depends on the use of economic leverage in the capital structure. Leverage is described as an extended period of debt financing that improves financial performance permanently due to the success of the organization. This is also explained because the use of borrowed funds to ensure investment and so on investment however is very risky if they are not prepared to generate a higher level of income compared to the capital value. For this reason, determining the proportion of debt and equity is one of the most important choices faced by organizations. and any variability in influence will affect the firm's monetary capability, risk, return, investment, strategic calls, and hence the wealth maximization of the organization. During this study, financial leverage and operating leverage as independent variables and systematic risk due to these variables were considered. This study uses a quantitative analysis style.

This study uses correlation analysis and multiple square regression techniques in analyzing the collected knowledge. The study found that financial leverage and operating leverage have a largely positive relationship with systematic stock risk. This study includes that financial leverage and operating leverage have a direct result on the systematic risk of shares in highly future firms. and hence maximize the wealth of the organization. During this study, financial leverage and operating leverage as independent variables and systematic risk due to these variables were considered. This study uses a quantitative analysis style.

This study uses correlation analysis and multiple square regression techniques in analyzing the collected knowledge. The study found that financial leverage and operating leverage have a largely positive relationship with systematic stock risk. This study includes that financial leverage and operating leverage have a direct result on the systematic risk of shares in highly future firms. and hence maximize the wealth of the organization. During this study, financial leverage and operating leverage as independent variables and systematic risk due to these variables were considered. This study uses a quantitative analysis style. This study uses correlation analysis and multiple square regression techniques in analyzing the collected knowledge. The study found that financial leverage and operating leverage have a largely positive relationship with systematic stock risk. This study includes that financial leverage and operating leverage have a direct result on the systematic risk of shares in very coming firms. financial leverage and operating leverage as independent variables and systematic risk because these variables are considered. This study uses a quantitative analysis style.

This study uses correlation analysis and multiple square regression techniques in analyzing the collected knowledge. The study found that financial leverage and operating leverage have a largely positive relationship with systematic stock risk. This study includes that financial leverage and operating leverage have a direct result on the systematic risk of shares in highly future firms. Financial leverage and operating leverage as independent variables and systematic risk because these variables are considered. This study uses a quantitative analysis style.

This study uses correlation analysis and multiple square regression techniques in analyzing the collected knowledge. The study found that financial leverage and operating leverage have a largely positive relationship with systematic stock risk. This study includes that financial leverage and operating leverage have a direct result on the systematic risk of shares in very coming firms. The study found that financial leverage and operating leverage have a largely positive relationship with systematic stock risk. This study includes that financial leverage and operating leverage have a direct result on the systematic risk of shares in highly future firms. The study found that financial leverage and operating leverage have a largely positive relationship with systematic stock risk. This study includes that financial leverage and operating leverage have a direct result on the systematic risk of shares in very coming firms. Based on the description above, the third hypothesis is formulated as follows:

H3 : Operating Leverage has a significant effect on profits in Indonesian industrial companies.

The operating costs of Indonesian industrial companies depend on working capital from banks or investors. Working Capital is net capital which is the excess of current assets with current liabilities, to finance business activities. According to the theory of Weston and Copeland, working capital is the difference between current assets and current liabilities. Brigham & Gapensky (1996) argue that in general, companies that have debt guarantees will find it easier to get debt than companies that do not have debt guarantees. According to the theory of Moh'd (1998); Ghosh (2015); Chung (1993) state that the fixed asset ratio has a significant positive effect on the company's debt level. According to the theory of Brigham & Houston (2009) states,

H4 : Working Capital has a significant effect on non-financial performance in industrial companies in Indonesia.

Asset structure has a positive relationship to the company's capital structure. Study M. Phil (2019), research on asset liquidity and capital structure in Nepalese non-financial companies listed from 2005 to 2014. The results reveal that the structure is strongly influenced by the liquidity position of non-financial companies. This shows that leverage is positively related to asset liquidity. Due to the results, companies should focus on liquidity management to have funding decisions on capital structure that add value to the company from a long-term perspective. The results of Kustanti's research (2020) on the effect of capital structure, liquidity, profitability, and firm size on firm value with total asset turnover as moderating. The results showed, that (1) Capital structure has a negative and insignificant effect on firm value (2) Liquidity has a negative and significant effect on firm value. (3) Profitability has a positive and significant effect on firm value. (4) Firm size has no effect on firm value (5) Capital structure, liquidity, capital structure, liquidity, profitability and firm size simultaneously affect firm value (6) TATO does not moderate capital structure on firm value (7) TATO moderates liquidity to firm value (8) TATO moderates profitability to firm value (9) TATO does not moderate firm size to firm value.

H5 : Asset structure has a significant effect on non-financial performance of industrial companies in Indonesia.

Operating leverage occurs whenever a company uses an asset that incurs fixed costs. If the company does not use fixed costs, in other words everything is variable, then the company will be in an advantageous position. When a company reduces its activities, its costs will also fall proportionally. As long as the selling price is still higher than the variable costs, the company will make a profit.

