

Analysis of Working Capital Budget and Profitability at PT. Hadji Kalla, Palopo Branch

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ABSTRACT

The objective of this research is to determine and analyze the working capital turnover in increasing profitability at PT. Hadji Kalla, Palopo Branch. The research method used in this study is quantitative data. Quantitative data in this study includes the company's financial statements in the form of balance sheets and profit and loss statements. Data sources for this study used primary and secondary data. Primary data, namely data obtained through observation and interviews, aimed at refining this paper. Secondary data, namely data obtained from other parties or indirectly from the primary source (the company) related to the research problem. The company's financial data to be studied spans five years, from 2012 to 2016. The results of the study explain that cash turnover, inventory turnover, and accounts receivable contribute to increasing profitability at PT. Hadji Kalla Palopo Branch has been quite effective this is because the number of company sales activities has increased annually and the profitability ratio measured by ROE, ROI, NPM is quite good according to the standards of experts. The standards for ROE, ROI, NPM according to Lestari and Sugiarto 2007 are good, namely > 2% based on the proposed hypothesis which states that cash turnover and receivables turnover at PT. Hadji Kalla Palopo Branch have not been able to increase the company's profitability so that the proposed hypothesis is accepted because cash turnover and receivables are not efficient.

Keywords: Working Capital Budget, Profitability, Profit.

I. Introduction

Economic profitability is crucial for companies. It is used as a measure of a company's success. High economic profitability can optimally support operational activities. The level of economic profitability is influenced by many factors, including working capital. Every company requires adequate working capital to operate. Working capital is crucial for supporting all its activities. Efficient and effective working capital management is expected to increase profitability. This is because the faster the working capital turnover, the faster it can be converted into cash. Given the importance of working capital within a company, financial managers must be able to properly plan the appropriate amount of working capital to meet the company's needs. Excess or insufficient funds will impact the company's profitability. Excess working capital can lead to idle funds, reducing profitability. A shortage of working capital can hamper operational activities. Therefore, working capital turnover is a crucial aspect of overall company management. Working capital turnover depends on each component of working capital, such as cash turnover, accounts receivable turnover, and inventory turnover.



The three components of working capital are cash, accounts receivable, and inventory. These three components can be managed differently to maximize economic profitability or to enhance company growth. One of the many companies that has managed to survive and continue to operate is PT. Hadji Kalla, Palopo Branch. This is evident in the smooth flow of cash sales and credit distribution to the public each month. PT. Hadji Kalla, Palopo Branch, maintains its position among numerous competitors in Palopo City, which is certainly inseparable from the company's ability to source working capital and manage funds appropriately and effectively, thus ensuring its survival. Financial reports, which represent the outcome of financial activities over a specific period, are expected to provide transparent and honest information. Therefore, relevant and reliable reports can eliminate doubts or fears regarding investment activities. The income statement, a crucial component of financial reporting, measures the success of a company's operations over a specific period. Through the income statement, investors can determine the level of profitability generated by the investee.

Inventory, cash, and accounts receivable are the components of current assets that play a key role in sales activities in manufacturing companies. Companies strive to generate profits by selling their inventory, either for cash or on credit. Cash sales accelerate cash turnover, minimizing the risks associated with credit sales. For trading companies, inventory is called merchandise inventory (there is only one classification), where this merchandise is owned by the company and is already in a form ready for sale in the normal course of business. Meanwhile, for manufacturing companies, inventory is not yet ready for sale and requires processing. Inventory turnover at PT. PT Hadji Kalla Palopo Branch experienced a decline, impacting sales growth. This was due to increased operational costs annually, and also resulted in excessive cash turnover due to excessive use by the company to finance operational needs such as employee salaries and selling costs. Similarly, the annual accounts receivable turnover was very slow, due to the large number of bad debts at PT Hadji Kalla Palopo Branch. The company's problem was the decline in sales over the past two years, from 2014 to 2015, resulting in a slow cash turnover and accounts receivable turnover, which negatively impacted the profitability of PT Hadji Kalla Palopo Branch. Based on the above background, the author chose the research title "Analysis of Working Capital Budget and Profitability on Profit at PT Hadji Kalla Palopo Branch." The objective was to determine and analyze the working capital turnover in increasing profitability at PT Hadji Kalla Palopo Branch.

