INSTITUT TAZKIA
Islamic Economics & Business • Law • Education

Tazkia Islamic University College
Institut Agama Islam Tazkia
الجامعة الإسلامية تزكيا

AICIF
ASEAN Universities International Conference on Islamic Finance

PROCEEDING 8th

November 24-26, 2020 AD
9-11 Rabiul Akhir 1442 H

"Islamic Finance's Contribution to Sustainable of Human Development in Asean"

Co Host :

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA
STATE ISLAMIC UNIVERSITY SUNAN KALIJAGA YOGYAKARTA
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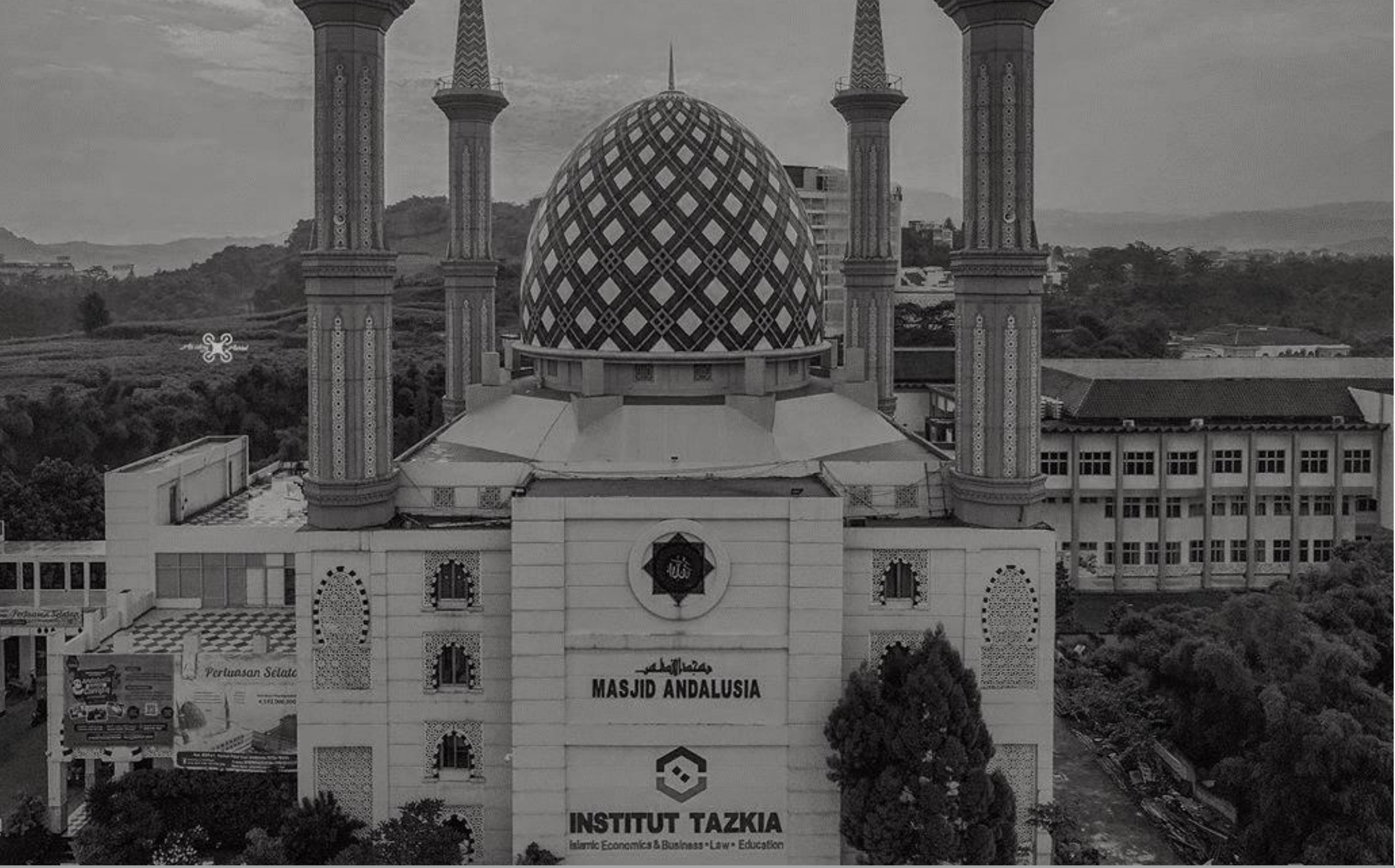
Secretariat: ICIFE International Council of Islamic Finance Educators