Performance measurement is an analysis used by companies to improve operational activities in order to compete with other companies. Non-financial performance appraisal is an important activity because based on this assessment it can be used as a benchmark for the success of a company during a certain period. In addition, it can also be a guideline for the improvement or improvement of the company's non-financial performance. Non-Financial Performance is an achievement achieved by the company in a period that reflects the health of the company. Indonesian Industrial Companies as a form of organization generally have certain goals to be achieved in an effort to meet the interests of their members. The research of Vincent & Zakkariya (2021), found that business incubation plays a role in improving the financial and non-financial performance of technology startups.

H6 : Operating Leverage has a significant effect on non-financial performance of industrial companies in Indonesia.

One to know the company condition healthy finances, is to look at the company's financial performance from the company's financial statements. According to Sucipto (2013) defining financial performance is the determination of certain measures that can measure the success of a company in generating profits. Financial performance according to Fahmi (2011) is an analysis carried out to see the extent to which a company has implemented it by using the rules of financial implementation properly and correctly. According to Ichsan (2021)that financial performance as a measuring tool to determine the process of implementing financial resources owned by the company. The results of Rahman's research (2021), found that financial performance as a measuring tool to determine the process of implementing financial resources owned by the company.

H7 : Profitability has a significant effect on non-financial performance in industrial companies in Indonesia.

According to Kaplan & Norton (2015), non-financial performance is measured by measuring market share, how big is the proportion of market segments controlled, the level of acquisition of new customers, the ability to retain old customers, and customer satisfaction. Weston & Copeland (2016) stated that profitability is the net result of policies and decisions. The level of customer profitability and the company's image in the eyes of customers and performance are related to internal processes consisting of innovation, operations and after-sales service. Then the performance of non-financial learning and growth which consists of employee capabilities, information system capabilities and motivation. Research result Arnaldi (2021) found that working capital has an effect on profitability.

H8 : Working Capital has a significant effect on non-financial performance through profitability.

Those who are interested in the development of Indonesian industrial companies need to know the company's financial condition. The financial condition of Indonesian industrial companies can be seen from the financial statements consisting of balance sheets, income statements and other financial statements. Analyzing the financial condition is the first step in determining the financial health of the company. In particular, industrial companies, should check their financial condition in detail so that they can be open. The management is expected to check the balance (networth statement) and check the cash flow (cashflow statement) that has been carried out by financial management. According to Chiappetta (2007), Financial Statements are a summary of financial transactions that occurred during the financial year concerned.

H9 : Asset structure has a significant effect on non-financial performance through profitability.

Operating leverage is an analysis of fixed cost accounts with variable costs, where companies use a lot of fixed assets in operating a business. Every company wants to get the maximum profit for the business it manages so that the company can continue to advance and develop and the company's operational activities can run smoothly. Kaplan and Norton (2015), explain that non-financial performance is measured by customers by measuring market share, how big is the proportion of market segments controlled, the level of new customer acquisition, customer retention ability, customer satisfaction, level of customer and company profitability. image in the eyes of customers and performance related to internal processes consisting of innovation, operation and after-sales service. Primadipta (2012) suggests operating leverage analysis helps company leaders to make decisions to what extent increased sales affect the company's operating profit. Based on this description, the ten hypotheses are formulated as follows:

H10 : Operating Leverage has a significant effect on non-financial performance through profitability.

III. RESEARCH METHODOLOGY

1. Research Design

The research design used is associative design, which is to analyze the relationship between one variable and another or how one variable affects other variables. In this case the associative design used is a causal associative design, namely a causal relationship between one variable and another (Cooper & Schindler, 2016). This research is an analytical survey research with a cross sectional design, used to determine the effect of working capital, asset structure, operating leverage, on profitability and non-financial performance of Indonesian industrial companies.

The researcher uses a case study with a quantitative approach, while the unit of analysis in this research is the effect of working capital, asset structure, operating leverage on profitability and non-financial performance in Indonesian industrial companies. The planning process for the influence of Working Capital, Asset Structure, Operating leverage, on profitability and non-financial performance in Indonesian industrial companies is a process that prepares sales projections for the next one year. Sales projections in volume. The control process is the process of comparing the conditions that have been achieved with sales projections at the beginning of the period.

2. Definisi Operasional Variabel

a. Working Capital is an investment in cash, securities, accounts receivable and inventories minus current liabilities which are used to protect current assets. Working Capital is calculated by the following formula:

$$\text{Working Capital} = \frac{\text{Current Assets} - \text{Current Liability}}{\text{Total Assets}} \times 100\%$$

b. Asset Structure, namely determining how much the amount allocated for each component of current assets and fixed assets. Asset Structure is calculated by the following formula:

$$\text{Asset Structure} = \frac{\text{Total Fixed Assets}}{\text{Total Assets}} \times 100\%$$

c. Operating Leverage is a quantitative measure of the sensitivity of a company's operating profit to changes in sales, called the degree of operating leverage. Operating Leverage is calculated by the following formula:

$$\text{Operating Leverage} = \frac{\text{Change in EBIT Operating Profit}}{\text{Change in Sales}} \times 100\%$$

d. Profitability is a ratio to assess the company's ability to make a profit. Profitability proxied by return on investment (ROI) is calculated by the following formula:

$$\text{ROI} = \frac{\text{Earning after interest and Tax}}{\text{Total Assets}} \times 100\%$$

e. Non-Financial Performance is an achievement achieved by a shipping company in a certain period that reflects the soundness of the company. Non-Financial Performance is proxied by customer retention with the following formula:

$$\text{Customer retention} = \frac{\text{Total is Existing Customer}}{\text{Total Customer}} \times 100\%$$