II. Literature Review and Hypothesis Development

Miftah (2006) wrote a thesis titled "Analysis of Working Capital Utilization on Economic Profitability at PT. Unilever Indonesia Tbk." He stated that the analysis of the results of the efficiency of working capital utilization on profitability indicates that efficient working capital utilization influences economic profitability at PT. Unilever Tbk. According to the model results (R-square), the resulting R-squared ratio is 98%, with the remaining 2% explained or influenced by other factors. Therefore, it can be concluded that the variables cash turnover, accounts receivable turnover, and inventory turnover in the study contribute 98% to the factors influencing economic profitability. The results of the statistical test analysis generally indicate that cash turnover has a significant influence on economic profitability.

Rusli (2006) wrote a thesis titled "The Effect of Cash Turnover, Accounts Receivable Turnover, and Inventory Turnover on Economic Profitability at PT. Mandala Finance in Makassar." The research findings indicate that cash turnover, accounts receivable turnover, and inventory turnover influence the economic profitability of PT. Mandala Finance in Makassar. According to the model results (R-square), the resulting R-value is 95%, while the remaining 5% is explained or influenced by other factors. Therefore, it can be said that the variables cash turnover, accounts receivable turnover, and inventory turnover in the study contribute 95% to the factors influencing economic profitability. The results of the statistical test analysis generally show that cash turnover has a significant influence on economic profitability.

Mariani (2008) wrote a thesis titled "The Effect of Cash Turnover, Accounts Receivable Turnover, and Inventory Turnover on Profitability at PT. Maruki Internasional in Makassar." The research results obtained

were that cash turnover, accounts receivable turnover, and inventory turnover have a significant influence on profitability at PT. Maruki Internasional in Makassar. According to the model results (R-square), the resulting R-value is 87.2%, while the remaining 12.8% is explained or influenced by other factors. Therefore, it can be said that the variables cash turnover, accounts receivable turnover, and inventory turnover in the study contribute 87.2% to the factors influencing economic profitability. The results of the statistical analysis generally indicate that cash turnover has a significant impact on economic profitability.

PT. Hadji Kalla, Palopo Branch, is a company engaged in the sale of two-wheeled vehicles, utilizing financing (working capital) from all current assets (gross working capital), consisting of cash, which is readily available for use whenever the company desires; receivables, which are credit sales that have not yet been paid but will be paid in the future, according to agreements between the company and customers; and inventories, such as cash and vehicles, which are used to achieve company profitability or profit. Based on the discussion above, the author has developed a framework. This framework is as follows:

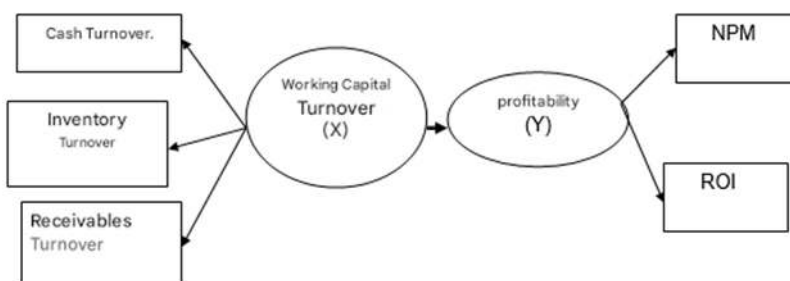


Figure 1. Conceptual Framework

III. Research Method

The problem with this company is that sales from 2012 to 2016 were not optimal, resulting in cash turnover and slow accounts receivable turnover, which negatively impacted the economic profitability of PT. Hadji Kalla, Palopo Branch.