Co Organizer :

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Acknowledgement

Assoc. Prof. Dr. Murniati Mukhlisin, M.Acc, CFP
Rector of Tazkia Islamic University College

Assalamu'alaikum warahmatullahi wabarakaatuh

First of all, let us thank Allah SWT for permitting us to be here, despite the Covid-19 pandemic that still require us to limit our physical interaction. Secondly, I would like to express my gratitude to the organizing committee for their hard work and dedication in preparing the 8th AICIF conference this year. I sincerely thank the International Council of Islamic Finance Educators board, which is the engine behind the networking of ASEAN Islamic educators. The credit also goes to all co-organizers for their contribution to make this conference possible despite such a difficult situation we are in. *Jazaakumullah khairan katsiran.*

When I announced Tazkia's willingness to be the host of the 8th AICIF, in Unida last year, I immidiately promoted Bogor with all its places of interests that we could visit after the conference. Unfortunately, it is impossible now due to current travel limitation that we endure due to pandemic. Therefore, many of you are not able to physically enjoy the beauty of Bogor, however the organizer has prepared a virtual sightseeing which I hope you will find it exciting. The Covid-19 pandemic has impacted many people's live, just as what has been described in QS Al-Baqarah (2): 155 that Allah SWT tests mankind through fear, hunger, loss of wealth, lives and fruits. However, Allah SWT has promised that He would offer good tidings to those who remain patient. I still promise you that we will become a host again someday, and will entertain you with the real Bogor, so please be patient.

In my speech today, I would like to address whether we as educators and researchers have contributed something to the ummah through Islamic economics and finance. This may be too early to tell, but we should carry out serious research to respond to this question and seek recommendation for our future course of action.

In my early stage of research analyzing 250 Islamic economics papers from 2014-2020 shows that the contribution of Islamic economic studies toward economic growth has positive trend. Global Islamic Economy Indicator (GIEI) score released by Dinar Standard is shown to be significantly related to Gross Domestic Product (GDP) of each country. However, numbers of researchers, R&D cost, and gross enrollment are not significant enough to influence both GIEI and GDP. The research suggests that more invesments in all countries are required to ensure the increase in number of researchers and research costs which eventually would result to the increase in number of researches. When number of researches increases, it is expected that it would contribute more positively towards the GIEI and GDP of each country. This research also finds that research direction of the studies under review mostly employ post-positivism and constructivism–interpretivism paradigms with countries being researched are mostly Malaysia, UAE and Indonesia. That's from macro development perspective.

From micro development side, I have observed 21,193 participants attended Islamic personal finance training between 2011-2020, consists of 90 percent Muslim participants, 90 percent Indonesians living in 28 different countries. I found that 80% of the participants have not fully embraced shariah finance in their daily life. It covers right from engaging Islamic finance various products and services, understanding Islamic contracts, calculating personal zakat and resolving issues on inheritance. I even have observed that many Islamic economics and finance educators, researchers, practitioners have not embraced real shariah practices in their daily life. It seems to them, perhaps to us, Islamic economics and finance are mere formality.

Thus, I absolutely agree that we should ensure stability of the socio-economic and financial systems with the present challenges in advancing the human development. Therefore, I urge everyone here to form a solid cemented structure that is mentioned in QS As-Saff (61): 4 in order to address human development issues. Today, we have a very difficult task. Yes, we have successfully produced nearly a million alumni studied Islamic economics and finance in our respective universities but we are in grey area whether they spent years just to get a degree and a good career, or they turn up to be agents of change themselves and became better persons with *akhlaqul karimah*, as well as ready to deliver change in their societies.

Amidst with the current advancement in technology, Al-Qur'an remains valid to address to this pertinent question, let's shape our students with Al-Qur'an, integrate our academic curriculum and co-curriculum activities with Al-Qur'an, and change of research paradigm with Al-Qur'an. With that, I conclude my speech.

Thank you.