3. Population and Sample

The population in this study are industrial companies in Indonesia as many as 15 companies starting in 2019 to 2021 which experienced funding bottlenecks in project implementation. The sample is part of the population, considering that the population is small, so the sampling method used is the census method, namely taking a total sample of 15 companies with a research period of 5 years from 2019 to 2021. Data collection is carried out in a time series. Time series) is data that is arranged chronologically according to time on a certain variable and is cross-sectional, ie data collected at a point in time, called polling data with a combined model. This study uses 15 industrial companies for 3 years (series) from 2019 to 2021, with the combined model data obtained as many as 45 industrial companies.

4. Data Analysis Techniques

The data analysis technique used in this study is a structural equation modeling approach based on Partial Least Square (PLS). PLS is a powerful analytical method because it is not based on many assumptions (Solimun, 2011).

IV. RESULTS AND DISCUSSION

1. Research Results

Based on the results of the analysis using SEM-PLS, it can be seen the influence of each variable in the following table.

Table 1. Effect of Working Capital, Asset Structure, and Operating Leverage on Profitability and Non-Financial Performance

Independent Variable	Intervening Variables	Dependent Variable	Direct Effects	P Value	Indirect Effect	Total Effect	Information
Working capital	Profitability	-	0.308	0.003	-	-	Significant
Asset Structure	Profitability	-	0.348	0.002	-	-	Significant
Operating Leverage	Profitability	-	0.140	0.321	-	-	Not significant
Working capital	-	Non-Financial Performance	0.166	0.012	-	-	Significant
Asset Structure	-	Non-Financial Performance	0.234	0.021	-	-	Significant
Operating Leverage	-	Non-Financial Performance	0.289	0.042	-	-	Significant
-	Profitability	Non-Financial Performance	0.320	0.000	-	-	Significant
Working capital	Profitability	Non-Financial Performance	0.166	0.023	0.098	0264	Significant
Asset Structure	Profitability	Non-Financial Performance	0.234	0.022	0.111	0.345	Significant
Operating Leverage	Profitability	Non-Financial Performance	0.289	0.256	0.145	0.333	Not significant

Source: Data processed.

Based on table 1 and figure 1, it can be explained as follows: Working capital has a positive and significant effect on profitability with a coefficient value of 0.308 and a significance value of 0.003 which is smaller than 0.05, thus the first hypothesis which states that working capital affects profitability is statistically tested. Asset structure has a positive and significant effect on profitability with a coefficient value of 0.348 and a significance value of 0.002 which is smaller than 0.05, thus the second hypothesis which states that asset structure affects profitability is statistically tested.

Operating leverage has a positive and significant effect on profitability with a coefficient value of 0.140 and a significance value of 0.321 which is greater than 0.05, thus the third hypothesis which states that operating leverage has an effect on profitability is not statistically tested. Working capital has a positive and significant effect on non-financial performance with a coefficient value of 0.166 and a significance value of 0.012 which is smaller than 0.05, thus the fourth hypothesis which states that working capital affects non-financial performance is statistically tested. Asset structure has a positive and significant effect on non-financial performance with a coefficient value of 0.234 and a significance value of 0.021 which is smaller than 0.05.