3.1. Cash Turnover

Cash turnover shows the number of times cash turns over in a given period (one year). Cash refers to cash and other securities equivalent to cash that can be readily converted into cash. For more details, see Table 1 below:

Table .1 Sales and Cash Summary

Year	Cash	Average Cash	Sale	Time
2012	2,221,707,000	2,221,707,000	19,470,644,000	8.76
2013	4,423,763,000	5,534,616,500	21,592,440,000	3.90
2014	4,525,600,000	6,737,481,500	23,689,440,000	3.84
2015	4,443,414,000	6,706,214,000	25,885,340,000	3.86
2016	5,443,414,000	7,665,121,000	27,115,540,000	3.54
Total	21,057,898,000	28,865,140,000	117,753,404,000	23.90
Average	4,211,579,600	5,773,028,000	23,550,680,800	4.78

Based on the data in Table 1 above, Cash Turnover represents the value of cash held within the company, along with other items that can be converted into cash in the near term to meet financial needs, and has the highest liquidity. The average sales and cash at PT. Hadji Kalla, Palopo Branch, for the last five years (2012-2016) were Rp 23,550,680,800 and Rp 4,211,579,600, representing a percentage of 4.78%. The following Cash Turnover shows the number of times cash turns over in a given period (1 year). Cash here refers to money

and other securities equivalent to cash that can be converted into cash immediately. Cash turnover is used to measure how many times cash rotates through sales during a certain period. The formula used is as follows:

$$\text{Cash Turnover} = \frac{\text{Sales}}{\text{Average Cash}}$$

The average cash is calculated using the following formula:

$$\text{Average Cash} = \frac{\text{Beginning Cash} + \text{Ending Cash}}{2}$$

Based on the financial data for 2012:

$$\text{Average Cash} = \frac{\text{Rp}2.221.707.000 + \text{Rp}4.423.763.000}{2}$$

$$\text{Average Cash} = \frac{\text{Rp}6.645.470.000}{2}$$

$$\text{Average Cash} = \text{Rp}3.322.735.000$$

Then, the cash turnover is calculated as follows:

$$\text{Cash Turnover} = \frac{\text{Rp}19.470.644.000}{\text{Rp}3.322.735.000}$$

$$\text{Cash Turnover} = 5.86 \text{ times}$$

Thus, the cash turnover in 2012 was 5.86 times, or rounded up to 6 times. This means that every rupiah of average cash generated sales approximately 5.86 times during 2012.

$$\frac{\text{Rp}19.470.644.000}{\text{Rp}2.221.707.000} = 8.76$$

$$5.86 \text{ times} \approx 6 \text{ times}$$

This means that in 2012 the company's cash turned over 9 times per year, in accordance with the cash turnover standard according to Munawir (2004) who stated that cash turnover can be said to be efficient if the turnover rate is (4-10) times, meaning that the cash at PT. Hadji Kalla Palopo Branch in Palopo is efficient.

3.2. Inventory turnover

Inventory turnover indicates how many times the funds invested in inventory turn over in a given period. For more details, see Table 3 below:

Table 2. Sales and inventory recapitulation

Year	Inventory	Average Inventory	Sale	Time
2012	336,003,500	336,003,500	19,470,644,000	57.95
2013	386,440,000	218,438,250	21,592,440,000	98.85
2014	455,000,000	261,780,000	23,689,440,000	90.49
2015	1,344,014,000	1,116,514,000	25,885,340,000	23.18
2016	1,344,014,000	672,007,000	27,115,540,000	40.35
Total	3,865,471,500	2,604,742,750	117,753,404,000.00	310.82
Average	773094300	520,948,550	23,550,680,800.00	62.16

Based on the data in Table 2, sales and inventory at PT. Hadji Kalla, Palopo Branch, experienced significant annual growth from 2013 to 2016, due to its large market share and increasing consumer demand. The following is the calculation of inventory turnover for 2012

$$\text{Average Inventory} = \frac{\text{Beginning Inventory} + \text{Ending Inventory}}{2}$$

Based on the data for 2012:

Sales = Rp1,112,040,000

Beginning Inventory = Rp336,003,500

However, the ending inventory data is not provided. Therefore, the inventory turnover is calculated using the available inventory value as follows:

$$\text{Inventory Turnover} = \frac{\text{Rp1,112,040,000}}{\text{Rp336,003,500}}$$

$$\text{Inventory Turnover} = 3.31 \text{ times}$$

Thus, the inventory turnover in 2012 was 3.31 times, or rounded to 3 times. This means that the company's inventory was sold and replaced approximately 3.31 times during 2012.