Wassalamu'alaikum warahmatullahi wabarakaatuh

Rundown

THE 8th AICIF TAZKIA ISLAMIC UNIVERSITY COLLEGE
"Islamic Finance's Contribution to Sustainable Human Development in Asean"
NOVEMBER 24 - 26, 2020

Day 1: Tuesday, November 24, 2020

Time	Agenda
08.00 - 08.30	**Registration (30")**
08.30 - 09.00	**Opening, Recitation of Holy Qur'an, Video of Tazkia Islamic University College, Indonesia Raya & Hymne IAI Tazkia (30")**
09.00 - 10.00	**Opening Session** **1. Opening Speech by Host of 8th AICIF 2020** **a. Assoc. Prof. Dr. Muhammad Syafi'i Antonio, M.Ec (20'')** Founder of Tazkia Cendekia **b. Assoc. Prof. Dr. Murniati Mukhlisin, M.Acc, CFP (20'')** Rector of Tazkia Islamic University College **2. Opening Speech by Co-Host of 8th AICIF 2020 (20'')** **a. Prof. Al Makin, MA, Ph.D** Rector's of UIN Sunan Kalijaga Yogyakarta
10.00 - 12.00	**Keynote Speaker** ▪ **Mr. Priyono (20'')** **Director of the Department of Sharia Economics and Finance, Bank Indonesia** **Panel Speaker I** **Sub-Theme: ASEAN Halal Industry and Islamic Finance in Sustainable Development Programs** 1. **Assoc. Prof. Dr. Nurul Aini Muhamed (30'')** University Sains Islam Malaysia 2. **Dr. Hakimah Yaacob (30'')** **Senior Assistant Professor, Faculty of Islamic Economics & Finance, University of** Sultan Sharif Ali, Brunei Darussalam 3. **Dr. Indra, M.Si, (30'')** Tazkia Islamic University College, Indonesia
12.00 - 13.00	**Break (60'')**
13.00 - 15.00	**Panel Speakers II** **Sub-Theme: Islamic Finance and Sustainable Development Issues in Asean Perspective** 1. **Professor Dr. Hasanuddin Abdul Aziz (30'')** International Islamic University Malaysia 2. **Assoc. Prof. Dr. Muhammad Abduh (30'')** University of Brunei Darussalam 3. **Dr. Sutan Emir Hidayat (30'')** National Commitee of Economy and Islamic Finance (KNEKS)
15.00 – 15.30	**Break**
15.30 – 17.30	**Panel Speakers III**

	Sub-Theme: Islamic Social Finance and Sustainable Development Issues in Asean Perspective 1. **Prof. Dr. Salina Kasim (30'')** Dean of International Institute of Islamic Banking and Finance (IiiBF) 2. **Dr. Bayu Taufik Pasuma (30'')** Tazkia Islamic University College 3. **Prof. Dr. Zurina Shafii (30'')** University Sains Islam Malaysia
17.30 - 18.00	***Closing***

Day 2: Wednesday, November 25, 2020

Time	Agenda
08.30 - 09.00	**Registration (30")**
09.00 – 12.00	**Panel Speakers I** ***Sub-Theme: Islamic Finance Education and Community Development*** 1. **Assoc. Prof. Dr. Syed Musa Syed Jaafar Alhabshi (30'')** ICIFE/ International Islamic University Malaysia 2. **Dr. Khoirul Umam (30'')** University of Darussalam (UNIDA) Gontor 3. **Assoc. Prof. Dr. Abdurrahman Haqqi (30'')** University Islam Sultan Sharif Ali 4. **Dr. Afif Zaerofi, S.Pd., MM., (30'')** Tazkia Islamic University College 5. **Dr. Minombao P. Ramos-Mayo (30'')** Graduate School Mindanao State University, Marawi City Philippines
12.00 – 13.00	**Lunch Break and Dhuhur Prayer (60")**
13.00 - 15.00	**Panel Speakers II** ***Sub-Theme: The role of Islamic Banking in community Development*** 1. **Mr. Romy Buchari, (30'')** **PT Maybank Indonesia, tbk** 2. **Dr. Ken Sudarti, M.Si** Sultan Agung Islamic University (UNISSULA) ***Sub-Theme: Islamic Micro Finance and Sustainable Development Goals*** 1. **Dr. Yulizar Djamaluddin Sanrego, M.Ec, (30'')** University of Darussalam (UNIDA) Gontor 2. **Prof. Dr. Abdul Ghaffar (30'')** Universiti Sains Islam Malaysia (USIM)
15.00 – 15.30	**Break**
15.30 – 17.30	**Parallel Session I** a. **Colloquium** b. **Paper Presentation** c. **Project Video**