Based on the Table 1, it can be described as follows

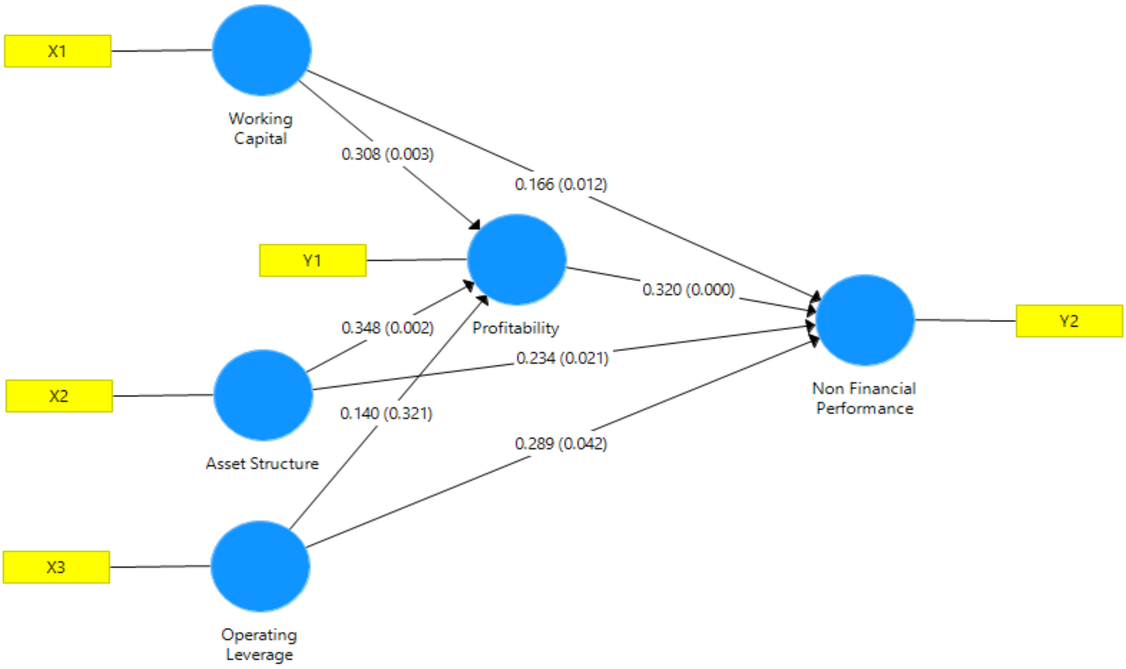

Figure 1. Results of SEM-PLS Analysis

Operating leverage has a positive and significant effect on non-financial performance with a coefficient value of 0.289 and a significance value of 0.042 which is smaller than 0.05, thus the sixth hypothesis which states that operating leverage has an effect on non-financial performance is statistically tested. Profitability has a positive and significant effect on non-financial performance with a coefficient value of 0.320 and a significance value of 0.000 which is smaller than 0.05, thus the seventh hypothesis which states that profitability affects non-financial performance is statistically tested.

The effect of working capital on non-financial performance through profitability is 0.098 and a significance value of 0.023, thus the eighth hypothesis is statistically tested. The effect of asset structure on non-financial performance through profitability is 0.111 and a significance value of 0.022, thus the ninth hypothesis is statistically tested. The effect of operating leverage on non-financial performance through profitability is 0.145, the significance value is 0.256, thus the tenth hypothesis is statistically tested.

V. DISCUSSION

a. Effect of Working Capital on Profitability

Working capital has a significant effect on profitability. This shows that the management of working capital has a very important role to generate profits and can ensure the continuity of the company. Reducing working capital will reduce the opportunities that are open for companies to increase profitability. The results of this study are in line with research by Nurak (2016); Raheman & Natsir (2007); and Nugroho (2011) which state that working capital has a significant effect on profitability. The higher the working capital, the use of which is determined to finance the company's daily operational expenses, the more profitable the company will be, because it also allows the company to operate economically and the company does not experience financial difficulties. Higher working capital indicates a surplus of current assets or the existence of idle funds and is useful for improving company operations, while low working capital indicates a lack of working capital caused by slow capital in inventory turnover. every company always needs working capital to finance its operational activities in both industrial and service companies. Working capital must always be in a state of rotation as long as the company carries out business activities. The greater the company's working capital, the greater the company's ability to meet its short-term obligations. This shows that the company is placing a large amount on the current assets side. Placing funds that are too large in asset positions has two very different effects.

b. Effect of Asset Structure on Profitability

Asset structure has a significant effect on profitability. This shows that fixed assets are company assets that can be used in company operations because in their operational activities the company will generate income. Revenue is an increase in the company's assets or a decrease in the company's liabilities (or a combination of both) during a certain period from the delivery of goods, delivery of services, or other activities that are the main activities of the company. If revenue is greater than expenses, the company makes a profit. Maximum profit is one of the company's goals, because the greater the profit generated by a company indicates the company's health condition. One of the efforts made by a company in maximizing company profits is through the management of existing fixed assets. Managers are required to be able to manage fixed assets properly through the production process, distribution and others. The better the asset turnover, the better the company's health. The results of this study support Emilda et al (2021) who found that asset structure has an effect on profitability.

c. Effect of Operating Leverage on Profitability

Operating leverage has no effect on profitability. Operating leverage is not significant because the company studied homogeneously is a shipping company. The more homogeneous the company in an industry, the fixed costs borne by the company will be more uniform or relatively equal in number, so that fluctuations in company profits are only influenced by fluctuations in sales which are closely related to fluctuations in variable costs. The results of this study support the research of Putra (2013) which states that operating leverage has no significant effect on earnings per share.

The use of fixed cost assets with the expectation that the revenue generated by the users of the asset will be sufficient to cover fixed costs and variable costs. Operating leverage shows how much the company uses fixed operating expenses. Fixed operating expenses usually come from fixed depreciation, production and marketing costs. Companies that use fixed costs in a high proportion (relative to variable costs) are said to use high operating leverage, in other words, the level of operating leverage for these companies is high. If a company has a high level of operating leverage, a high level of sales will result in high revenue. On the other hand, if the level of sales decreases, it will be a loss.