So, the inventory turnover at PT. Hadji Kalla Palopo Branch in 2012 occurred 58 times. This was because the company's cost of goods sold in 2011 was higher while the average inventory was lower so that the inventory turnover achieved was only 58 times per year. According to the standard according to Riyanto (2001), a good inventory turnover is 20-34 times in a certain period, so the inventory turnover of PT. Hadji Kalla Palopo Branch is not good. And so on, based on the data in the table and in accordance with the standards according to Riyanto (2001) good inventory turnover is 98 times in a certain period, so the accounts receivable turnover of PT. Hadji Kalla Palopo Branch is good.

3.3. Accounts Receivable Turnover

Accounts' receivable turnover is the ability of funds invested in receivables to turn over several times within a given period through sales. Credit sales here are all credit sales after deducting discounts, while average receivables are calculated by adding beginning receivables plus ending receivables, divided by two. For more details, see Table 2 below:

Table 3. Summary of Sales and Receivables

Year	Receivable	Average Cash	Sale	Time
2012	1,260,300,000	1,260,300,000	19,470,644,000	15.45
2013	1,299,375,000	1,929,525,000	21,592,440,000	11.19
2014	1,300,286,500	1,949,974,000	23,689,440,000	13.27
2015	520,600,000	1,170,743,250	25,885,340,000	22.11
2016	620,600,000	880,900,000	27,115,540,000	30.78
Total	5,001,161,500	7,191,442,250	117,753,404,000	92.81
Average	1,000,232,300	1,438,288,450	23,550,680,800	18.56

Based on the data in Table 4.3 above, the accounts receivable turnover of PT. Hadji Kalla, Palopo Branch, Palopo City, is . The average sales and cash at PT. Hadji Kalla, Palopo Branch, for the last five years, 2012-2016, were Rp 23,550,680,800 and Rp 3,732,283,600, respectively. The following cash turnover shows

the number of times accounts receivable are turned over in a single period (1 year). The results of the turnover analysis using the following formula:

Receivable Turnover Analysis in 2012

Receivable turnover is used to measure how many times the company collects its receivables during a certain period. The formula used is as follows:

$$\text{Receivable Turnover} = \frac{\text{Sales}}{\text{Average Receivable}}$$

The average receivable is calculated using the following formula:

$$\text{Average Receivable} = \frac{\text{Beginning Receivable} + \text{Ending Receivable}}{2}$$

Based on the data for 2012:

Sales = Rp19,470,644,000

Beginning Receivable = Rp1,260,300,000

Ending Receivable = Rp1,299,375,000

$$\text{Average Receivable} = \frac{\text{Rp1,260,300,000} + \text{Rp1,299,375,000}}{2}$$

$$\text{Average Receivable} = \frac{\text{Rp2,559,675,000}}{2}$$

$$\text{Average Receivable} = \text{Rp1,279,837,500}$$

Then, the receivable turnover is calculated as follows:

$$\text{Receivable Turnover} = \frac{\text{Rp19,470,644,000}}{\text{Rp1,279,837,500}}$$

$$\text{Receivable Turnover} = 15.21 \text{ times}$$

Thus, the receivable turnover in 2012 was 15.21 times, or rounded to 15 times. This means that the company collected its receivables approximately 15 times during 2012.

So, the accounts receivable turnover at PT. Hadji Kalla Palopo Branch in 2012 occurred 15 times. In accordance with the accounts receivable turnover standard according to Bramasto (2007) states that: as a guideline in this ratio, it should turn around between 10-34 times to determine the low or high accounts receivable turnover that occurs during a certain period, so the accounts receivable turnover at PT. Hadji Kalla Palopo Branch in Palopo is very good and so on, based on the data in the table above and in accordance with the accounts receivable turnover standard according to Bramasto (2007) states that: as a guideline in this ratio it should rotate between 10-34 times to determine the low or high accounts receivable turnover that occurs during a certain period, so the accounts receivable turnover at PT. Hadji Kalla Palopo Branch in Palopo is very good.

