Profitability mediates the Influence of Operational Efficiency on Company Financial Performance

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ABSTRACT: This study aims to determine and analyze the influence of operational efficiency on the company's financial performance mediated by Profitability in companies listed in the JII70 index for 2018-2022. This study uses a quantitative approach with a secondary data source in financial ratios. The purposive sampling technique was used to collect 240 data points. This analysis technique uses multiple linear regression and path analysis with the help of the STATA 13 program. The study's results show that operational efficiency does not directly affect the company's financial performance but has an indirect effect through Profitability.

KEYWORDS: Operational Efficiency; Profitability; The Company's Financial Performance

I. INTRODUCTION

According to data from the Indonesia Stock Exchange (IDX), there were 1.8 million sharia Single Investor Identifications (SID) in February 2024—a 36.4% increase from the previous month. This is caused by several things, including growing public knowledge of Sharia investing, more thorough financial literacy and education programs, and simple access to Sharia investment products.

With the increasing public interest in sharia stocks, companies whose shares are listed in sharia stocks are encouraged to maintain and improve their company's financial performance. A good company's financial performance will help to achieve the company's goals and make the company's reputation good. Companies with good prospects attract investors because they provide high prosperity for shareholders and vice versa. (Utami R.B., 2016)

Jakarta Islamic Index 70 (JII70) is one of the indices on the Indonesia Stock Exchange (IDX), whose shares are the first and leading Sharia-based in Indonesia, and was launched in 2018. This index consists of 70 Sharia stocks with high market capitalization and liquidity, making it a good representation of the Indonesian Sharia stock market. The stocks included in the JII70 have undergone a rigorous selection process to ensure that they are under Islamic sharia principles, making JII70 an ideal investment choice for Muslim investors who want to invest according to Islamic law. Sharia stocks are generally considered more resistant to market fluctuations than conventional stocks because they are subject to strict Sharia principles. In 2023, JII70 recorded a return of 10.84%, outperforming the Composite Stock Price Index, which only reached 4.32%. Because the number of shares consists of only 70, making investment options for investors are relatively limited. This can make it difficult for investors to find stocks that match their risk profile and investment goals.

In the 2018-2019 period, 68 companies came out of the JII70 index, and this was because the companies were unable to compete. To maintain its position to remain listed on the JII70 index, the company must be able to maintain its company's financial performance well because if the company's financial performance is good, it will affect the company's reputation, help the company in achieving its goals, and will attract investors. Earnings per share can reflect a company's financial performance, whereas companies with a high EPS value are considered to have good corporate financial performance.

Various factors, both internal and to the company, influence the increase in the company's financial performance. The company's internal factors that affect the company's financial performance include operational efficiency and Profitability.

However, research on the influence of operational efficiency on the financial performance of companies still needs research gaps. A study conducted by Ramli (2017) stated that operational efficiency has a significant effect on a company's financial performance, this research is in line with research conducted by Indri (2021), Meidylendea and Maswar (2022), Viola and Maswar (2022), Husnul and Fachriyahthul (2022) which also stated that operational efficiency has a significant effect on the company's financial performance. However, another study by Misti et al. (2018) stated that operational efficiency does not affect the company's financial performance.
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Profitability is also considered to be able to affect the company's financial performance, as has been researched by Siti Farida and Bambang (2023), who in their research stated that Profitability has a significant effect on the company's financial performance; this research is in line with research conducted by Diah (2021), Budi (2019), Febriani and Hasim (2023), Fajar and Endah (2024) who also stated that Profitability has a significant effect on the company's financial performance. However, research conducted by Trida (2022) and Ekha et al. (2024) stated that Profitability does not affect the company's financial performance.

Operational efficiency and Profitability are factors that affect a company's financial performance. Operational efficiency can have a direct or indirect influence, namely through Profitability, on the company's financial performance.

II. LITERATURE REVIEW AND HYPOTHESIS

Signaling Theory
This theory suggests that operational efficiency can be a positive signal for investors about a company's financial health. Investors argue that a company that is efficient in its operations will be better able to manage risk and achieve its goals. This can increase investor confidence in the company and increase its share price.

Companies with good financial performance will also give investors positive credit so they are interested in investing their shares in the company.

