The Important Evidence of Leverage in Mediating the Effect of Sales Growth and Capital Intensity on Profitability

Sarah Triayuni
Fakultas Ekonomi dan Bisnis, Universitas Jenderal Soedirman

Najmudin
Fakultas Ekonomi dan Bisnis, Universitas Jenderal Soedirman

Rio Dhani Laksana
Fakultas Ekonomi dan Bisnis, Universitas Jenderal Soedirman

Alamat: Kampus Grendeng, Jl Prof. H. R. Boenyamin, Purwokerto.
Corresponding author: najmudin_najmudin@yahoo.com

Abstract*. The main goal of this study is to assess the impact of sales growth applying the leverage as mediator factor and capital intensity to profitability. The population of study consist of 41 manufacture corporates registered at the IDX which the observation period during year 2019 to 2020. Based on the data analysis and result of study applying Structural Equation Modeling-Partial Least Square or SEM-PLS, the evidence shows that there is no impact significantly from sales growth to profitability. Meanwhile, sales growth has an impact positively to leverage; financial leverage has an impact negatively to profitability; and financial leverage could mediate the effect of sales growth variable to profitability. In addition, capital intensity has an impact negatively to profitability. As the implication, this result recommends that manufacture companies should avoid using debt to finance their operation because it could lead to a decrease in profits.*

Keywords*: capital intensity, leverage, profitability, sales growth.*

Abstrak. Studi ini secara khusus memiliki tujuan menguji pertumbuhan penjualan dengan memposisikan faktor *leverage* sebagai mediasi dalam memengaruhi profitabilitas. Cakupan populasi pada studi ini sebanyak 41 perusahaan manufaktur yang tercantum dalam daftar emiten BEI selama waktu pengamatan mulai 2019 hingga 2020. Berdasarkan penganalisisan data dan hasil penelitian yang menggunakan *Structural Equation Modeling-Partial Least Square* atau SEM-PLS menunjukkan temuan tidak terdapat pengaruh pertumbuhan penjualan pada profitabilitas; *leverage* keuangan memiliki pengaruh secara negatif pada profitabilitas; pertumbuhan penjualan memiliki pengaruh secara positif pada *leverage*; dan *leverage* mampu memediasi pengaruh pertumbuhan penjualan pada profitabilitas. Selain itu, intensitas modal memiliki pengaruh secara negatif pada profitabiltas. Implikasi dari hasil studi ini perusahaan manufkatur sebaiknya menghindari penggunaan hutang dalam mendanai operasinya karena hal itu dapat menyebabkan penurunan keuntungan yang diperoleh.

Kata kunci: intensitas modal, *leverage*, pertumbuhan penjualan, profitabilitas.

INTRODUCTION

The term "profitability" refers to a corporate capacity to generate profits within a predetermined time frame from all of available assets and resources, including sales activities, idle cash, capital or investment decision. In order to compete with other corporates and prevent any financial problem within the company, the business constantly strives to increase profits to the fullest. Additionally, it presents a measure of effectiveness for management of a corporate achieve level of sales or investment income (Kasmir, 2012:114).

The information of profitability is not only useful for investors, but high profitability is also useful for companies to increase their stock prices. Based on the signaling theory that there is empirical evidence that if there is an increasing in profit, it would often lead an increasing in stock prices. The financial ratios of a company could change from time to time which is similar to manufacturer firms registered at the IDX. The following is a figure 1 presenting changes in returns on assets (ROA).

Figure 1 presents the average ROA during 2017-2021 suggesting that most manufacturing companies experienced in fluctuation on their return on assets (ROA). Either an increase in net income or a decrease in total assets contributed to the rise in ROA. On the other hand, an increase in total assets or a decrease in net income would generate in a decrease in ROA. From the results of prior studies, several factors influence profitability. Factors that affect profitability include sales growth, leverage, capital intensity, and tangibility (Widhi & Suarmanayasa, 2021 and Aldy et al., 2018).

Figure 1. Profitability based on Average Return on Assets Year 2017-2021

One of the variables that could affect the level of profitability in a firm is sales growth. It is a measurement of the decrease or increase in the sales level from period to period. The growth of sales in a company is highly expected by management so that the business continuity could continue to run well and generate maximum profit. The greater sales growth rate indicates the firm is successful in carrying out its strategy. A firm with higher in sales growth absolutely do not need larger external capital to fulfill its operational expenses. Higher growth companies are preferred to profit from investments with promising prospects.

