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The Influence of Capital Adequacy Ratio (Car), Loan to Deposit Ratio (Ldr) and Operational Costs of Operational Income (Bopo) On Profitability at Pt. Bank Negara Indonesia (Persero) Tbk

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ABSTRACT: This study was conducted to examine the effect of the variable Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operational Cost of Operational Income (BOPO) on the Profitability of PT. Bank Negara Indonesia (Persero) Tbk. The period used in this study amounted to 7 years, starting from 2012 to 2018.

This research was obtained through secondary data sourced from PT. Bank Negara Indonesia (Persero) Tbk. This study uses the documentation method obtained from financial statements published on the official website of PT. Bank Negara Indonesia (Persero) Tbk, which is www.bni.co.id. The analysis technique used is multiple linear regression.

The results showed that CAR, LDR and BOPO simultaneously had an effect on profitability. CAR had no significant positive effect on profitability, LDR had an effect on positive and significant towards profitability and BOPO has a negative effect and significant for profitability.

KEYWORDS: Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR), Operational Costs Of Operating Income (BOPO), Profitability

INTRODUCTION

Banking is a financial institution that has a role in the financial system in Indonesia. The existence of the banking sector has a fairly important role, where in public life most of it involves services from the banking sector. This is because the banking sector is an institution that carries out the main function as a financial intermediary (financial intermediary) between parties who have funds (surplus funds) and parties who need funds (deficit funds) as well as an institution that functions to facilitate the flow of traffic. Payments (Veithzal, et al., 2007).

According to RI Law Number 10 of 1998 concerning banking, a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and or other forms in order to improve the standard of living of the common people. As a service company, the banking business includes three activities, namely raising funds, channeling funds, and providing other bank services. Activities to collect and distribute funds are the main activities, while other activities are supporting services that function to support the smooth running of the main activities.

The 1997 economic crisis resulted in a complete disruption to the banking sector. Where some of the real sector experienced a growth process that tended to be negative and even close to bankruptcy. Public confidence to invest in the banking sector began to decline. Customers as recipients of funds are unable to pay the credit they receive. This has led to an increase in the number of non-performing loans and a decrease in the level of public trust. Thus one of the functions of a bank, namely collecting funds from the public, did not work as it should and triggered a rush so that many banks went bankrupt and experienced liquidity difficulties. This resulted in about 16 national private banks experiencing liquidation. In 1998, 10 banks were taken over by the Indonesian Bank Restructuring Agency (IBRA), followed by 4 other private banks which had previously taken over. As a result, the number of banks at the end of 1997 decreased to 222 and at the end of 1998 again decreased to 208 (Alifah, 2014).

Considering the large role of banks in the economy and the economic impact that will result if a banking business fails, it is necessary to carry out a series of analyzes that allow it to detect problems in the banking system so that the failure occurs.

Can be anticipated and the soundness level of the bank can be maintained. The analysis that can be done is by analyzing and calculating ratios in financial performance. By analyzing financial statements, the company obtains information related to the company's financial position and the results that have been achieved in connection with the selection of the company's strategy to be implemented. Company leaders can find out about the condition and financial development of the company with the results that have been achieved in the past and are currently running. By knowing the possibility of problems that will occur, the management can anticipate by taking the steps that need to be taken in order to overcome them

Company performance can be seen through various variables or indicators. The variable used as the basis for the assessment is the financial statements of the company concerned. If the performance of a public company increases, its value will be even higher. According to the Indonesian Accounting Association (IAI, 1995), company performance can be measured by analyzing and evaluating financial reports. Information on past financial position and performance is often used as a basis for predicting future financial position and performance and other matters of immediate interest to users such as dividend payments, wages, securities price movements and the company's ability to fulfill its commitments when they fall due. . Performance is an important thing that must be achieved by every company anywhere, because performance is a reflection of the company's ability to manage and allocate its resources (Hutagalung, et al 2013).

According to Syofyan (2003), profitability is the most appropriate indicator to measure the performance of a bank. The profitability measure used is Return on Equity (ROE) for companies in general and Return on Assets (ROA) in the banking industry. Return on Assets (ROA) focuses on the company's ability to earn earnings in company operations, while Return on Equity (ROE) only measures the return earned from the company owner's investment in the business (Mawardi, 2005), so that in this study ROA is used as a performance measure PT. Bank Negara Indonesia (Persero) Tbk. ROA is the ratio between profit before tax to total assets. The greater the ROA, the better the financial performance, because the rate of return is greater. If ROA increases, it means that the company's profitability increases, so that the final impact is an increase in the profitability enjoyed by shareholders (Husnan, 1998)

High or low level of profitability of a bank is very influential on the level of public trust. Banks that have a high level of profitability reflect that the bank has good performance. People tend to choose to use bank services that have high profitability and good performance. High public trust in a bank can increase the amount of Third Party Funds (DPK) which can later affect the smooth running of operational activities. DPK can be channeled back to the community in the form of loans or credit and can be used for investment purposes. The high amount of DPK, assuming the bank manages it properly, has an effect on increasing profitability and smooth operational activities.