IV. Result and Discussion

4.1. Net Profit Margin Analysis Results

One of the goals every company aspires to achieve is to generate profit from all operational activities. Achieving this goal requires efficient and effective management, as this will facilitate decision-making regarding the company's financial condition and position. To improve a company's financial performance and support effective financial decision-making, financial reports are necessary. Financial reports reflect a company's financial position, including the balance sheet and profit and loss statement. Analyzing balance

sheet items provides a snapshot of the company's business development. Maintaining a company's survival means considering profitability, which is crucial, as profitability relates to its ability to generate profits. For more details, see Table 1 below, which shows the profitability ratios for PT. Hadji Kalla, Palopo Branch, Palopo. Net Profit Margin, is used to compare net profit after tax to sales volume. A good Net Profit Margin should be greater than 100%. For more information, see the summary of profit after tax, or net profit, and sales in the following table:

Table 4. Summary of Net Profit and Sales at PT. Hadji Kalla Palopo Branch in Palopo, 2012-2016

Year	Net Profit (Rp)	Sale(Rp)
2012	1.393.319.000	19.470.644.000
2013	1.160.239.000	21.592.440.000
2014	1.545.827.000	23.689.440.000
2015	2.418.969.000	25.885.340.000
2016	2.554.755.000	27.115.540.000

The data in Table 4.4 above, which represents net profit and net sales at PT. Hadji Kalla Palopo Branch in Palopo City, presents the following Net Profit Margin calculation results for PT. Hadji Kalla Palopo Branch in Palopo City. This calculation aims to determine its ability to generate profits from sales, as follows:

Net Profit Margin Analysis

Net Profit Margin is used to measure the company's ability to generate net profit from its sales. The formula used is as follows:

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}} \times 100\%$$

Net Profit Margin in 2012

$$\text{Net Profit Margin} = \frac{\text{Rp}1,393,319,000}{\text{Rp}19,470,644,000} \times 100\%$$

$$\text{Net Profit Margin} = 7.16\%$$

Thus, the Net Profit Margin in 2012 was 7.16%, or rounded to 7.2%.

Net Profit Margin in 2013

$$\text{Net Profit Margin} = \frac{\text{Rp}1,160,239,000}{\text{Rp}21,592,440,000} \times 100\%$$

$$\text{Net Profit Margin} = 5.37\%$$

Thus, the Net Profit Margin in 2013 was 5.37%, or rounded to 5.4%.

Net Profit Margin in 2014

$$\text{Net Profit Margin} = \frac{\text{Rp}1,545,827,000}{\text{Rp}23,689,440,000} \times 100\%$$

$$\text{Net Profit Margin} = 6.53\%$$

Thus, the Net Profit Margin in 2014 was 6.53%.

Net Profit Margin in 2015

$$\text{Net Profit Margin} = \frac{\text{Rp}2,418,969,000}{\text{Rp}25,885,340,000} \times 100\%$$

$$\text{Net Profit Margin} = 9.34\%$$

Thus, the Net Profit Margin in 2015 was 9.34%.

Net Profit Margin in 2016



$$\text{Net Profit Margin} = \frac{\text{Rp}2,554,755,000}{\text{Rp}27,115,540,000} \times 100\%$$

$$\text{Net Profit Margin} = 9.42\%$$

Thus, the Net Profit Margin in 2016 was 9.42%.

Based on the calculation, the company's Net Profit Margin fluctuated during the 2012–2016 period. It decreased from 7.16% in 2012 to 5.37% in 2013, then increased to 6.53% in 2014. The margin continued to increase in 2015 and 2016, reaching 9.34% and 9.42%, respectively. This shows that the company's ability to generate net profit from sales improved in the last two years.