17.30 - 18.30	**Closing for Participants, Break for Committee**
19.30 - 20.30	**Discuss for ICIFE Members**

Day 3: Thursday, November 26, 2020

Time	Agenda
08.30 - 09.00	**Registration (30")**
09.00–10.00	**Rector's Talk** 1. **Assoc. Prof. Dr. Murniati Mukhlisin,M.Acc, CFP (20'')** Rector of Tazkia Islamic University College 2. **Prof. Dr. Amal Fathullah Zarkasyi, M.A(20'')** Rector of Darussalam Gontor University 3. **Prof. Dr. Bedjo Santoso(20'')** Rector of Sultan Agung Islamic University 4. **Dr. Habib W. Macaayong** President, MSU system, Philippines
10.00–12.00	**Parallel Session II** a. **Colloquium** b. **Paper Presentation** c. **Project Video**
12.00–13.00	**Break (60'')**
13.00-15.00	**Parallel Session III** a. **Colloquium** b. **Paper Presentation** c. **Project Video**
15.00–15.30	**Break**
15.30–17.30	**Parallel Session IV** a. **Colloquium** b. **Paper Presentation** c. **Project Video**
17.30- 18.00	**Appreciation for Best Paper and Closing**

CORPORATE PERFORMANCE ENHANCEMENT MODEL THROUGH WORKING CAPITAL EFFICIENCY ON THE PROFITABILITY AND SIZE OF COMPANY AS CONTROL VARIABLE

Ibnu Khajar
A lecturer at the Faculty of Economics Unissula, Semarang

Abstract

The main objective of this research is to examine the effect of efficient working capital on corporate performance. The objects of this research are manufacture companies listed in Indonesia Stock Exchange from 2010 through 2017. The research design in this study are consisted of several dependent and independent variables. Corporate performance with stock price indicators and working capital efficiency with the Cash Conversion Cycle (CCC) indicator as the dependent and independent variables. The amount of sales, ROA and ROE as an indicator of company size and profitability both as a variable control. The results of regression analysis used Smartpls-3 revealed a significant positive effect as well as control variables.

Key words: Corporate Performance, ROA, TS and CCC

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Key words: Corporate Performance, ROA, TS and CCC

INTRODUCTION

Fundamentally, good management of current assets and current debt affect profitability, risk and corporate performance (Altaf & Shah, 2018) . They guarantee continuity of every step to realize the goods which meet the needs of consumers and ultimately profit as the main objective of the existence of company. Investment level execution must be managed well, when it doesn't moderate it will reduce the level of profitability, and when it doesn't too aggressive it will potentially lose customers because their needs are not well served. The component of working capital includes the cash retained, the level of receivables granted to consumers, the amount of inventory held to support sales volume, and the level of trade payables used to finance part of the company's sales level (Nobanee et al., 2011) .

The adequate cash is the important component owned to finance the daily operations of the company so that it can run its business activities. The credit sales policies can increase consumer access to buy products and sustain sales increases. It takes time to receive and use cash back which affect the amount of provided cash. The increase in sales volume as a result of competition and the success of the business strategy must be supported by adequate inventory investment so that consumers can get the desired goods. The relationship between the amount of cash, the amount of receivables given to consumers as well as the amount of investment in inventories and even the size of loans provided by suppliers of basic and raw materials (short-term debt) are the important variables in working capital management. In a one hand, this is the important of the working capital management to achieve the objectives, in the other hand the insignificant topic in academics research reinfore to conduct this research.