Several factors influence the increase in the profitability of PT. Bank Negara Indonesia (Persero) Tbk, are CAR, LDR and BOPO. Capital Adequacy Ratio (CAR) is a financial ratio related to banking capital in which the amount of a bank's capital will affect whether or not a bank is able to efficiently carry out its activities. If the capital owned by the bank is able to absorb unavoidable losses, then the bank can manage all its activities efficiently, so that the bank's wealth (shareholders' wealth) is expected to increase and vice versa (Muljono, 1999). The low CAR ratio reflects the low level of a bank's capital. A low level of capital can cause a bank to be unable to absorb unavoidable losses. These conditions can affect the bank's ability to maintain its operational performance. Declining performance causes a decrease in public trust which in turn causes a decrease in profitability.

The Loan to Deposit Ratio (LDR) is used to measure the bank's ability to pay off its debts and pay back its depositors and to be able to fulfill the credit requests submitted. LDR is the ratio between the total amounts of loans extended to third party funds. The amount of credit extended will determine the bank's profit. If the bank is unable to extend credit while there are a lot of funds collected it will cause losses to the bank (Kasmir, 2012). Bank Indonesia provisions regarding the Loan to Deposit Ratio (LDR), which is between a ratios of 80% to 110% (Werdaningtyas, 2002). The higher the Loan to Deposit Ratio (LDR), the bank's profit will increase (assuming the bank is able to extend its credit effectively), with the increase in bank profits, the bank's performance will also increase. Thus the size the Loan to Deposit Ratio (LDR) ratio of a bank will affect the bank's performance. Good bank performance is expected to increase profitability and public trust

Operating Expenses Operating Income (BOPO) is a comparison between total operating costs and total operating income. Operational efficiency is carried out by banks in order to find out whether the bank's operations related to the main business of the bank are carried out correctly (in accordance with the expectations of management and shareholders) and are used to show whether the bank has used all its production factors efficiently and effectively. (Mawardi, 2005). Thus the operating efficiency of a bank that will affect the performance of the bank. Good bank performance increases public confidence in investing their funds, so that profitability is expected to increase.

In the financial statements of PT. Bank Negara Indonesia (Persero) Tbk, it is known that the development of CAR, LDR and BOPO during 2012-2018 experienced fluctuations. The relationship between CAR and ROA is positive, where if a bank's CAR increases, ROA will also increase. The relationship between LDR and ROA is also positive, where if a bank's LDR increases, ROA will also increase. Meanwhile, the relationship between BOPO and ROA is negative, where if a bank's BOPO decreases, ROA will increase

Based on the description of the background, the authors found inconsistent results for different times, some of which were even contradictory to each other. This certainly attracts the attention of the author, coupled with the phenomenon of incompatibility between existing theories and actual reality. The factors that affect the level of profitability will be examined in this study. The author intends to conduct research entitled "The Effect of Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operational Income Operating Costs (BOPO) on Profitability at PT. Bank Negara Indonesia (Persero) Tbk

LITERATURE REVIEW

1. Profitabilitas

Profitability is the ability of a company to generate profits during a certain period. Profitability can be used as information for shareholders to see the benefits to be received in the form of dividends. Investors use profitability to predict how much the value of the shares they own changes

According to Mahduh Hanafi (2012: 81), the notion of profitability is a ratio to measure a company's ability to generate profits at a certain level of sales, assets and share capital. There are 3 (three) ratios most commonly used, namely Profit Margin, Return on Assets (ROA) and Return on Equity (ROE).

The profitability measure used is Return on Assets (ROA). The reason for choosing ROA is because it is generally used by the banking industry while Return on Equity (ROE) is more widely used by companies. ROA focuses on the ability to obtain earnings in the company's operations, while ROE only measures the return (return) obtained from the investment of the company owner in the company's business. ROA can also be used to measure a company's effectiveness in generating profits by utilizing its assets. ROA is the ratio between profits before tax to total assets. The amount of ROA indicates better financial performance due to the greater rate of return. Besides that, ROA has also taken into account interest costs and corporate taxes so that ROA is beneficial for investors. Based on these reasons, ROA is used as an indicator of profitability in this study

2. Capital Adequacy Ratio (CAR)

CAR (Capital Adequacy Ratio) or capital adequacy ratio is a ratio that serves to accommodate the risk of loss that may be faced by a bank. The higher the CAR, the better the bank's ability to bear the risk of any risky credit/productive assets. If the CAR value is high, the bank is able to finance operational activities and make a sizeable contribution to profitability