The profitability of business rises proportionately to the anticipated sales. Sales growth is calculated by the difference between year-end sales and early-year sales. It is then compared with early-year sales as the base year. Sales growth influences on increased company profitability and firm value. Research of Sukadana and Triaryati (2018) informs that growth of sales has a positive influence to profitability. However, this is contrary to the research from Nugroho & Pangestuti (2011) which informs that the sales growth variable had no significant influence to profitability.

The previous study showed inconsistent results regarding the effect of the sales growth variable on the magnitude of profitability. Explicitly, the research gap in this study is that there has not been any previous research that examines leverage as a mediator variable to explain these inconsistent results. Research from Pujiani & Prasetiono (2012) utilized the leverage as dependent variable and the sales growth as independent variable. In addition, research from Zulkarnaen (2018) utilized the leverage as independent variable with the profitability (ROA) as dependent variable. From the differences in the placement of leverage in previous studies, the author propose a contribution in the research model applying the leverage as a mediating variable.

Leverage is the risk used to determine how much of a company's assets come from debt or capital. With this ratio, a company could know its position, fixed obligations to other parties, and value of fixed assets to capital. Profitability is directly influenced by the leverage. A company that has a relatively high debt ratio would has higher take-up expectations when the economy is in normal condition, but it has a risk of loss when the economy is in a recession. Because in a recession its operations do not generate enough

profit to meet interest payments, the cash would shrink and the company could likely need to raise funds.

The elaboration of second major factor is the influence of capital intensity to profitability. Capital intensity could be defined as the level of investment of the firm's assets in its fixed asset. Capital intensity is closely related to business capital to be able to reap maximum income and profits (Nurjannah, 2017). Research conducted by Kasir (2021) has a result in the analysis that there is a positive causality from capital intensity to financial performance with ROA proxy. If it is analogous to the intensity of capital, it will make companies compete to invest a lot in the fixed asset so that later depreciation could appear. Depreciation expense on fixed assets will reduce profits so that the taxes paid by corporate was also reduced.

Sales growth could generate greater company revenue. Improved revenue acquisition indicates that the firm's profit might also increase. Widhi and Suarmanayasa (2021) conducted research related to the influence of sales growth to profitability for textile and garment subsector companies. The results of the research revealed that there is a positive significant effect of sales growth to profitability. Similar finding was revealed by Sukadana and Triaryati (2018), Arif et al. (2015), and Suryaputra and Christiawan (2016). Based on the several findings in the previous studies, the first hypothesis compiled is as follows:

H_1: Sales growth has a positive influence towards profitability

The company in its operations uses a debt as additional capital so that its income increases as well as its profitability. The research of Christian et al. (2018) examines the role of leverage towards profitability at telecommunications sub-sector firms and shows that the financial leverage has a negative siginficant influence to company profitability. The similar findings appears in several studies among others Putra & Badjara (2015). Sukadana & Triaryati (2018), and Mahardhikan and Marbun (2016). Therefore, the hypothesis could be stated as follows:

H_2: Financial leverage has a negative influence towards profitability.

The addition of sales certainly shows that the costs incurred also increase. This causes firm need to increase its funds that could come from debt. Debt policy (leverage) could be projected by debt to equity ratio (DER) and debt to asset ratio (DAR). Research

from Mulyati (2016) analyzed the influence of sales growth towards debt policy at food and beverage companies and found that that sales growth has a positive significant influence towards debt policy. This finding is in line with evidences from Wibowo & Lusy (2018), Geovana & Andayani (2015), and Hidayat (2013). Therefore, we propose the hypothesis as expressed as follows:

H_3: Sales growth has a positive influence towards leverage.

Through increased sales growth, the firm's profitability would increase (Widhi and Suarmanayasa, 2021). On the other hand, research from Mulyati (2016) reveals that higher sales growth influences an increase in the leverage. Furthermore, the useful of debt as additional funds would boost the operations in company so that it can increase its income and profit. According to the results of previous studies, we expect the hypothesis stated as follows:

H_4: Financial leverage is able to mediate the impact of sales growth to profitability.

Capital intensity is a ratio describing all of the firm's assets invested in its fixed asset. This description suggests that the larger the number of asset in a firm, the better the firm's performance which could be measured by its profitability. In other word, a high-intensity ratio could lead to increased profitability. Kasir (2021) and Karcela (2014) found positive causality related to the role of capital intensity to projected profitability with proxy ROA ratio. In addition, Rinaldi (2017) and Winarno et al. (2015) also found that capital intensity has a significant positive impact to company profitability. According to previous findings, we propose a hypothesis as follows:

H_5: Capital intensity has a positive influence towards profitability.