The working capital policy is necessary to be considered by the management since it becomes an important factor on the profitability and the company performance (Abuzayed, 2012) . Availability of the working capital guarantees the stability of sales levels, that can sustains profitability and company performance also the stock price. In the opposite, if there is an excessive investment in current assets, it will reduces the rate of return on investment. An aggressive or moderate working capital policy affect on profit and risk, the two important aspects faced by the company. The minimize investment in working capital (aggressive- model), which means having minimum amount in investment performance of each component, brings risk. For example, the limited supply of finished goods can make the consumers run away and find other companies since there is no more supply needed by them. Likewise, other components such as raw material inventory, the level of credit sales given to the second consumers if they have shortages or low performance, affect the cost and income. These risks affect the level of profit and the company's stock price. The management should determine the efficient working capital that can balance the profitability and the risk.

The homogeneity indicator of working capital efficiency does not guarantee the homogeneity results of the study even it can contradict one another. On the one hand it is noted that the efficiency of working capital as measured by CCC has a positive effect on profits (Abuzayed, 2012). It means that the more inefficient (moderate), the longer the CCC, the longer days in inventory, the more accounts receivable, and the shorter in the settlement of trade payables so the higher level of profit. On the other study revealed that that these two variables affect negatively (García-teruel & Martínez-solano, nd) , (Nwude et al., 2018) , (Rahman & Mohd-virtuous, 2004) , (Shubita, 2004) ,, (Wasiuzzaman, 2015) . The more efficient (aggressive), the shorter the CCC, the shorter the days in inventory, accounts receivable and the longer the time interval for paying off trade debts , the higher the profit , the higher the performance of the company (Alarussi & Alhaderi, 2018). Since those controversy results contrast related the topic done in Indonesia, it becomes an interestingg for study back in the realm of filling the gap. The difference between this study and the previous one is giving some new variables as control into the model which are company size and profitability. It is also the reinforcement empirical findings between efficient working capital and company performance

THEORETICAL REVIEW

Working Capital Profitability and Company Performance

Maximizing the wealth of shareholders will be achieved by carrying out three policies, one of them is an investment decision. Investments in current assets can be investments in cash, receivables or inventories, all of which are often referred to as investments in working capital. Working capital includes all components in the balance sheet on current assets while net working capital does not include current debt. Investment management in current assets and current liabilities right component of financial theory which is very important because it is the execution of three important decisions in the theory of financial management. The choice and policy of working capital affect not only profitability but also the company performance (Abuzayed, 2012) .

The working capital management affects risk and profitability level. The tendency to maximize profits does not make maximum availability of liquidity so there is a short term debt obligations risk, otherwise the tendency to focus on liquidity may reduce profitability because of the magnitude of investment in current assets . The efficient working capital is an important thing because it directly affects the profitability and liquidity of the company and company performance (Ibn Khajar, 2020) . The efficiency of working capital has traditionally been measured using several financial ratios such as the Current Ratio and Quick ratio. Both of them are used to determine the company's ability when the company stop operating or being liquidated (Jose et al., 1996). The fact is that the company continue operating, the ratio is less useful because it is based on static financial statements. The measurement of the new dimension based on the assumption that the company is still running is the Cash Conversion Cyclus (CCC) which has been widely used by previous researchers as a benchmark for the efficiency of working capital on corporate profitability and performance (Abuzayed, 2012), (García-teruel & Martínez-solano, nd), (Shubita, 2004) , (Martı & Garcı, 1980) , (Altaf & Shah, 2018) , (Raheman & Qayyum, 2010) , (Saghir, 2011) , (Wasiuzzaman, 2016). The CCC rate is calculated by adding days inventory outstanding and Days Sales Undersanding minus Days Payable Outstanding.

Hypothesis – 1 **:** Efficiency of working capital significantly affects the company's performance.
Hypothesis - 2 **:** Profitability significantly affects company performance .

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Company Size and Company Performance

Company size reflects a company’s capacity and ability to produce and sell goods and services to consumers to get income and profits. An overview of the aspects of the manufacturing company, increased number of production cost significantly affect dercreasing a fixed cost per unit, an important factor in the competition due to an impact on the declining selling prices . The larger affects on the bigger level of sales and subsequent earnings , profits and the company performance (Abor, 2005) ; (Alarussi & Alhaderi, 2018) .

Resource-based theory states that the greater the amount of resources owned, the greater the size of the company, the greater the alternative sources of funding that are cheaper so that they can operate with relatively low capital costs. No doubt the situation is able to boost the level of corporate profits (Alarussi & Alhaderi, 2018).

Hypothesis 3 : Company size significantly affects company performance.