Based on the calculations above, the following table 4.4 summarizes the final Net Profit Margin (NPM) results for PT. Hadji Kalla, Palopo Branch, Palopo, for the last five years, 2012-2016:

Table 5. Summary of Net Profit Margin (NPM) at PT. Hadji Kalla, Palopo Branch, Palopo, 2012-2016

Tahun	Net Profit Marjin (%)
2012	7.2
2013	5.4
2014	7.8
2015	9.3
2016	9.4

Net Profit Margin (NPM) in 2012 was 7.2%. In 2013, the Net Profit Margin (NPM) showed results for the year, reaching Rp. 5.4%. In 2014, it was Rp. 7.8%, in 2015 it was Rp. 9.3%, and in 2016 it was 9.4%.

4.2. Return on Investment Analysis Results

Return on Investment (ROI), also often referred to as return on total assets, measures a company's overall ability to generate profits using its assets. For clarity, the following data is presented in Table 3: Profit after tax and total assets:

Table 6. Summary of Net Profit and Total Assets at PT. Hadji Kalla Palopo Branch in Palopo, 2012-2016

Year	Profit after Tax (Rp)	Total Assets (Rp)
2012	1.393.319.000	13.807.533.000
2013	1.160.239.000	13.905.511.000
2014	1.545.827.000	15.938.230.000
2015	2.418.969.000	16.877.625.000
2016	2.554.755.000	17.474.522.000

Based on the data in Table 4.5 above, including profit after tax and total assets, the following is the calculation of return on investment (ROI) for PT Hadji Kalla, Palopo Branch, Palopo, from 2012 to 2016, using the following formula:

Return on Investment Analysis

Return on Investment is used to measure the company's ability to generate profit from its total assets. The formula used is as follows:

$$\text{Return on Investment} = \frac{\text{Profit After Tax}}{\text{Total Assets}} \times 100\%$$

Return on Investment in 2012

$$\text{ROI} = \frac{\text{Rp}1,393,319,000}{\text{Rp}13,807,533,000} \times 100\%$$

$$\text{ROI} = 10.09\%$$

Thus, the return on investment in 2012 was 10.09%.

Return on Investment in 2013

$$\text{ROI} = \frac{\text{Rp}1,160,239,000}{\text{Rp}13,905,511,000} \times 100\%$$

$$\text{ROI} = 8.34\%$$

Thus, the return on investment in 2013 was 8.34%.

Return on Investment in 2014

$$\text{ROI} = \frac{\text{Rp}1,545,827,000}{\text{Rp}15,938,230,000} \times 100\%$$

$$\text{ROI} = 9.70\%$$

Thus, the return on investment in 2014 was 9.70%.

Based on the calculation, the company's Return on Investment decreased from 10.09% in 2012 to 8.34% in 2013, then increased to 9.70% in 2014. This means that the company's ability to generate profit from its total assets declined in 2013 but improved again in 2014. Based on the calculation results above, the following table will be made, namely a recapitulation of the final results of return on investment (ROI) at PT. Hadji Kalla Palopo Branch in Palopo for the last five years, from 2012 to 2016, as follows:

Table 7. Summary of Return on Investment (ROI) at PT. Suracojaya Abadimotor in 2012-2016

Year	ROI (%)
2012	10.09
2013	8.34
2014	9.70
2015	14.33
2016	14.62

Return on Investment (ROI) in 2012 demonstrates the ability of PT. Hadji Kalla, Palopo Branch, to generate profits from its assets. Return on investment was 10.09%, and in 2013 it was 8.34%. Return on Investment (ROI) in 2014 demonstrates the ability of PT. Hadji Kalla, Palopo Branch, in Palopo, to generate profits from its assets. Return on investment was 9.70%, and in 2015 it was 14.33%. Return on Investment (ROI) in 2013 demonstrates the ability of PT. Hadji Kalla, Palopo Branch, in Palopo, to generate profits from its assets. Return on investment was 14.62%.

