

ABSTRACT

The study aims to analyze non-linear relationships between working capital financing and firm performance, as well as recognize the impact of financial constraints on the relationship. The population of this study is the entire manufacturing company listed in the Indonesia stock exchange, period 2014-2018. The selection of research samples was conducted by purposive sampling that produced the final sample of 120 companies. The method used in this study is panel GLS regression with software named eviews 9 as an analysis tool. The results show that WCF have significant negative effects on corporate performance, while the WCF² has significant positive effects on company performance that confirm the research hypothesis where non-linear linkage exists between working capital financing and firm performance. Then the study also shows that there is an impact of financial constraints in the relationship between working capital financing and firm performance.

Key Words: *Working Capital, Working Capital Financing, Financial Constraints, Interest Coverage Ratio, Firm Performance, Return On Equity*