The results of this study are not in line with the research of Wenty & Murtanto (2016), nor are they in line with the research of Raheman & Natsir (2007). in other words the level of operating leverage for the company is high. If a company has a high level of operating leverage, a high level of sales will result in high revenue. On the other hand, if the level of sales decreases, it will be a loss. The results of this study are not in line with the research of Wenty & Murtanto (2016), nor are they in line with the research of Raheman & Natsir (2007). in other words the level of operating leverage for the company is high. If a company has a high level of operating leverage, a high level of sales will result in high revenue. On the other hand, if the level of sales decreases, it will be a loss. The results of this study are not in line with the research of Wenty & Murtanto (2016), nor are they in line with the research of Raheman & Natsir (2007). A high level of sales will result in a high income. On the other hand, if the level of sales decreases, it will be a loss.

The results of this study are not in line with the research of Wenty & Murtanto (2016), nor are they in line with the research of Raheman & Natsir (2007). in other words the level of operating leverage for the company is high. If a company has a high level of operating leverage, a high level of sales will result in high revenue. On the other hand, if the level of sales decreases, it will be a loss. The results of this study are not in line with the research of Wenty & Murtanto (2016), nor are they in line with the research of Raheman & Natsir (2007). A high level of sales will result in a high income. On the other hand, if the level of sales decreases, it will be a loss.

The results of this study are not in line with the research of Wenty & Murtanto (2016), nor are they in line with the research of Raheman & Natsir (2007). in other words the level of operating leverage for the company is high. If a company has a high level of operating leverage, a high level of sales will result in high revenue. On the other hand, if the level of sales decreases, it will be a loss. The results of this study are not in line with the research of Wenty & Murtanto (2016), nor are they in line with the research of Raheman & Natsir (2007). The results of this study are not in line with the research of Wenty & Murtanto (2016), nor are they in line with the research of Raheman & Natsir (2007). in other words the level of operating leverage for the company is high. If a company has a high level of operating leverage, a high level of sales will result in high revenue. On the other hand, if the level of sales decreases, it will be a loss.

The results of this study are not in line with the research of Wenty & Murtanto (2016), nor are they in line with the research of Raheman & Natsir (2007). A high level of sales will result in a high income. On the other hand, if the level of sales decreases, it will be a loss. The results of this study are not in line with the research of Wenty & Murtanto (2016), nor are they in line with the research of Raheman & Natsir (2007).

d. Effect of Working Capital on Non-Financial Performance

Working Capital has a significant effect on non-financial performance. This shows that working capital is one of the most important aspects of the company's overall expenditure management. Therefore the company must be able to maintain the level of capital, if it is not possible the company will be in an illiquid state (unable to pay its maturing obligations) and may even be forced to be liquidated. Working capital is an important element of the company in carrying out business activities, one of the conditions for the success of a company is proper working capital management. Most of the causes of bankruptcy arise because of weak policies and decisions in the field of working capital, working capital management determines the company's liquidity position and liquidity is a condition for the company's success with good working capital management is expected to trigger the workforce. To produce quality products, quality products are certainly desired and sought after by consumers/customers. When consumers or customers believe in the quality of the company's products, it is expected to increase the sales volume of these products so that in the end it can affect the company's profitability. The results of this study support Sijabat (2020) who found that working capital has an effect on performance. When consumers or customers believe in the quality of the company's products, it is expected to increase the sales volume of these products so that in the end it can affect the company's profitability. The results of this study support Sijabat (2020) who found that working capital has an effect on performance. When consumers or customers believe in the quality of the company's products, it is expected to increase the sales volume of these products so that in the end it can affect the company's profitability. The results of this study support Sijabat (2020) who found that working capital has an effect on performance.

e. Effect of Asset Structure on Non-Financial Performance

Asset structure has a significant effect on non-financial performance. This means that the asset structure plays an important role in determining optimal non-financial performance. Shipping Company in maintaining and increasing market share in the targeted customer segment begins with retaining existing customers in that segment. Customer retention helps to better identify the character or value expected by customers as strategic considerations are carried out. Thus, to be able to support the company's needs in order to achieve success in the future with a competitive strategy, a balanced view is needed. Industrial companies in developing their business at the national and international levels need to set goals to increase the customer base in the target segment or called customer retention. The results of this study support As'ari (2017) who found that asset structure has an effect on performance.

f. Effect of Operating Leverage on Non-Financial Performance

The effect of operating leverage on non-financial performance is not significant. This means that a high level of operating leverage does not affect non-financial performance. Operating leverage is the use of assets that incur operating costs in the form of depreciation and others in the hope of obtaining income to cover fixed costs and variable costs. Industrial companies are job order companies, in this case the average use of funds uses the company's internal funding sources, meaning that the source of funds comes from within the company itself. These sources arise from the results obtained from the efforts made by the company. From this effort, the company will get results and profits or profits. Operating leverage is the use of certain property or assets that will add to the company's fixed expenses such as machinery, buildings and so on, in this case the fixed expense is depreciation expense. Assets in the form of machinery and land at industrial companies prior to receiving the project so that depreciation costs cannot be calculated considering their high value. Fixed operating costs are incurred so that sales volume can generate income that is greater than all fixed and variable operating costs. Syamsuddin (2011) states that, if a company has a high operating leverage, then a small increase in sales can increase a large percentage of the company's performance. On the other hand, if the company has low operating leverage, then a decrease in sales will cause a disproportionate decrease in the amount of performance. The impact arising from the existence of fixed operating costs is a change in sales volume which results in a change in operating profit and loss that is greater than the predetermined proportion.

g. The Effect of Profitability on Non-Financial Performance

Profitability has a significant effect on non-financial performance, which means that the higher the company's profitability, the higher the non-financial performance. Profitability is a factor that must receive special attention because to be able to sustain the life of the company, the company must be in a favorable condition. Without profit, it will be difficult for companies to attract capital from outside. Investors believe that companies with high profitability have a great opportunity to pay dividends and have the opportunity to finance their investment projects internally. Consequently, investors are increasingly interested in buying company shares so that the share price increases so that non-financial performance will also increase. Profitability provides a broad indication that a company has the ability to increase its income level. Profitability must be kept stable because high profitability basically reflects the management has worked effectively and efficiently in operating the company.