4.3. Return on Equity Analysis Results

Return on Equity is a company's ability to generate profits using its equity. The following presents data on net profit and equity at PT. Hadji Kalla, Palopo Branch, Palopo, for the last five years (2012-2016). This can be seen in Table 5 below:

Table 8. Summary of Net Profit and Equity at PT. Hadji Kalla, Palopo Branch, Palopo, 2012-2016

Year	Profit After Tax (Rp)	Owner's Equity (Rp)
2012	1.393.319.000	12.062.456.000
2013	1.160.239.000	12.899.171.000
2014	1.545.827.000	14.115.267.000

2015	2.418.969.000	15.236.263.000
2016	2.554.755.000	16.466.259.000

Processed Data Source 2017

Return on Equity demonstrates the ability of PT. Hadji Kalla, Palopo Branch, to generate profits using its equity. The following is a calculation for the last five years, 2012-2016:

Return on Equity Analysis

Return on Equity is used to measure the company's ability to generate profit based on the owner's equity. The formula used is as follows:

$$\text{Return on Equity} = \frac{\text{Profit After Tax}}{\text{Owner's Equity}} \times 100\%$$

Return on Equity in 2012

$$\text{ROE} = \frac{\text{Rp}1,393,319,000}{\text{Rp}12,062,456,000} \times 100\%$$
$$\text{ROE} = 11.55\%$$

Thus, the Return on Equity in 2012 was 11.55%.

Return on Equity in 2013

$$\text{ROE} = \frac{\text{Rp}1,160,239,000}{\text{Rp}12,899,171,000} \times 100\%$$
$$\text{ROE} = 8.99\%$$

Thus, the Return on Equity in 2013 was 8.99%.

Return on Equity in 2014

$$\text{ROE} = \frac{\text{Rp}1,545,827,000}{\text{Rp}14,115,267,000} \times 100\%$$
$$\text{ROE} = 10.95\%$$

Thus, the Return on Equity in 2014 was 10.95%.

Return on Equity in 2015

$$\text{ROE} = \frac{\text{Rp}2,418,969,000}{\text{Rp}15,236,263,000} \times 100\%$$
$$\text{ROE} = 15.88\%$$

Thus, the Return on Equity in 2015 was 15.88%.

Return on Equity in 2016

$$\text{ROE} = \frac{\text{Rp}2,554,755,000}{\text{Rp}16,466,259,000} \times 100\%$$
$$\text{ROE} = 15.52\%$$

Thus, the Return on Equity in 2016 was 15.52%.

Based on the calculation, the company's Return on Equity fluctuated during the 2012–2016 period. ROE decreased from 11.55% in 2012 to 8.99% in 2013, then increased to 10.95% in 2014. The highest ROE occurred in 2015, at 15.88%, before slightly decreasing to 15.52% in 2016. Based on the calculation results above, the following table will be made, namely a recapitulation of the final results of Return On Equity (ROE) at PT. Hadji Kalla Palopo Branch in Palopo for the last five years from 2012-2016 as follows:

Table 9. Recapitulation of Return on Equity (ROE) at PT. Hadji Kalla Palopo Branch in Palopo 2012-2016

Year	ROE (%)
2012	11.55
2013	8.99
2014	10.91
2015	15.88
2016	15.52

Return on Equity (ROE) in 2012 demonstrates the ability of PT. Hadji Kalla, Palopo Branch, Palopo, to generate profits available to shareholders. Return on Equity (ROE) was 11.55% in 2013, rising to 8.99%. Return on Equity (ROE) in 2014 demonstrates the ability of PT. Hadji Kalla, Palopo Branch, Palopo, to generate profits available to shareholders. Return on Equity (ROE) increased to 10.91% in 2015, increasing to 15.58%. Return on Equity (ROE) in 2016 demonstrates the ability of PT. Hadji Kalla, Palopo Branch, Palopo, to generate profits available to shareholders. Return on Equity (ROE) was 15.52%.