Profitability is an essential signal that companies can send to external parties to demonstrate their financial health and growth prospects. High Profitability can give companies more accessible access to capital, lower costs, and higher company value.

Corporate Financial Performance
Sutrisno (2009) defines a company's financial performance as a company's achievements in a certain period that reflect its health level. In other words, financial performance is an important indicator to assess the effectiveness and efficiency of a company in managing its resources and achieving its goals.

A company's financial performance can be measured in a variety of ways. The type of measurement used will depend on the purpose and the information you want to obtain. The Earnings Per Share (EPS) ratio is part of the measurement of a company's financial performance.

Operational Efficiency
Purba (2011) defines operational efficiency as the ability of a company to manage input and output efficiently. A company's ability to efficiently manage inputs into outputs is critical to success. Companies can increase profits, competitiveness, and customer satisfaction by implementing the right strategy.

Operational efficiency can be measured in various ways according to the purpose of using information. Fixed Asset Turnover (FATO) is an activity ratio used to measure operational efficiency.

Profitability
Sutrisno (2009:16) defines profitability as the company's capacity to generate net profit from its business operations, which is calculated by dividing net profit by the total capital used. This profit is generally measured by various financial ratios using company financial statement data.

Profitability measurement is generally done using profitability ratios. Return On Asset (ROA) is part of profitability measurement.

Hypothesis Development
The Influence of Operational Efficiency on the Company's Financial Performance
According to signal theory, a company with excellent operational efficiency value also has a good financial performance. This gives a good signal to investors about the company's good performance so that investors are interested in investing in the company because of the company's good reputation.

Empirically, it was explained by Ramli (2017), who examined the influence of company operational efficiency on the company's financial performance with the population, namely all financial statements of PT West Irian Fishing Industries and the sample in this study is the monthly financial statements of PT West Irian Fishing Industries from 2007 to early 2010 which are determined through purposive sampling techniques. The data analysis technique in this study uses Partial Least Square (PLS). The study's results prove that operational efficiency significantly affects the company's financial performance. This shows that even the slightest change in the company's operational performance will affect the company's financial performance. (Ramli, 2017)

The results of this study are supported by research conducted by Indri and Fetria (2021), which states that the smaller operational efficiency will improve the company's financial performance; Meidylenda and Maswar (2022) stated that operational efficiency has a negative and significant influence on the company's financial performance; Viola and Maswar (2022) stated that operational efficiency has a significant negative effect on the company's financial performance, Husnul and Fachriyahutul (2022) stated that operational efficiency has a positive influence on the company's financial performance, Tania and Maswar (2023) stated...
that operational efficiency hurts the company's financial performance, Suwono and Reza (2023) stated that the efficiency of asset use has a significant and positive effect on financial performance, 

Based on the research reference above, the first hypothesis can be formulated, namely: 

H1 = Operational Efficiency has a significant effect on the company's financial performance

The Effect of Operational Efficiency on Profitability

The company sends signals to investors through its operational efficiency, affecting its Profitability. If the operational efficiency is high, it will show a positive signal that the company is well-managed and able to generate good Profitability; high Profitability will also be a good signal for investors, indicating that the company's financial condition is good.

This was empirically explained by Indah (2022), who studied the influence of operational efficiency on Profitability with the population, namely the financial statements of the Bakti Huria Syariah Masamba cooperative, and a sample of 36 samples. The data analysis technique used is multiple linear regression analysis. The study's results prove that operational efficiency has a significant positive effect on Profitability. This shows that the more efficient it is, the more profitable the financial institution. (Indah, 2022)

The results of this study support the research conducted by Yiyi and Barbara (2019) stating that the higher the low rating of a company's operational efficiency, the smaller the Profitability that the company can produce, Listya (2018) said that operational efficiency has a partial effect on Profitability. Lita P. (2020) stated that operational efficiency had a significant negative effect on Profitability, Assyifa R (2020) stated that operational efficiency had a positive effect on Profitability, Fatma and Rangga (2021) stated that there was a significant negative influence between operational efficiency and Profitability, M. Noval and Lisda (2021) stated that operational efficiency could partially affect the Profitability of Islamic banks.