In accordance to the hypotheses development, we propose the model on this research as appears at figure 2.
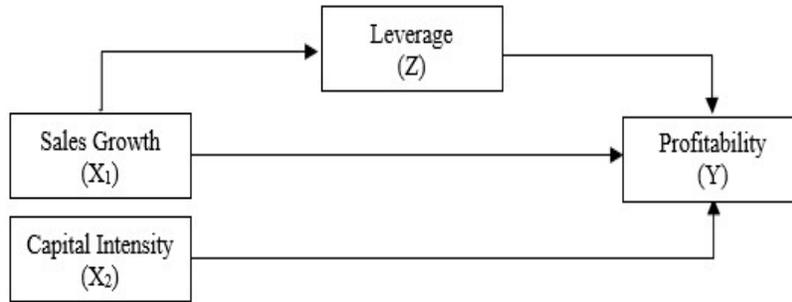
Figure 2. Research Model.

RESEARCH METHODS

To analyze the variables and the relationship, this study collect the secondary data of each digital banking corporations registered at IDX. All data needed for this study were provided in their financial report. The financial reports were taken from the official website of IDX (www.idx.co.id).

The research population consists of manufacturing companies registered as members of Indonesian Stock Exchange during period 2019 - 2020. In this research, the size of sample was determined using the purposive-sampling technique, also known as the design of non-probability sampling. In this method, the researcher based on a number of specific criteria chose the sample of companies. In accordance with the goals of this study, the companies chosen as the research sample must meet the following requirements:

1. The publication of the financial statements of manufacturing companies, especially in 2019-2020;
2. The use of the rupiah exchange rate in the presentation of its financial report; and
3. The existence of company archives related to financial statements for at least the last 2 (two) years.

The ability of a corporate to obtain earnings over a given period is called profitability. Profit is frequently used as one indicator of a company's performance. whereas a high profit indicates good performance and a low profit indicates poor performance. Profit is frequently compared to sales, assets, and equity, among other financial factors and it was used to measure the efficiency of the use of company asset. According to Hery (2015:228), several indicators could measure the profitability, namely

return on assets. The ratio shows how much of assets play a role in creating net income (Nahdi et al., 2013; Sukeci et al., 2013). To put it another way, this ratio is used to determine the amount of net profit that will result from each rupiah of money that was embedded in total asset. ROA is determined with the formula as follows:

$$\text{ROA} = \frac{\text{net profit}}{\text{total assets}}$$

Sales growth is a forecast of future sales within a company by looking at previous sales (Brigham and Houston, 2016:260). It is a measurement of the increase for sales from year to year in a company. It was very important information because by knowing how much this sales growth, the company could estimate how much earnings achieved. A company that has higher sales growth would need to invest more in various assets including current and fixed assets. The management needs to think about the best way to get money to spend these assets. The measurement method is to compare amount of sales at year t minus sales at the previous year against amount of sales at the previous year.

$$\text{Sales Growth} = \frac{\text{sales(t)} - \text{sales(t} - 1)}{\text{sales(t} - 1)}$$

The ratio for sales to total asset is called capital intensity reflecting the company's performance using its assets to obtain sales (Winarto, 2015). It is an entry barrier for new companies that are going to enter the oligopoly market or new markets. A company that has a high level of ability of course to get profits would be easier. According to Muzakki and Darsono (2015), capital intensity is the amount of capital used by a firm to allocate in fixed assets. This asset is utilized to assist the operations of a firm in the production of goods and services. The capital intensity ratio describes how much the firm invests all total assets to its fixed assets (Wijayanti et al., 2017).

$$\text{Capital Intensity} = \frac{\text{fixed assets}}{\text{total assets}}$$

According to Tampubolon (2013:41), the use of debt to finance a portion of a company's assets is explained by the leverage ratio. Financing with debt affects the corporation because debt has an influence on the corporation in paying interest on the debt, which can cause financial difficulties that can end in corporate bankruptcy (Yuliastari et al., 2021). However, debt also provides a tax shield for interest, which can

be advantageous to shareholders. Therefore, the use of debt must strike a balance between its benefits and drawbacks. Leverage is a ratio that indicate the firm's ability to fulfill its long-term obligation (Dwiputri & Najmudin 2021; Banani et al., 2021). The formula of debt to asset ratio (DAR) was stated as follows:

$$DAR = \frac{\text{total debt}}{\text{total assets}}$$

The analysis technique is a process for analyzing research data, where the output of the analyzed data can provide useful information for research purposes. To produce useful information for research purposes, we analyze and interpret research data. The following analysis techniques are useful for facilitating in interpreting and concluding research results. The first is descriptive statistical analysis. This analysis is used to describe an overview of all variables and data in this study. This descriptive is in the form of maximum and minimum values, average (mean), and standard deviation.