Research Method

Population and Sample

The population used in this study is manufacturing companies that are listed on the Indonesia Stock Exchange (BEI) from 2010 through 2017. The sample with consideration (purposive sampling) calculation of research variables is in food and beverage, cigarette and cosmetics and household appliances sub-sectors which have a completed finance report. Besides the suitability with variables, those sub-sectors are also the active sectors because they meet people daily needs.

Population and Sample

The population is all manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period of 2010 - 2017. Purposive sampling is used to obtain a sample of the population with several considerations:

1. Registered on the IDX before 2010
2. No loss
3. The company is incorporated in the manufacturing sector, with the Food & Beverage as sub-sector.

Based on those sampling method, it is obtained 16 companies from 2010 to 2107, with 128 observations.

Data and Data Sources

The secondary data in the Indonesian capital market (ICMD) is used to analyze and answer the problems and research hypotheses. The documentation method is used to retrieve related data.

Definition of Variable Operations

Dependent variable in this study is the profitability variable (ROA). The independent variables are the cash conversion cycle (CCC) as an indicator of working capital efficiency and total sales (TS) as an indicator of company size. The operational definitions and measurements of the dependent and independent variables are as shown in Table 1 .

TABLE 1
OPERATIONAL DEFINITION OF RESEARCH VARIABLES

Variable	Operational definition	Indicator	Scale
Profitability	The level of profit obtained is based on the company's investment in assets	ROA = EBIT / Toatal assets ROE = EAT / Equity (Alarussi & Alhaderi, 2018)	Ratio
Cash Conversion Cycle (CCC)	The time lag between spending cash for purchasing productive resources and receiving the money back	CCC = PP + PI-PH (Abuzayed, 2012) , (Wasiuzzaman, 2015)	Ratio
Company Size	Company size reflects the company's capacity and ability to produce and sell goods and services to consumers in in orser to get income and profits	Total sales log (Alarussi & Alhaderi, 2018)	Ratio
The performance of the company	The capitalization performance of the company's assets in the eyes of investors (the market) is reflected in the stock price	Log-stock price (Isshaq et al., 2009)	Ratio

Analysis Method

Regression Analysis Model

The model used in this analysis is as follows:

Model 1: Y1 = b1X1 + b2X2 + b3X3

Information:
Y1 = Company Performance
X1 = Cash Conversion Cycle (CCC)
X2 = Company size
X3 = Profitability
a = constant
b1, b2 and b3 = regression coefficient of the independent variables

Partial Least Square (PLS)

Smart- PLS 3 software used in this study to answers the problems and research hypotheses through descriptive and statistical analysis. Partial Least Square (PLS) is a powerful analysis method because it does not have to assume data normality. It includes two components of analysis, outer and inner *model* .

The outer model is used to analye data quality includes the validity and reliability of the data. Validity, includes *convergent* and *discriminant validity,* first is done by analyzing the performance loading factor whose performance > 0.7 and second, the root of AVE is more than construct correlation coefficient with the other construct or construct correlation coefficient with the indicator is greater than the other constructs . Furthermore, for reliability is found by measuring composite reliability performances with a minimum performance of 0.7 and Average Variance Extracted more than 0.5. It is stated realiable if the calculated performance exceeds the limit,.

The inner model, includes the acceptance and rejection of the hypothesis, was analyzed. The criteria are done by comparing t-tables with arithmetic or seeing the level of significance. If t-count is higher than the t-table then H1 is accepted and if it is not, H0 is accepted.

Empirical Results
Summary of Statistics

Table 2 shows that the cash conversion cycle (CCC) has an average performance of 134 days, the maximum is 117 days and the minimum is 8 days. It means that they have to pay short-term debt obligation over a longer period than the velocity of money on finished products and inventories. ROA has an average performance of 19% , a maximum of 86% and a minimum of 2%. ROE has an average performance of 13.7 %, a maximum of 6 6% and a minimum of 0 %.

TABLE 2
STATISTICAL SUMMARY

	N	MEAN	MIN	MAX	STD
CCC	119	134.31	-7.98	117.46	122.37
Log- TS	119	6.59	5.34	8.00	0.76
ROA	119	0.191	0.02	0.87	2.69
ROE	119	0.137	0.00	0.66	0.13
Log- HS	119	3.65	1.90	6.08	0.91

Source: Smart-PLS3 data processing results

The research model can be visualized schematically by SEM (Structural Equation Model) Smart-PLS3. Figure 1 shows the regression between control variables and company performance, while Figure 2 shows control variables plus the main variable, working capital (CCC) and company performance (log-stock price).