The results of this study are in accordance with Priatna (2016) which states that the performance of each company can be said to be good if the level of profitability of the company it manages is high or in other words maximum, where this profitability is generally always measured by comparing the profits earned by the company with a number of estimates that become measure of company success. Profitability must be kept stable because high profitability basically reflects the management has worked effectively and efficiently in operating the company.

The results of this study are in accordance with Priatna (2016) which states that the performance of each company can be said to be good if the level of profitability of the company it manages is high or in other words maximum, where this profitability is generally always measured by comparing the profits earned by the company with a number of estimates that become measure of company success. Profitability must be kept stable because high profitability basically reflects the management has worked effectively and efficiently in operating the company. The results of this study are in accordance with Priatna (2016) which states that the performance of each company can be said to be good if the level of profitability of the company it manages is high or in other words maximum, where this profitability is generally always measured by comparing the profits earned by the company with a number of estimates that become measure of company success.

h. The Effect of Working Capital on Non-Financial Performance Through Profitability

Profitability mediates the effect of working capital on non-financial performance, which means that working capital can improve non-financial performance, if the company's profitability increases. The results of this study Astuti et al (2015) who found that capital structure had an effect on performance. Working capital is an important element for the company because it functions to finance daily operational activities. If the company is not able to manage working capital properly, it will hamper the profitability obtained so that it has an impact on non-financial performance. Working capital is very important to determine the level of company liquidity because the better the management of working capital, the better the level of liquidity.

The existence of working capital will allow the company to meet short-term obligations that are useful for carrying out daily operational activities. Meanwhile, liquidity shows the company's ability to fulfill its obligations. The amount of working capital must be sufficient, namely to be able to finance all expenses in the company's daily operational activities which will have an impact on the company operating efficiently and not experiencing financial difficulties. If working capital is excessive, it will result in some of the available funds being unproductive because excess working capital will cause waste. Companies that do not have sufficient working capital will be trapped in running their operations and may later lose profits. Meanwhile, liquidity shows the company's ability to fulfill its obligations. The amount of working capital must be sufficient, namely to be able to finance all expenses in the company's daily operational activities which will have an impact on the company operating efficiently and not experiencing financial difficulties. If working capital is excessive, it will result in some of the available funds being unproductive because excess working capital will cause waste.

Companies that do not have sufficient working capital will be trapped in running their operations and may later lose profits. Meanwhile, liquidity shows the company's ability to fulfill its obligations. The amount of working capital must be sufficient, namely to be able to finance all expenses in the company's daily operational activities which will have an impact on the company operating efficiently and not experiencing financial difficulties. If working capital is excessive, it will result in some of the available funds being unproductive because excess working capital will cause waste. Companies that do not have sufficient working capital will be trapped in running their operations and may later lose profits. The amount of working capital must be sufficient, namely to be able to finance all expenses in the company's daily operational activities which will have an impact on the company operating efficiently and not experiencing financial difficulties. If working capital is excessive, it will result in some of the available funds being unproductive because excess working capital will cause waste.

Companies that do not have sufficient working capital will be trapped in running their operations and may later lose profits. The amount of working capital must be sufficient, namely to be able to finance all expenses in the company's daily operational activities which will have an impact on the company operating efficiently and not experiencing financial difficulties. If working capital is excessive, it will result in some of the available funds being unproductive because excess working capital will cause waste. Companies that do not have sufficient working capital will be trapped in running their operations and may later lose profits.

i. The Effect of Asset Structure on Non-Financial Performance Through Profitability

Profitability mediates the effect of asset structure on non-financial performance, which means that asset structure can improve non-financial performance, if the company's profitability increases. Companies that have high profitability are able to run their lives and in favorable conditions, so that companies can attract capital from outside. The company will try to increase profits because it is important for the company's future. The asset structure is very important for the company because it involves the policy of using the most profitable source of funds, the source of funds that will be used by the company for its operations in order to achieve the company's goal of maximizing profit which has an impact on increasing non-financial performance. As the opinion of Syamsuddin (2015:

j. The Effect of Operating Leverage on Non-Financial Performance Through Profitability

Profitability is not able to mediate the effect of operating leverage on non-financial performance, which means that operating leverage cannot improve non-financial performance, even though the company's profitability has increased. Debt is needed if the financing of projects will generate a profit that is greater than the cost of debt and the increased business risk can be managed properly. So, the higher the profitability, the greater the retained earnings and will be offset by smaller debt. Brigham and Houston (2011) suggest that operating leverage works in two directions, namely it can increase the company's profits and increase the company's losses. Profitability provides a broad indication of increasing retained earnings and keeping debt low. Company management can apply the pecking order framework to make financial decisions. Management must also carefully control the unprofitable costs caused by increasing the company's income such as perquisites. Debt policies that keep debt usage low should be maintained due to the abundance of internal resources in order to minimize financial distress, bankruptcy risk and high cost of capital.