The second is SEM-PLS analysis. Data analysis in this study was carried out with the help of SmartPLS version 3 software using the Structural Equation Modeling (SEM) method. SEM has a high degree of flexibility, making it suitable for explaining relationships between variables in research models, especially for research that links theory with data. Suzana et al. (2022) and Rosid et al. (2022) have applied SEM method to examine the role of mediator factor. In addition, PLS-SEM is able to analyze paths with all the variables in a regression model. PLS was not based on assumptions that are too wordy, so the analytical method can be said to have strong results. In conducting an analysis using PLS, the data in the study does not have to be large.

RESULTS AND DISCUSSION

Descriptive Statistic of Data. The descriptive statistical analysis of each variable in this study was shown in table 1. It provides a description of the statistical data regarding sales growth, capital intensity, leverage (DER), and profitability (ROA). Based on the values presented at table 1, the fact that ALKA owns the minimum value of -0.3825 for sales growth in 2019. In 2020, MARK recorded the maximum value of 0.5640 for sales growth. The sales growth for the companies in manufacturing sector has a standard deviation of 0.1559 and an average value of -0.0102. A lot of variation in the sales growth data is indicated by standard deviation values that are higher than the average.

Table 1. Descriptive Statistic of Data

Variables	Minimum	Maximum	Mean	St, Dev.
Sales Growth	-0.3825	0.5640	-0.0102	0.1559
Capital Intensity	0.0025	0.8361	0.5173	0.1852
Leverage	0.0696	0.8583	0.4168	0.1954
Profitability	0.0004	0.2003	0.0452	0.0433

Table 1 also presents that ALKA owns the minimum capital intensity value of 0.0025 in 2020. Meanwhile, in 2019, the maximum capital intensity value was 8.361 at SMCB. The manufacturing companies have an average value of 0.5173 for capital intensity and a standard deviation of 0.1852. Capital Intensity data with low variation are characterized by standard deviation values that are lower than the average.

It can be deduced from table 1 that IFII has 0.0696 as the minimum value of leverage (DER) in 2020. In 2019, SINI recorded a maximum value for leverage (DER) of 0.8583. The Manufacturing Sector's leverage (DER) averages 0.4168, with a standard deviation of 0.1954. A low variation in the Leverage (DER) data is indicated by standard deviation values that are lower than the average. Table 1 informs also that CAKK will own the minimum Profitability (ROA) value of 0.0004 in 2020. In 2020, MARK recorded a Profitability (ROA) maximum of 0.2003. The Manufacturing Sector's Profitability (ROA) has a standard deviation of 0.0433 and an average value of 0.0452. A low variation in the Profitability (ROA) data is indicated by standard deviation values that are lower than the average.

Table 2. Average Variance Extracted (AVE) Results

Variables	Capital Intensity	Leverage	Profitability	Sales Growth
Capital Intensity	1			
Leverage	-0.123	1		
Profitability	-0.191	-0.433	1	
Sales Growth	0.009	0.294	-0.270	1

Outer Model. Outer model in this analysis includes validity test, reliability test, and goodness of fit (GOF). The measurements used to measure the GOF in this study consisted of SRMR, NFI, and RMS_Theta tests, which are explained, in the following description:

1. Convergent validity. The correlation between a PLS-calculated construct score and an item or component score is used to evaluate the validity of convergent for a model measured and a reflective indicator. If the correlation coefficient of the reflective measure and the construct measured is greater than 0.70, it is considered high. However, the loading value from 0.50 until 0.60 is sufficient for the study that is still in the beginning steps of developing a scale of measurement. The results of processing with SmartPLS informs that the outer model or the correlation coefficient value fulfil the convergent validity. The indicator with value of a loading factor is 0.70 and the value of loading factor of each variable appears 1.0 (one). It indicates that value of overall loading factor are greater than 0.7 and could be concluded that the variables are valid.

2. Average variance extracted (AVE). The AVE value of each construct could identity also the validity criteria. The construct has greater reliability when the value of AVE was greater than 0.50. Data on table 2 present that the Average Variance Extracted (AVE) value of each construct has a value above 0.50. Thus, all constructs meet the criteria that are reliable in accordance with the recommended criteria.

3. Discriminant validity. Variables are declared to meet discriminant validity if the AVE value > correlation between variables. The AVE value of each variable is 1.0 and greater than the coefficient value of correlation among different variables. Thus, it was decided that all variables have fulfilled the testing of discriminant validity.

4. Composite reliability. The value of construct has higher reliability when it is greater than 0.70. The value of composite reliability presents greater than 0.70 for all constructs. Therefore, no reliability problems were found in the model formed.