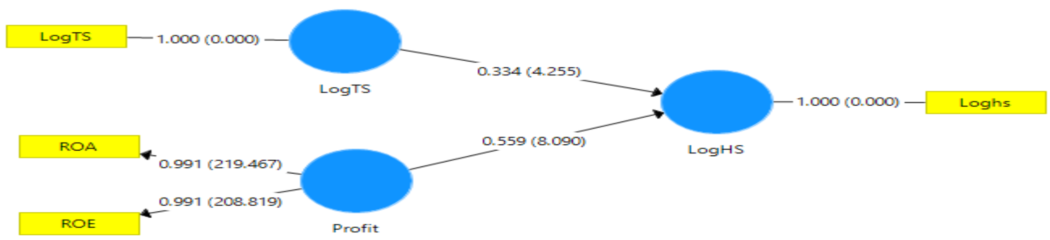

FIGURE - 1
REGRESSION BETWEEN VARIABLES CONTROL
WITH COMPANY PERFORMANCE

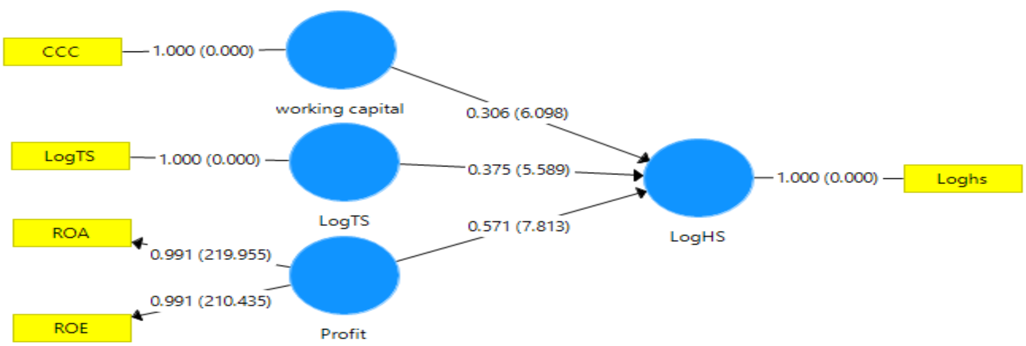

FIGURE -2
REGRESSION BETWEEN VARIABLES CONTROL
AND MAIN VARIABLES WITH COMPANY PERFORMANCES

Outer Model

Convergent Validity

Table 3 shows the loading factor performances for each indicator of a construct. Based on this performance, it can be concluded that all constructs have fulfilled convergent validity because all loading factors> 0.7.

TABLE 3
LOADING FACTOR

Indicator	Original sample (loading factor)
CCC ←·Working Capital	1.00
TS log ←·Size	1.00
HS log ←·Company Performance	1.00
ROA ←·Profitability	0.991
ROE ←·Profitability	0.991

Source: processed data

Discriminant Validity

Table 4 shows the cross loading performances between constructs and indicators. Based on this performance, the correlation between constructs and indicators is greater than other constructs , so that it is concluded that all constructs have fulfilled convergent validity.

T

TABLE 4

CROSS LOADING FACTOR

Indicator	**LogHS**	**LogTS**	**Profitability**	**Working Cptl**
CCC	0.210	-0,144	-0,072	1,000
LogTS	0. 463	1,000	0.231	-0,144
LogHS	1,000	0 . 463	0. 636	0.210
ROA	0. 632	0 . 263	0. 991	-0,081
ROE	0. 627	0 . 194	0. 991	-0,063

Source: processed data

Reliability

Table 5 shows the reliability composite performances for all constructs. Based on the composite reliability of more than 0.7 and a performance of more than 0.5 AVE root , so it can be concluded that it meets the requirements of reliability.