VI. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis, it can be concluded that working capital and asset structure have an effect on profitability. Operating leverage has no effect on profitability. Working capital, asset structure and operating leverage affect non-financial performance. Profitability has an effect on non-financial performance. Profitability is able to mediate the effect of working capital and asset structure on company performance. Profitability is not able to mediate the effect of operating leverage on non-financial performance. With the increasing competition against industrial companies, in seeking profit it cannot exceed 10% of the selling price so that industrial companies tend to lose. Moreover, working capital is funded from bank loan funds or from investors where loan interest rates fluctuate so much that it is difficult for industrial companies to increase profits. It is evident from the results of the study, that the financial condition as measured by working capital affects the profitability of Indonesian industrial companies. The need for working capital is one of the most important asset elements in the company, because without working capital the company cannot meet the funding needs to carry out its activities. A financial manager is required to pay attention to sources of funds in fulfilling working capital so that managers are faced with various choices of funding sources, both short-term and long-term. This source of funds is used as a source of expenditure and company management in every company activity to be more efficient and ready to face corporate competition in the future. This shows that the management of working capital has a very important role to generate profits and ensure the continuity of the company, reduced or excessive working capital will be able to reduce the opportunities that are open for Indonesian industrial companies to increase profitability.

If the industrial company is based on job orders, the value of the asset structure varies according to the contract value agreed on in the order. It can be concluded that asset structure has a significant effect on profitability. Determining a good asset structure for a company is not an easy task. Managers must be careful and use precise calculations in determining how much to invest in fixed assets and how much current assets are appropriate to balance the two. Companies that have larger fixed assets generally use long-term capital, while companies that use more current assets will generally use short-term capital. The longer the period of use of an asset in the company, the greater the risk Given the continuous development and advancement of technology and science, in an economic sense an asset can have a relatively short life, although technically it can still be used. That is, the investment decision in assets must take into account the economic life, costs incurred, and risks that may arise. This shows how important it is to determine the asset structure of the company. In determining how the right composition of the asset structure requires the ability of managers to analyze past conditions, as well as future forecasts related to the company's long-term goals. Leverage is the use of assets or funds that have fixed costs to increase returns to company owners. Companies based on orders have asset values that vary according to orders obtained by the company. From the research results stated that operating leverage has no effect on profitability.

If the company's operational costs depend on working capital from banks or investors. The weakness of working capital is the lack of working capital resulting in decreased profit ability due to the slow turnover of company funds, with less supportive working capital resulting in decreased company performance. It can be concluded that working capital has a significant effect on the non-financial performance of Indonesian industrial companies. This shows that working capital is one of the most important aspects of the overall management of Indonesian industrial companies. If the industrial company operates based on job orders, the value of the asset structure varies according to the contract value and the type of goods ordered from the buyer. It can be concluded that the company's assets have piled up uncontrollably because they are waiting for a similar project. The results show that the asset structure has a significant effect on the non-financial performance of Indonesian industrial companies. This means that the asset structure plays an important role in determining optimal non-financial performance. Efforts to maintain and increase market share in the target customer segment usually begin with retaining existing customers in the customer segment. Operating leverage has no significant effect on the non-financial performance of Indonesian industrial companies. Industrial companies based on job orders have low sales changes and low EBIT operating profit changes so that the effect of operating leverage on non-financial performance is not significant. This means that a high level of operating leverage does not affect the company's non-financial performance. The study only used 15 companies with an observation period of 5 years, due to data limitations and the companies studied only used shipyard companies listed on the Indonesia Stock Exchange. Industrial companies can grow and develop, so to increase the company's profitability is to increase its own capital and reduce some of the company's debt, then own capital will play a role and profitability will also be better, on the contrary if you still rely on capital from outside it will cause a higher interest expense. must be borne by the company. Non-financial performance can be improved by providing fast, good, and satisfying service to consumers. The government provides policies to foster nationalism in the use of domestic products. For further research, it is better to examine other industrial companies with a longer observation period.

REFERENCES

As'ari, Hasim. (2017). Analisis Pengaruh Struktur Aktiva Dan Profitabilitas Terhadap Struktur Modal Dan Kinerja Perusahaan (Studi Kasus pada Perusahaan BUMN Yang Terdaftar di BEI). *JRAMB, 3* (2): 68-90.

Baridwan, Zaki. (2015) *Intermediate Accounting,* BPFE, Yogyakarta

Beaver, W.H. (2017). Perspectives on Recent Capital Market Research. *The Accounting Review*, *77*(2), 453 – 474.

Berlian, Inge. (2017). *Financial Management One, 5,* PT. Prehallindo. Jakarta.