5. Goodness of fit. Goodness of fit (GOF) criteria are SRMR, NFI, and RMS_Theta tests. The model is decided to meet the criteria if it has an SRMR value < 0.10. In this study, the SmartPLS output showed that the SRMR value was 0.042, which is less than 0.10 (table 3). For NFI, the model is decided to have fulfilled the model fit criteria if it has an NFI value > 0.9. In this study, the SmartPLS output showed that the NFI value was 0.961, which more than 0.9. Moreover, the model is decided to meet the criteria if it has an RMS-Theta value < 0.102. In this study, the SmartPLS output showed that the RMS-Theta value was 0.110, which more than 0.102. The results of

SRMR, NFI, and RMS_Theta test show that the model has fulfilled the model fit criteria.

Table 3. Goodness of Fit (GOF) Results

	Saturated Model	Estimated Model
SRMR	0.000	0.042
d_ULS	0.000	0.018
d_G	0.000	0.003
Chi-Square		0.152
NFI	1.000	0.961
Rms_Theta	0.110	

Inner Model. Inner model testing was carried out to identify the connection between the research model's R-square, significant value, and constructs. The significance of parameter coefficient for structural path and the t-test dependent construct were used to evaluate the structural model with R-square. The best model can be obtained by making the following modifications to the model (figure 3).
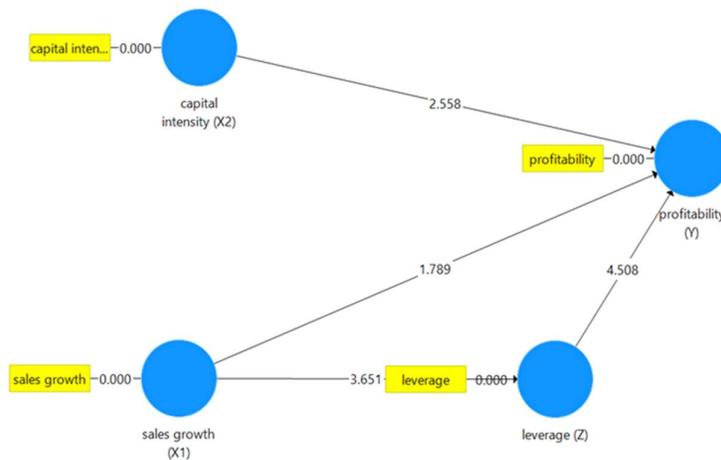

Figure 3. Inner Model.

When using PLS to evaluate the model, the first step is to examine the R-square for each dependent variable. Table 4 informs the outcome of the SmartPLS-based R-square estimation.

Table 4. R-Square Result

	R Square	R Square Adjusted
Leverage (Z)	0.086	0.073
Profitability (Y)	0.268	0.235

Leverage (Z) has R-square value of 0.086. This shows that sales growth as an independent variable in this study could affect the leverage of 0.086 or 8.6%. Meanwhile, the profitability variable has adjusted R-square of 0.235. This shows that the variables used could explain the profitability of 0.235 or 23.5%, while the remaining 76.5% suggests that other variables influence the profitability.

Hypothesis Test. The value in the inner weight output result serves as the foundation for testing the hypothesis. The output estimate for testing the structural model is provided at table 5.

Table 5. Hypothesis Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Value	Decision
Sales Growth (X_1) $\rightarrow$ Profitability (Y)	-0.149	-0.158	0.083	1.789	0.078	H_1 is rejected
Leverage (Z) $\rightarrow$ Profitability (Y)	-0.419	-0.431	0.093	4.508	0.000	H_2 is accepted
Sales Growth (X_1) $\rightarrow$ Leverage (Z)	0.294	0.291	0.080	3.651	0.000	H_3 is accepted
Capital Intensity (X_2) $\rightarrow$ Profitability (Y)	-0.244	-0.275	0.095	2.558	0.013	H_5 is rejected

The indirect effect is carried out by the Sobel test and the calculation was performed using the path coefficient. The value of growth path coefficient on profitability (a) is -0.158 with a standard deviation (Sa) of 0.083. Furthermore, the value of leverage path coefficient on profitability (b) is -0.431 with a standard deviation (Sb) of 0.093. Testing the indirect effect hypothesis is carried out by calculating the calculated t value. The calculated t value obtained is 2,358 > 1.991 (t table). Thus, H_4 is accepted where financial leverage is able to mediate the influence of sales growth to profitability.

Discussion. The probability-value for sales growth-profitability obtained is 0.078, which is larger than alpha 0.05. It means that the sales growth does not have a significant

impact on profitability. The increase in sales was not able to increase the earnings of company. In fact, an increasing in sales caused by increasing in operating expenses could decrease the profit earned. This is because the increase in sales also increases the company's operating expenses so that the amount of profit earned does not have a significant impact. Thus, an increase in sales cannot be used as a benchmark for the company to gain a significant increase in profits.