Based on the above research reference, a second hypothesis can be formulated, namely:

H2 = Operational Efficiency has a significant effect on Profitability

The Effect of Profitability on the Company's Financial Performance

The company sends signals to investors through its Profitability. The high profitability value is a positive signal for investors which indicates that the company's financial performance is in good shape. High Profitability shows that the company is well managed and has a competitive advantage so that investors are willing to buy the company's shares and provide loans to the company.

Empirically, Diah (2021) examined the influence of Profitability on the financial performance of companies with a population of 100 companies that went public in the Kompas 100 index group, and a sample of 118 financial statement observations from 59 companies. The data analysis method used is multiple linear regression analysis. The results of this study show that Profitability has a positive influence on the company's financial performance. This shows that a high profitability value can describe better financial performance. This attracts investors to invest in the company because the investor will assume that the high profits generated by the company will be able to provide profits or returns to investors.

This study supports research conducted by Budi (2019) stating that Profitability has a significant effect on financial performance, Tri and Risal (2021) stating that Profitability has a positive and significant effect on the company's financial performance, and supported by Nurul et al (2022) stating that Profitability has a positive and significant effect on financial performance, Siti Farida and Bambang (2023) stating that Profitability has a sufficient impact Febriani and Hasim (2023) stated that Profitability affects the company's financial performance, Fajar and Endah (2024) stated that Profitability has a significant positive effect on financial performance.

Based on the above research reference, the third hypothesis can be formulated, namely:

H3 = profitability has a significant positive effect on the company's financial performance

The Influence of Operational Efficiency on the Company's Financial Performance Mediated by Profitability

The company conveys signals to investors through its company's financial performance. The high value of the company's financial performance will give a positive signal to investors regarding the company's condition. The company's high financial performance is influenced by its efficiency, which will affect its profits.

Previous research conducted by Indah (2022) stated that operational efficiency significantly affects Profitability. This research supports the research conducted by The results of this study support the research conducted by Yiyi and Barbara (2019), stating that the higher the low rating of a company's operational efficiency, the smaller the Profitability that the company can produce; Listya (2018) said that operational efficiency has a partial effect on Profitability. Lita P (2020) stated that operational efficiency has a significant negative effect on Profitability.

Previous research conducted by Diah (2021) stated that Profitability positively influences the company's financial performance. This research is supported by Nurul et al. (2022), stating that Profitability has a positive and significant effect on financial performance; Siti et al. (2023), stating that Profitability has a considerable and beneficial impact on the company's financial performance; Febriani and Hasim (2023) stating that Profitability affects the company's financial performance.
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From the above studies, Profitability mediates the relationship between operational efficiency and the company's financial performance.

H4 = profitability mediates the relationship between operational efficiency and the company's financial performance

III. RESEARCH METHODOLOGY

Population
The population in this study is companies that go public in the Jakarta Islamic Index 70 (JII70) group listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period obtained from the official website of the Indonesia Stock Exchange (IDX). 68 companies are consistently listed in the JII70 index for the 2018-2022 period.

Sample
The sample is the part of the population that is the object of the study. The sampling technique in this study is the purposive sampling technique. With the following criteria:

1. Companies that are consistently listed in the JII70 index for the 2018-2022 period.
2. The company has complete financial ratios during the period 2018-2022.

The sample was taken from 16 companies that were consistently listed on the JII70 index and had complete financial ratio data during the 2018-2022 period. So the total observation data of this study is 240. The analysis process is assisted by STATA 13 software.

Variable Measurement

Company Financial Performance (Y)
In this study, the dependent variable is the company's financial performance which is proxy by Earning Per Share. According to Tandelilin (2016:198), EPS (Earning Per Share) is a measure of a company's net profit distributed to shareholders. Simply put, EPS shows how much profit each share of a company earns in a given period.

Operational Efficiency (X)
Kasmir (2012) views Fixed Asset Turnover as a ratio used to measure the number of times funds invested in fixed assets rotate in one period. This shows whether the company has used its fixed assets to the maximum.