TABLE 5

COMPOSITE RELIABILITY

Indicator	**Composite Reliability**	**Average Variance Extracted (AVE)**
Working Cptl	1,000	1,000
Size	1,000	1,000
Company performance	1,000	1,000
Profitability	0. 991	0.991

Source: processed data

Inner model

Table 6 shows a summary results of the multiple regression analysis using Smart PLS-3, the regression coefficient, t-count and adjusted – R^2 research model. Column 2 shows the results of the regression analysis between control variables and company performance. Column 3 shows the analysis results of the control variable and the main variable, working capital, on the dependent variable, company performance.

Column 2 shows that control variable has a significant positive effect on company performance, with an adjusted – R^2 performance of 50.1%. After the main variable (working capital) is entered into the model, column 3 shows that the variable has a significant positive effect and the control variable does not change and the adjusted – R^2 even increasing to 59.1% .

The increasing adjusted $-R^2$ can be revealed that variable control works properly, it means that that after working capital variables are entered the model and the model becomes better than the previous model. The main variable has a significant positive effect on the company performance with the assumption of profitability and company sizes are constant. A company with specified profits and size specified affect the company performance, the size of the working capital still has significant influence in it.

TABLE 6
MULTIPLE REGRESSION OF CORPORATE PERFORMANCES

Variable	1	2
Working Capital		0306 (5823) *
Profitability	0.559 (7,810) *	0.571 (7,953) *
Size	0.334 (4,019) *	0.375 (5,434) *
Adj	0.501	0.591

Source: Smart-PLS3 data processing results
* Significant at the 0.01 level

Discussion

Working Capital and Company Performance

It is empirically proven that working capital has a significant positive effect on company performance. The greater working capital (CCC), is the greater company performance. This finding supports previous researches, such as Abuzayed and Chowdury (Abuzayed, 2012) .

When performance of the CCC is bigger, the working capital is also getting bigger. It is known that CCC is an index number which is the sum of investment in receivables and inventories minus short-term debt. The greater the index performance with the assumption that fixed debt can be ensured investment in the remaining component (accounts receivable and inventory) is getting larger. The greater of accounts receivable means the customer has the opportunity to buy products on credit and has a relative period of time for repayment. This condition is very beneficial for customers so that it can influence and invite more customers to buy company products. Then the company's sales increase, profits increase, and stock prices also increase.

Based on the inventory aspect, the greater level of company inventory in the form of raw materials , auxiliary materials, semi-finished goods and finished goods should be able to guarantee the availability of stock needed by customers. This condition can prevent customers move to other companies because the stock of goods is always available. This condition causes the customer feel comfortable staying in business transactions and establishing a business because there is a guarantee that the purchase can be well served because of the availability of stock of goods. As a result, the company's sales are stable and can even increase due to the effect of the availability of adequate goods needed by buyers so that the company's profits and stock prices will increase.

Profitability and Company Performance

Empirically, it is proved that profitability has a significant positive effect on company performance. The greater the profitability (ROA , ROE) so the greater the performance of the company. This finding supports previous researches, such as Abuzayed and Chowdury (Abuzayed, 2012) .

One of the main stock investor expectations is to obtain dividends and capital gains from shares owned. Capital gain is the difference between the price of buying and selling shares. Fundamentally changes in stock prices due to demand and supply side factors. The greater the demand is the greater the stock price. The question is why demand for shares rises, one of the factors is because investors get a promising signal that they will get rewards from buying shares from dividends and gains. One of the information that raises the profitability signal factor. The higher the profit, then the impact on the greater distributed dividends. It can make investors to buy shares, so that the demand side rises and share prices will rise.

Company Size and Company Performance

The company size measured by TS has a significant positive effect on company performance. It means that the higher or larger size companies, the higher the profitability (ROA). In vice versa, the smaller the company size then the lower profitability.

The larger company size is the greater the capacity in operating the company. Investment decisions can be implemented in a larger copany size, This is reflected in the level of sales generated right. Other aspects are also increasingly common alternative sources of funding used so that more leverage in selecting good funding sources. Its immediate impact will be reflected in the level of corporate profitability (Ibn Khajar, 2020) ; (Alarussi & Alhaderi, 2018) . Furthermore, the greater profitability will ultimately affect on the size of the dividends paid to shareholders and finally the share price.

Conclusion

1. The more inefficient working capital the higher the company performance
2. The greater size of the company the higher the company performance
3. The greater profitability the more the company performance

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