The probability value of leverage-profitability obtained is 0.000, which is less than 0.05. In addition, value of t-statistics showed as negative sign. Then, it could be stated that the leverage has a negative and significant impact on profitability. Increased use of debt can reduce the profits of a company. This is because the increasing in debt could cause the company's financial burden, namely interest. The increase in expenses that should be paid by this company would cause the amount of profit earned to decrease. Thus, if there is an increasing in debt, the profits obtained would experience a significant decrease.

The probability-value for sales growth-leverage obtained is 0.000, which is smaller than 0.05. In addition, value of t-statistics showed as positive sign. Therefore, it could be stated that the sales growth has an impact positively on leverage. The increase in sales causes an increasing in operational expenses so that the company requires additional funds to fulfill this. The funds used by the company are external funds in the form of debt. This is because debt is an alternative that is easily obtained by companies. Therefore, an increase in sales can lead to an increase in the use of debt or leverage. Increased sales can reduce the use of corporate debt. This is due to the increase in sales requiring high operating expenses so that the company seeks to increase the amount of capital in order to increase the costs required to increase sales. In this case, the company does not add debt because it can increase the company's risk. Thus, if there is an increase in sales, the debt-to-asset ratio (DER) will decrease.

The t value from indirect effect obtained is 2.358 that is greater than t table (1.991). Therefore, it can be concluded that leverage is able to mediate the effect of sales growth on profitability. The increase in sales growth can increase the company's operating expenses so that the company requires additional funds to cover these costs. The additional funds are in the form of debt obtained from external parties. In addition, to the

addition of operational expenses. Using expenses, the company's financial burden has increased. As a result, the profit earned becomes smaller.

The probability value of capital intensity obtained is 0.013, which is less than 0.05. In addition, value of t-statistics showed as negative sign. It indicates that capital intensity has a negative and significant effect on profitability. An increase in capital intensity can lead to a decrease in company profits. High capital intensity indicates that the company uses its funds to finance assets to support operational activities. As a result, the company's expenses increase so that the profit earned decreases. The increase in capital intensity can decrease the company's profit. This is because the company needs to finance the assets used in making sales. As a result, the company's expenses will increase so that the profits obtained will also not have a significant impact.

CONCLUSION

Applying leverage as a mediator, the goal of this study is to investigate how profitability is affected by sales growth and capital intensity for manufacturing companies. The following can be drawn as a result of the analysis performed.

1. Sales growth has no significant impact towards profitability.

2. Leverage has an impact negatively towards profitability.

3. Sales growth has an impact positively towards leverage.

4. Leverage could mediate the effect of sales growth towards profitability.

5. Capital intensity has an impact negatively towards profitability.

This study provides the following recommendation for the company based on the discussion and result.

1. Although not significant, the result shows that sales growth can reduce company profitability. This was due to the company's operating expenses which also increased along with the increase in sales growth. Therefore, to increase the company's profitability, it cannot increase profits with sales growth if it is unable to reduce its operational costs. Operational costs can be reduced in the form of labor costs, production costs, advertising costs, and machine technology utilization.

2. Debt is an external fund that is easily obtained by the company. However, using debt can increase the company's financial burden and increase risk. A high increase in financial expenses can cause a decrease in profitability. Therefore, companies are advised to obtain additional funds through other sources with low financial costs such as factoring and retained earnings.

3. Sales growth causes operating expenses to increase so that the company needs more funds to finance operational activities. The funds are obtained through third parties or debt. However, an increase in debt can cause the company's risk to increase. Therefore, it is recommended that companies finance their operational expenses using internal funds first through the implementation of the budget

4. The result suggest that financial leverage was able to mediate the impact of sales growth towards profitability. There is no causality directly from sales growth to profitability. However, in indirectly sales growth has a positive causality to leverage and followed by leverage has a negative causality to profitability. It indicates that an increasing in sales growth would increase the use of debt and as the result could decrease in profitability.

5. The increase in capital intensity leads the fixed asset owned by a company increases. Financing of fixed assets causes an increase in the firm's burden and the profits obtained decrease. Therefore, the company must determine the budget before deciding to purchase fixed assets so that the profits obtained do not decrease.

REFERENCES

Aldy, M., Dwita, S., & Afriyenti, M. (2018). Pengaruh Dari Intensitas Modal dan Tangibility Terhadap Kinerja Keuangan Perusahaan (Studi Empiris Pada Perusahaan Asuransi dan Perbankan Yang Terdaftar di Bursa Efek Indonesia (BEI) Periode 2011-2015). *InFestasi*, 14(1), 80-93.