Profitability (Z)
In a study conducted by Arkasmiralda & Akhmadi (2018), profitability was measured using a Return On Asset (ROA) ratio proxy. Bambang Riyanto (2008:36) stated that ROA is a comparison between operating profit with own capital and foreign capital used to generate profits and expressed in the form of a percentage. The ROA measurement method is:

Data Collection Methods
The data collection method in this study is literature study and documentation. Literature study is the study of literature such as journals and other sources related to this research. Documentation can be in the form of writings, pictures, or monumental works of a person according to Sugiyono, 2010. The documents used are in the form of notes on financial statements and annual reports issued annually by the company to be studied. Then the data is processed according to research needs.

Data Analysis Methods

Descriptive statistics
Descriptive statistical analysis is carried out to analyze the data to produce a summary of research data such as mean, median, and standard deviation. Descriptive statistics provide an overview of data seen from the mean value, standard deviation, variance, maximum, and minimum. Descriptive statistics provide an empirical description of the data collected in the study. (Ghazali, 2018)(Ferdinand, 2014)

Inferential Statistics
Inferential Statistics is the activity of interpreting or interpreting data. In this study, inferential analysis is used to test how much operational efficiency affects the company's financial performance. This study uses a quantitative approach. The analysis used is multiple linear regression analysis including classical assumption test, hypothesis test using partial test (t-test) and (Dalle, 2018)path analysis.

IV. RESULT AND DISCUSSION

Descriptive Statistics
The population in this study is companies that go public in the Jakarta Islamic Index 70 (JII70) group listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period obtained from the official website of the Indonesia Stock Exchange (IDX). 68 companies are consistently listed in the JII70 index for the 2018-2022 period.
INFERENTIAL STATISTICS
Classical Assumption Test
Normality Test

Previously, a curtosis skewness normalization test had been carried out regarding the variable relationships of this study using the stata application and the results obtained were that the data was not normally distributed because the prob<chi2 value was less than 0.05, which according to residual was said to be normally distributed if the probability value was greater than the significance level set by the researcher, which was 0.05. This is overcome by transforming the data into Logarithms (Log), so that variables become normal_fato, normal_roa, and normal_eps. (Mahfud Sholihin, 2021)

Table 2. Results of Equation 1 Normality Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Pr(skewness)</th>
<th>Pr(kurtosis)</th>
<th>Joint test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Res1</td>
<td>80</td>
<td>0.3347</td>
<td>0.9528</td>
<td>Adj ch2(2) Prob&gt;chi2</td>
</tr>
</tbody>
</table>

Source: Output STATA

After the data transformation, the normality test results showed that the Prob>Chi2 value was 0.6196>0.05, so it can be concluded that the residual regression model in equation 1 is normally distributed.

Table 3. Results Of Equation 2 Normality Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Pr(skewness)</th>
<th>Pr(kurtosis)</th>
<th>Joint test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Res2</td>
<td>80</td>
<td>0.4385</td>
<td>0.4143</td>
<td>Adj ch2(2) Prob&gt;chi2</td>
</tr>
</tbody>
</table>

Source: Output STATA

After the data transformation, the normality test results showed that the Prob>Chi2 value was 0.5214>0.05, so it can be concluded that the residual regression model in equation 2 is distributed normally or regularly.

Table 4. Results of Equation 3 Normality Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Pr(skewness)</th>
<th>Pr(kurtosis)</th>
<th>Joint test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Res3</td>
<td>80</td>
<td>0.4037</td>
<td>0.5189</td>
<td>Adj ch2(2) Prob&gt;chi2</td>
</tr>
</tbody>
</table>

Source: Output STATA

After the data transformation, the normality test results showed that the Prob>Chi2 value was 0.5598>0.05, so it can be concluded that the residual regression model in equation 3 is distributed normally or regularly.

Multicollinearity Test

Refers to, (Mahfud Sholihin, 2021), where if the VIF value < 10, no multicollinearity symptom exists in the variables to be studied. The following are the results of the multicollinearity test:
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Table 5. Multicollinearity Test Result Equation 1

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
<th>1/VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>normal_fato</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Mean VIF</td>
<td>1.00</td>
<td></td>
</tr>
</tbody>
</table>

Source: Output STATA

It can be seen in table 7, in the multicollinearity test of Equation 1 the VIF value is 1.0 meaning that the normal_fato variable and the normal_eps variable are not interrelated which is shown by the VIF value of 1.00 < 10. It can be concluded that there is no multicollinearity in substructure 1.