4.4. Gross Profit Margin Analysis

Gross Profit Margin is the ratio between a company's Earnings Before Interest and Tax (EBIT) and sales. The following table presents data on earnings before interest and tax and sales at PT. Hadji Kalla, Palopo Branch, Palopo, for the last five years (2012-2016):

Table 10. Summary of EBIT and Sales at PT. Hadji Kalla, Palopo Branch, Palopo, 2012-2016

Year	EBIT (Rp)	Sale (Rp)
2012	1.705.107.000	19.470.644.000
2013	1.131.660.000	21.592.440.000
2014	1.528.633.000	23.689.440.000
2015	2.443.333.000	25.885.340.000
2016	2.573.733.000	27.115.540.000

Gross Profit Margin demonstrates the ability of PT. Hadji Kalla, Palopo Branch, to generate gross profit from its sales. The following is a summary of the calculation of Gross Profit Margin for the last five years, from 2012 to 2016. The formula used is as follows:

$$\text{Gross Profit Margin} = \frac{\text{EBIT}}{\text{Sales}} \times 100\%$$

Gross Profit Margin in 2012

$$\begin{aligned} \text{Gross Profit Margin} &= \frac{\text{Rp}1,705,107,000}{\text{Rp}19,470,644,000} \times 100\% \\ \text{Gross Profit Margin} &= 8.76\% \end{aligned}$$

Thus, the Gross Profit Margin in 2012 was 8.76%.

Gross Profit Margin in 2013



$$\text{Gross Profit Margin} = \frac{Rp1,131,660,000}{Rp21,592,440,000} \times 100\%$$

$$\text{Gross Profit Margin} = 5.24\%$$

Thus, the Gross Profit Margin in 2013 was 5.24%.

Gross Profit Margin in 2014

$$\text{Gross Profit Margin} = \frac{Rp1,528,633,000}{Rp23,689,440,000} \times 100\%$$

$$\text{Gross Profit Margin} = 6.45\%$$

Thus, the Gross Profit Margin in 2014 was 6.45%.

Gross Profit Margin in 2015

$$\text{Gross Profit Margin} = \frac{Rp2,443,333,000}{Rp25,885,340,000} \times 100\%$$

$$\text{Gross Profit Margin} = 9.44\%$$

Thus, the Gross Profit Margin in 2015 was 9.44%.

Gross Profit Margin in 2016

$$\text{Gross Profit Margin} = \frac{Rp2,573,733,000}{Rp27,115,540,000} \times 100\%$$

$$\text{Gross Profit Margin} = 9.49\%$$

Thus, the Gross Profit Margin in 2016 was 9.49%.

Based on the calculation, the Gross Profit Margin fluctuated during the 2012–2016 period. It decreased from 8.76% in 2012 to 5.24% in 2013, then increased to 6.45% in 2014. The margin continued to improve in 2015 and 2016, reaching 9.44% and 9.49%, respectively. This shows that the company's ability to generate profit from sales improved in the last two years. Based on the calculations above, the following table summarizes the final Gross Profit Margin (GPM) results for PT. Hadji Kalla, Palopo Branch, Palopo, for the last five years, 2012-2016:

Table 11. Summary of Gross Profit Margin at PT. Hadji Kalla, Palopo Branch, Palopo, 2012-2016

Year	ROE (%)
2012	8.76
2013	5.26
2014	6.45
2015	9.44
2016	9.49

The Gross Profit Margin (GPM) in 2012 demonstrates the ability of PT. Hadji Kalla, Palopo Branch, Palopo, to generate gross profit from sales. The Gross Profit Margin (GPM) was 8.76%, 5.26% in 2013, 6.45% in 2014, 9.44% in 2015, and Rp 9.49% in 2016. The profitability ratio calculations indicate that PT. Hadji Kalla, Palopo Branch, Palopo, is already within a good profit standard, and sales have also increased annually from 2012 to 2016. Therefore, the hypothesis proposed in this thesis is accepted, stating that increased sales can increase profitability at PT. Hadji Kalla, Palopo Branch, Palopo.

V. Conclusion

Cash turnover, inventory turnover, and accounts receivable have been quite effective in increasing profitability at PT. Hadji Kalla, Palopo Branch, due to the company's annual sales growth. The profitability ratio,

measured by ROE, ROI, and NPM, is quite good, according to expert standards. According to Lestari and Sugiarto (2007), a good ROE, ROI, and NPM ratio is >2%. This is based on the proposed hypothesis, which states that cash turnover and accounts receivable turnover at PT. Hadji Kalla, Palopo Branch, have not been able to increase the company's profitability. Therefore, the proposed hypothesis is accepted because cash turnover and accounts receivable are inefficient.

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