Arif, S., Hidayat, R.R., & Zahroh, Z.A. (2015). Pengaruh Perputaran Modal Kerja, Leverage Dan Pertumbuhan Penjualan Terhadap Profitabilitas (Studi Pada Perusahaan Makanan dan Minuman Yang Terdaftar Di Bursa Efek Indonesia Pada Tahun 2011-2013). Brawijaya University.

Banani, A., Baghaskoro, R.F., & Najmudin, N. (2021). Pengaruh Profitabilitas, Aktiva Berwujud, Ukuran Perusahaan, Pertumbuhan dan Umur Perusahaan Terhadap Struktur Modal Perusahaan (Studi Empiris pada Perusahaan Properti dan Real Estate yang Terdaftar di Bursa Efek Indonesia). *Bahtera Inovasi*, 3(2), 119-138.

Brigham, E.F., & Houston, J.F. (2014). *Dasar-Dasar Manajemen Edisi 11*. Jakarta: Salemba Empat.

Christian, J., Supriyatna, Y., & Faruk, U. (2018). Pengaruh Leverage Keuangan Terhadap Profitabilitas Pada Perusahaan Sub-Sektor Telekomunikasi Yang Terdaftar Di Bursa Efek Indonesia. *JPAK: Jurnal Pendidikan Akuntansi dan Keuangan*, 6(2), 99-104.

Dwiputri, R.M. dan Najmudin, N. (2021). Karakteristik Perusahaan dan Struktur Modal Usaha Kecil dan Menengah di Indonesia: Analisis Data Panel. *Jurnal Fokus Manajemen Bisnis*, 11(1), 64-73.

Geovana, R.S., & Andayani, A. (2015). Pengaruh growth sales, profitabilitas, operating leverage, dan tax rate terhadap kebijakan hutang. *Jurnal Ilmu dan Riset Akuntansi (JIRA)*, 4(4).

Hery. (2015). *Analisis Laporan Keuangan. Edisi 1*. Yogyakarta: Center For Academic Publishing Services.

Hidayat, A. (2013). Pengaruh Kebijakan Hutang Dan Kebijakan Deviden Terhadap Nilai Perusahaan (Studi Empiris pada Perusahaan Manufaktur yang terdaftar di BEI). *Jurnal Akuntansi*, 1(3).

Karcela, S.L. (2014). Analisis Rasio Leverage Keuangan dan Intensitas Modal Terhadap Profitabilitas Perusahaan Manufaktur Sektor Food and Beverage yang Go-Public di Indonesia. *Jurnal Ekonomi dan Keuangan Universitas Muhammadiyah Jember*.

Kasir, K. (2021). Pengaruh Ukuran Perusahaan Dan Intensitas Modal Terhadap Return On Assets Pada Sektor Sektor Pertambangan Batu Bara Di BEI Tahun 2012–2019. *Jurnal Indonesia Membangun*, 20(1), 127-138.

Kasmir. (2012), *Analisis Laporan Keuangan*. Jakarta: PT. Raja Grafindo Persada.

Mahardhika, P.A., & Marbun, D. (2016). Pengaruh Current Ratio dan Debt to Equity Ratio Terhadap Return on Assets. *Widyakala: Journal of Pembangunan Jaya University*, 3, 23-28.

Mulyati, Y. (2016). Pengaruh Struktur Asset dan Pertumbuhan Penjualan Terhadap Kebijakan Utang. *UNEJ e-Proceeding*, 813-831.

Muzakki, M.R., & Darsono, D. (2015). Pengaruh Corporate Social Responsibility dan Capital Intensity Terhadap Penghindaran Pajak. *Diponegoro Journal of Accounting*, 4(3), 445-452.

Nahdi, H. M., Jaryono, & Najmudin. (2013). Pengaruh Current Ratio, Debt To Total Asset Ratio, Total Asset Turnover (TATO), Beban Operasional Pendapatan operasional (BOPO), dan Dana Pihak Ketiga (DPK) Terhadap Profitabilitas Bank Umum Syariah. *Performance*, 17 (1).

Nugroho, E., & Pangestuti, I.R.D. (2011). Analisis Pengaruh Likuiditas, Pertumbuhan Penjualan, Perputaran Modal Kerja, Ukuran Perusahaan dan Leverage terhadap Profitabilitas Perusahaan (Studi pada Perusahaan Manufaktur yang Terdaftar pada BEI pada Tahun 2005–2009). *Doctoral dissertation*, Universitas Diponegoro.