Table 6. Multicollinearity Test Result Equation 2

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
<th>1/VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>normal_fato</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Mean VIF</td>
<td>1.00</td>
<td></td>
</tr>
</tbody>
</table>

Source: Output STATA

It can be seen in table 8, in the multicollinearity test of Equation 2 the VIF value is 1.0 meaning that the normal_fato variable and the normal_eps variable are not interrelated which is shown by the VIF value of 1.00 < 10. It can be concluded that there is no multicollinearity in substructure 2.

Table 7. Multicollinearity Test Result Equation 3

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
<th>1/VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>normal_fato</td>
<td>1.22</td>
<td>0.819793</td>
</tr>
<tr>
<td>normal_roa</td>
<td>1.22</td>
<td>0.819793</td>
</tr>
<tr>
<td>Mean VIF</td>
<td>1.22</td>
<td></td>
</tr>
</tbody>
</table>

Source: Output STATA

It can be seen in table 9, in the multicollinearity test of Equation 3 the VIF value is 1.22, meaning that the normal_fato variable and the normal_eps variable are not related which is shown by the VIF value of 1.22 < 10. It can be concluded that there is no multicollinearity in substructure 3.

Heteroscedasticity Test

To meet the assumption of this heteroscedasticity test, a probability value higher than the expected significance value in this study must be produced, which is 0.05 (Mahfud Sholihin, 2021)

Table 8. Heteroscedasticity Test Results

<table>
<thead>
<tr>
<th>Equation</th>
<th>Prob&gt;chi2 Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equation 1</td>
<td>0.8972</td>
</tr>
<tr>
<td>Equation 2</td>
<td>0.9690</td>
</tr>
<tr>
<td>Equation 3</td>
<td>0.0262</td>
</tr>
</tbody>
</table>

Source: Data Processed by Researcher (2024)

From Table 10 of the results of the heteroscedasticity test, the results were obtained that Equation 1 and Equation 2 did not have heteroscedasticity symptoms, which were characterized by Prob>Chi2 values of 0.8972>0.05 and 0.9690>0.05. Meanwhile, in Equation 3, the Prob<Chi2 value means that there is heteroscedasticity. So the heteroscedasticity on the substructure was retested using Spearman analysis.
Table 9. Spearman Heteroscedasticity Test Results

<table>
<thead>
<tr>
<th></th>
<th>fato</th>
<th>roa</th>
<th>res5</th>
</tr>
</thead>
<tbody>
<tr>
<td>fato</td>
<td>1.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>roa</td>
<td>0.4217*</td>
<td>1.0000</td>
<td>0.0001</td>
</tr>
<tr>
<td>res5</td>
<td>0.0097</td>
<td>-0.1227</td>
<td>1.0000</td>
</tr>
<tr>
<td></td>
<td>0.9320</td>
<td>0.2782</td>
<td></td>
</tr>
</tbody>
</table>

Source: Output STATA

The results shown in table 11 show probability values of 0.932>0.05 and 0.2782>0.05 so that Equation 3 does not have heteroscedasticity symptoms.

Multiple Linear Regression Analysis

Table 10. Result of Multiple Linear Regression Analysis Equation 1

| normal_eps | Coefficient | Std. err. | t     | P>|t| | [95% conf. interval] |
|------------|-------------|-----------|-------|------|----------------------|
| normal_fato | 0.1802756   | 0.1759168 | 1.02  | 0.309 | -0.1699479 - 0.5309491 |
| _cons      | 5.608801    | 0.2437938 | 23.01 | 0.000 | 5.123445 - 6.094158  |

Source: Output STATA

Based on the results of the multiple linear regression analysis shown in table 12, Equation 1 is obtained:

\[
EPS = \alpha + \beta_1 FATO + \epsilon
\]

\[
EPS = 5.608 + 0.180 FATO + \epsilon
\]

In this equation, it can be concluded that if the FATO value = 0, then the magnitude of the EPS value is 5.608. And if the FATO value increases by 1, the EPS value will increase by 0.180 and vice versa.

