

## ABSTRACT

*This study aiming in analyzing the impact of Working Capital Financing and Corporate Profitability of Indonesian Manufacturing Firms in the period 2014-2018. Profitability is measured by using Return on Assets (ROA). The independent variables used in this study are Working Capital Financing (WCF), Working Capital Financing<sup>2</sup> (WCF<sup>2</sup>). Followed by control variables consisting of Company Size (SIZE) and Liquidity (CR).*

*The sample used in this study collected from 64 manufacturing firms that have been listed on the Bursa Efek Indonesia (BEI) and firms that have a positive working capital ratio on the period 2014-2018. Profitability is measured using the return on assets (ROA). The independent variables used in this study are Working Capital Financing (WCF), Working Capital Financing<sup>2</sup> (WCF<sup>2</sup>). Followed by control variables consisting of Firm Size and Liquidity. Samples were taken using purposive sampling method. The analysis technique in this study is using the GMM model specifications, the Wald test, the t statistical test, and hypothesis testing using panel regression models.*

*Through the Wald test shows that WCF, WCF<sup>2</sup>, Firm Size and Liquidity have a significant effect on the ROA of manufacturing firms. The results of the t-test in this study indicate that WCF has a significant negative effect on the ROA, while WCF<sup>2</sup> has a significant positive effect on ROA. This means that the non-linear relationship between WCF and ROA is U-shaped. Furthermore, all control variables, Firm Size and Liquidity, has a significant negative effect on ROA.*

*Keywords: Return on Assets, Working Capital Financing, Working Capital Financing<sup>2</sup>, Firm Size, Liquidity*