Nurjannah, N. (2017). Pengaruh Konservatisme Akuntansi dan Intensitas Modal (Capital Intensity) terhadap Penghindaran Pajak (Tax Avoidance) dengan Dewan Komisaris Independen sebagai Variabel Moderating (Studi pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia). *Doctoral dissertation*, Universitas Islam Negeri Alauddin Makassar.

Pujiani, S., & Prasetiono, P. (2012). Analisis Pengaruh Return on Assets, Sales Growth, Structure Assets, Firm Size, dan Investment Opportunity Terhadap Financial Leverage (studi perbandingan pada perusahaan manufaktur sektor aneka industri dan barang konsumsi yang terdaftar di BEI periode 2008 – 2011. *Diponegoro Journal of Management*, 1(4), 158-171.

Putra, A.W.Y., & Badjra, I.B. (2015). Pengaruh leverage, pertumbuhan penjualan dan ukuran perusahaan terhadap profitabilitas. *Doctoral dissertation*, Udayana University.

Rinaldi, S.O. (2017). Pengaruh Rasio Leverage, Pangsa Pasar, Intensitas Modal, dan Ukuran Perusahaan Terhadap Return on Equity (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2013–2015). *Universitas Maritim Raja Ali Haji*. Tanjungpinang.

Rosid, A., Najmudin, & Suwarto. (2020). The Mediating Role of Job Satisfaction on the Relationship of Workplace Spirituality and Organizational Justice on Workplace Deviance Behavior. *Proceeding of The 2nd International Conference of Business, Accounting and Economics ICBAE*.

Sukadana, I.K.A., & Triaryati, N. (2018). Pengaruh Pertumbuhan Penjualan, Ukuran Perusahaan, Dan Leverage Terhadap Profitabilitas Pada Perusahaan Food and Beverage BEI. *E-Jurnal Manajemen Universitas Udayana*, 7(11), 6239.

Sukeci, Adawiyah, W.R., & Najmudin. (2014). The Influence of Liquidity, Leverage, and Activity Ratios on Profit Growth of Consumer Goods Industries Listed in the Indonesian Stock Exchange. *Sustainable Competitive Advantage (SCA)*, 4(1).

Suryaputra, G. & Christiawan, Y.J. (2016). Pengaruh Manajemen Modal Kerja, Pertumbuhan Penjualan dan Ukuran Perusahaan Terhadap Profitabilitas Pada

Perusahaan Properti dan Real Estate Yang Terdaftar di Bursa Efek Indonesia (BEI) Tahun 2010-2014. *Business Accounting Review*, 4(1), 493-504.

Suzana, A.J., Hariyono, B., Masita, T.E., & Najmudin. (2022). The Mediation Role of Customer Satisfaction on the Influence of Price Perception, Product Quality, and Service Quality to Customer Loyalty. *International Journal of Multidisciplinary Research (IJMR)*, 8 (9), 144-153

Tampubolon, N.J. (2013). Analisis Pengaruh Laba Kotor, Deviden Kas, dan Financial Leverage Terhadap Harga Saham Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *Doctoral dissertation*, UNIMED.

Wibowo, T.S., & Lusy, L. (2021). The Effect of Free Cash Flow, Company Growth, and Profitability on Debt Policy on Mining Sector Companies Listed on The Indonesia Stock Exchange. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 5(4).

Widhi, N.N., & Suarmanayasa, I.N. (2021). Pengaruh Leverage dan Pertumbuhan Penjualan terhadap Profitabilitas pada Perusahaan Subsektor Tekstil dan Garmen. *Jurnal Ilmiah Akuntansi dan Humanika*, 11(2), 267-275.

Wijayanti, A., Wijayanti, A., & Samrotun, Y.C. (2017). Pengaruh Karakteristik Perusahaan, GCG, dan CSR Terhadap Penghindaran Pajak. *Seminar Nasional IENACO*, 5 (2).

Winarno, W., Hidayati, L.N., & Darmawati, A. (2015). Faktor-faktor yang Memengaruhi Profitabilitas Perusahaan Manufaktur yang Listed di Bursa Efek Indonesia. *Jurnal Economia*, 11(2), 143-149.

Yuliastari, M., Najmudin, N., & Dewi, M.K. (2021). The Influence of Financial Ratios and Macroeconomic Indicators in Predicting Financial Distress (Empirical Study in the Consumer Goods Sector Companies). *Sustainable Competitive Advantage (SCA)*, 11(1).

Zulkarnaen, Z. (2018). Pengaruh Debt to Assets Ratio terhadap Return on Asset pada Perusahaan Asuransi yang Terdaftar di BEI Tahun 2010 – 2015. *Jurnal Warta Edisi*: 56, 1829–7463