Table 11. Result of Multiple Linear Regression Analysis Equation 2

| normal_roa | Coefficient | Std. err. | t     | P>|t| | [95% conf. interval] |
|------------|-------------|-----------|-------|------|----------------------|
| normal_fato | 0.3712912   | 0.0896671 | 4.14  | 0.000 | -0.1927776 - 0.5498048 |
| _cons      | -2.803147   | 0.124265  | -22.56| 0.000 | -3.05054 - 2.555755  |

Source: Output STATA

Equation 2:

\[
ROA = \alpha + \beta_1 FATO + \epsilon
\]

\[
ROA = -2.803 + 0.371 FATO + \epsilon
\]

In this equation, it can be concluded that if the FATO value = 0, then the ROA value is -2.803. And if the FATO value increases by 1, the EPS value will decrease by 0.371 and vice versa.

Table 12. Result of Multiple Linear Regression Analysis Equation 3

| normal_eps | Coefficient | Std. err. | t     | P>|t| | [95% conf. interval] |
|------------|-------------|-----------|-------|------|----------------------|
| normal_fato | -0.0086324  | 0.1888595 | -0.05 | 0.964 | -0.3846997 - 0.3674348 |
| normal_roa | 0.5087866   | 0.2159286 | 2.36  | 0.021 | 0.0788178 - 0.9387554 |
| _cons      | 7.035005    | 0.6500166 | 10.82 | 0.000 | 5.740657 - 8.329353  |

Source: Output STATA

Equation 3:

\[
EPS = \alpha + \beta_1 FATO + \beta_2 ROA + \epsilon
\]

\[
EPS = 7.035 - 0.0088 FATO + 0.508 ROA + \epsilon
\]

This equation shows that if the FATO value = 0 and the ROA value = 0, then the EPS value is 7.035. If the FATO value increases by 1, the EPS value will decrease by 0.008 and vice versa. And if the ROA value increases by 1, the EPS value will increase by 0.508 and vice versa.
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HYPOTHESIS TEST
The Influence of Operational Efficiency on The Company’s Financial Performance

Based on the data obtained from table 4.10 for multiple linear regression analysis in equation 1, the calculated t value is 1.02 with df = 79 so that the t table is 1.99. The t-value was calculated as 1.02 < 1.99 and the significance value was 0.309 > 0.05. It can be concluded that partially operational efficiency (FATO) does not significantly affect the company's financial performance (EPS). So, H1 was rejected.

The Effect of Operational Efficiency on Profitability

Based on the data obtained from table 4.11 for the multiple linear regression analysis in equation 2, the calculated t value is obtained as 4.14 with df = 79 so that the t table is 1.99. The t-value was calculated as 4.14 > 1.99 and the significance value was 0.00 < 0.05. It can be concluded that partially operational efficiency (FATO) has a significant effect on Profitability (ROA). So that H2 is accepted.

The Effect of Profitability on the Company's Financial Performance

Based on the data obtained from table 4.12 for multiple linear regression analysis in equation 3, the calculated t value is obtained as 2.36 with df = 79 so that the t table is 1.99. The t-value was 2.36 > 1.99 and the significance value was 0.021 < 0.05. It can be concluded that partially Profitability (ROA) has a significant effect on the company's financial performance (EPS). So that H3 is accepted.

Path Analysis

Figure 1 Path Analysis

Source: Researcher (2024)

Figure 4.1 shows the direct influence of operational efficiency on the company's financial performance and the indirect influence of operational efficiency through Profitability on the company's financial performance. It was found that the value of the direct influence of operational efficiency on the company's financial performance was 0.18027. Meanwhile, the value of the indirect influence can be obtained by multiplying 0.37129x0.50878 so that the value of indirect influence is obtained of 0.18890. From the test results, indirect influence is greater than direct influence, which means that Profitability can mediate the relationship between the influence of operational efficiency and the company's financial performance. The Sobel test is carried out to see if the intervening variable is significant. The results of the Sobel test show a t-test result of 2.02. The result of the t calculation is 2.02, and the t-value of the table is 1.99. The t-value is calculated 2.02 > 1.99. So, Profitability is able to mediate the relationship between the influence of operational efficiency on the company's financial performance. H4 accepted.