Brigham, Eugene F, & Philips R. Daves. (2004). *Intermediate Financial Management, Eighth Edition, South Western, United States.*

Demirguness. (2008). The Effect of Working Capital Management on Firm Profitability: Evidence from Turkey. *The International Journal of Applied Economics and Finance. Finance, 2,* 44-50.

Djarwanto, (2016), Principles of Financial Statement Analysis,*Yogyakarta: BPFE- Yogyakarta*. *1*(8).

Dillak, Vaya Juliana, dan Zaza Humaida Fitri. (2019). Identifying financial distress firms: a case study on property and real estate companies listed in Indonesian Stock Exchange. *Jurnal Manajemen Indonesia, 19*.(3),292-297.

Emilda, Sari, G.L.D , Sihotang, F.R., Desvita, L.A. (2021). Pengaruh Struktur Aktiva terhadap Profitabilitas Perusahaan Subsektor Kontruksi Bangunan dan Subsektor Semen di Indonesia. *Jurnal Ilmiah Ekonomi Global Masa Kini*, *12*(2), 91-94.

Fahmi, Irham. 2011. *Financial Performance Analysis*. Bandung : Alfabet.

Francis, J. R. Lafond, P. Olson, dan K. Schipper. (2004). Cost of Equity and Earnings Attributes. *The Accounting Review*. *79* (4): 967-1010.

Ghozali, Imam. (2007). *Application of Multivariate Analysis With SPSS Program*. Semarang: Badan Penerbit Universitas Diponegoro.

Gitman, Lawrence J. (2003). *Principles of Managerial Finance, Tenth Edition, Pearson Education, Inc., United States.*

Ichsan, Reza Nurul, Sudirman Suparmin, Mohammad Yusuf, Rifki Ismal, & Saleh Sitompul. (2021). Determinant of Sharia Bank's Financial Performance during the Covid-19 Pandemic. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*, *4*(1), 298-309.

Kaplan, Robert S, and Norton David P. (1996). *Balanced Scorecard : Implementing Strategies for Action. Translation*: Peter R. Yosli Pasla. Erlangga. Jakarta.

Martono dan Agus Harjito. (2016). *Financial management.* Edisi 1, Ekonisia, Yogyakarta.

Nugroho, Setyo Budi. (2011). Effect Analysis of Working Capital Efficiency, Likuiditas Dan Solvabilitas Terhadap Profitabilitas (Studi Kasus pada PT. Telekomunikasi Indonesia, Tbk). *Jurnal Ilmu Administrasi Bisnis.* Semarang.

Nurak, Moa. (2016). Influence of Working Capital Policy to ROA on Property Company /Real Estate yang Masuk Pasar Modal di Indonesia. *Jurnal Riset Ekonomi dan Bisnis, 3*(2).

Priatna, Husaeri. (2016). Pengukuran Kinerja Perusahaan Dengan Rasio Profitabilitas. *Akurat: Jurnal Ilmiah Akuntansi*. 7 (2), 44-53.

Putra, Indo Ratmana. (2013). Analisis Pengaruh Operating Leverage Dan Financial Leverage Terhadap Earning Per Share (Eps) Di Perusahaan Properti Yang Terdaftar Di BEI (2007-2011). *Jurnal Ilmu Manajemen,* 1(1) ,318 – 328.

Rachmawati, Diana Widhi. (2017). Evaluasi Kinerja Keuangan PT Pupuk Sriwijaya Dilihat Dari Rasio Likuiditas. *Jurnal Manajemen Indonesia,* 17(3), 205-218.

Raheman, Abdul dan Mahamed Nasir. (2007). *Working Capital Management and Profitability – Case of Pakistani Firms. International of Business Research Papers,3* (1), 279 – 300.

Sari, Ratna Candra dan Zuhrotun. (2006). Keinformatifan Laba di Pasar Obligasi dan Saham : Uji Liquidation Option Hypothesis. *Simposium Nasional Akuntansi 9*.

Sijabat, Jadongan. (2020). Pengaruh Pengelolaan Modal Kerja Terhadap Kinerja Keuangan Studi Kasus PT Pelabuhan Indonesia I (Persero) Medan. *Journal of Economics and Business*, 2 (1), 1-13.

Syamsuddin, Lukman. (2015). *Manajemen Keuangan Perusahaan (Konsep Aplikasi dalam : Perencanaan, Pengawasan, dan Pengambilan Keputusan)*.

Titman, Sheri, & Roberto Wessel. (2011). Determinant of Capital Structure. *Journal of Finance,XLIII*. (1).

Wenty & Murtanto. (2016). Pengukuran Komprehensif atas Strategi Modal Kerja Melalui Rasio Perdagangan (Merchandising Ratio). *Media Riset Akuntansi, Auditing dan Informasi, 1* (1).

Weston, J. Fred, & Thomas E. Copeland. (2012) . *Financial Theory And Corporate Policy,* 5thEd, Addison-Wesley Publishing Company, Inc, USA.

Wild, John J., K.R. Larson & Chiappeta. (2007). *Financial Accounting Fundamentals.* Mc-Graw-Hill Companies.