DISCUSSION
The Influence of Operational Efficiency on the Company’s Financial Performance

Hypothesis testing in this study uses a partial test (t-test) by comparing the calculated t-value with the t-table and the variables' significance. It is known that the t-value of the table is 1.99 and the significance of 0.05 for df = 79. The t-value is 1.20 < 1.99 and the significance is 0.309 > 0.05. This study shows that operational efficiency, as measured by Fixed Asset Turnover, does not significantly affect the company's financial performance as measured by Earning Per Share.

This study is not in line with the grand theory that has been explained and does not support previous research that says that operational efficiency significantly affects a company's financial performance. Operational efficiency focuses more on using the company's internal resources to achieve the company's goals. A company's financial performance is related to the company's efforts to generate profits and profits through several factors such as business strategy, product quality, service quality, and efficiency and effectiveness. Operational efficiency is one of the effects of the company's financial performance but does not have a direct effect.
Profitability mediates the Influence of Operational Efficiency on Company Financial Performance

The Effect of Operational Efficiency on Profitability

Testing the hypothesis, it is known that the t-value of the table is 1.99, and the significance is 0.05 for df = 79. The t-value is 4.14 > 1.99, and the significance is 0.00 < 0.05. This study shows that operational efficiency, as measured by Fixed Asset Turnover, has a significant positive effect on Profitability as measured by Return On Assets.

This research is by the grand theory described earlier. Moreover, supports research conducted by Yiyi and Barbara (2019), Lita P (2020), Eka (2020), Fatma and Rangga (2021), Indah (2022), Listya (2018), Assyifa (2020), which states that operational efficiency has a significant positive effect on Profitability. Companies that are able to carry out their operational efficiency well will generate high profits for the company. Operational efficiency allows the company to reduce operational costs and increase effectiveness in using the company's internal resources to generate profits for the company.

The Effect of Profitability on The Company's Financial Performance

Testing the hypothesis is known that the t-value of the table is 1.99 and the significance is 0.05 for df = 79. The t-value is calculated 2.36 > 1.99 and the significance is 0.021 < 0.05. This study shows that Profitability as measured by Return On Asset has a significant positive effect on the Company's Financial Performance as measured by Earning Per Share.

This research is in accordance with the grand theory that has been explained earlier, and supports research conducted by Diah (2021), Siti Farida and Bambang (2023), Budi (2019), Febriani and Hasim (2023), Fajar and Endah (2024), Tri and Risal (2021), Nurul, et al (2022) that profitability has a significant positive effect on the company's financial performance. High profitability will increase the company's value, the quality of financial statements, and allow the company to provide high returns to shareholders.

The Effect of Profitability in Mediating the Influence of Operational Efficiency on The Company’s Financial Performance

From the path analysis results and the Sobel test carried out with the t-value of table 1.99, the t-value is 2.02 > 1.99. This study shows that Profitability, as measured by Return On Asset, can mediate the relationship between the influence of operational efficiency measured by Fixed Asset Turnover and the company's financial performance as measured by earnings per Share.

This research is based on the theory that was explained earlier. Operational efficiency is one factor that affects the company's financial performance, but it cannot directly affect it. However, the company performs operational efficiency by reducing operational costs and making effectiveness of the company's internal resources. In that case, it will generate profits or profits for the company so that its financial performance will be good.

CONCLUSION

The results of this study show that operational efficiency focuses more on using the company's internal resources to achieve the company's goals. The company's financial performance is related to the company's efforts to generate profits through several factors such as business strategy, product quality, service quality, and efficiency and effectiveness. Operational efficiency is one of the effects of the company's financial performance but does not have a direct effect.

Operational efficiency has a significant positive effect on Profitability. Companies that can carry out their operational efficiency well will generate high profits. Operational efficiency allows the company to reduce operational costs and increase effectiveness in using the company's internal resources to generate profits for the company.

Profitability has a significant positive effect on the company's financial performance. High Profitability will increase the company's value, the quality of financial statements, and allow the company to provide high returns to shareholders.

Operational efficiency is indeed one factor that affects the company's financial performance, but it cannot have a direct effect. However, the company performs operational efficiency by reducing operational costs and making effective use of the company's internal resources. In that case, it will generate profits or profits for the company so that its financial performance will be good.

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