According to Dendawijaya (2009: 121), CAR is the ratio that shows how far all bank assets are at risk (credit, equity, securities, bank claims others) are also financed from the bank's own capital funds in addition to obtaining funds from sources outside the bank, such as funds from the public, loans, and others. CAR is an indicator of a bank's ability to cover the decline in its assets as a result of bank losses caused by risky assets

Bank Indonesia stipulates minimum capital requirements for banks as stipulated in the Bank for International Settlements (BIS) standards. This provision is stipulated in Indonesia by Bank Indonesia, as stated in Bank Indonesia Regulation No. 10/15/PBI/2008 Article 2 Banks are required to provide minimum capital of 8% (eight percent) of Risk Weighted Assets (ATMR).

3. Loan to Deposit Ratio (LDR)

The Loan to Deposit Ratio (LDR) is the ratio between the total volume of credit extended by a bank and the total receipt of funds from various sources. Another understanding of LDR is the financial ratios of banking companies related to liquidity aspects. LDR is a traditional measurement that shows time deposits, current accounts, savings, and others used to fulfill customer loan requests.

According to Latumaerissa (2017: 96), LDR is a traditional measurement that shows time deposits, current accounts, savings, and others used to fulfill customer loan requests. This ratio is used to measure the level of liquidity. A high ratio indicates that a bank lends all of its funds (loan-up) or is relatively illiquid (illiquid). Conversely, a low ratio indicates a liquid bank with excess capacity of funds ready to lend

Based on Bank Indonesia Regulation No.15/7/PBI/2013 the LDR standard is 78% - 92%. If the LDR ratio is below 78%, it can be said that the bank cannot properly channel all the funds that have been raised. If the bank's LDR ratio

Reaches more than 92%, the total credit disbursed by the bank has exceeded the funds raised

4. Operational Income Operating Expenses (BOPO)

All operational activities certainly require costs, without costs it is impossible for these activities to be carried out. Operational costs will relate to operating income. Operating Expenses Operating Income (BOPO) are interrelated matters where if income is greater than operating costs, then the company will get a greater profit

In banking, Operating Expenses Operating Income (BOPO) has a major influence in measuring the level of efficiency and also the ability of a bank to carry out its operational activities. For this reason, the bank must make a comparison between the amount of operational costs and also the operational income it earns. To get a large operating income, of course the bank must also be good at finding a large number of customers and the bank can reduce interest costs to a minimum.

According to Rivai, et al (2013: 480) The BOPO ratio is the comparison between operating expenses and operating income in measuring the level of efficiency and ability of a bank to carry out its operational activities. The smaller the BOPO ratio, the better, because the bank concerned can cover operating expenses with its operating income

Based on Bank Indonesia Circular Letter No.15/15/PBI/2013 dated 24 December 2013. The ideal BOPO ratio is between 50% - 75% in accordance with the provisions of Bank Indonesia must have a maximum BOPO of 85%. If a bank has more BOPO than Bank Indonesia regulations, then the bank is in the category of unhealthy and inefficient.
This ratio is used to measure the level of efficiency and ability of a bank to carry out its operations or to measure the ability of operating income to cover operational costs

HYPOTHESIS

This study will examine the effect of CAR, LDR and BOPO on ROA Profitability in accordance with the theoretical explanation, so there are 4 hypotheses developed in this study, the three hypotheses are:

1. CAR, LDR, and BOPO simultaneously have a significant effect on Profitability.
2. Capital Adequacy Ratio (CAR) partially has a significant effect on Profitability.
3. Loan to Deposit Ratio (LDR) partially has a significant effect on Profitability
4. Operating Costs Operating Income (BOPO) partially has a significant effect on Profitability

RESEARCH METHOD

This research was obtained through secondary data sourced from the published financial reports of PT. Bank Negara Indonesia (Persero) Tbk. The sample in this study uses annual financial reports from 2012 to 2018. The data is time series data obtained through the official website www. bni.co.id.
In accordance with the research objectives and hypotheses, this data analysis aims to determine the role of each independent variable CAR, LDR and BOPO in influencing the dependent variable ROA Profitability
Teknik analisis yang digunakan dalam penelitian ini adalah regresi linier berganda *(multiple regression)*. Teknik ini digunakan pada penelitian yang dirancang untuk meneliti pengaruh variabel independen terhadap variabel dependen. Analisis regresi linier berganda sangat bermanfaat untuk meneliti pengaruh beberapa variabel yang berkorelasi dengan variabel yang diuji. Teknik analisis ini sangat dibutuhkan dalam berbagai pengambilan keputusan baik dalam perumusan kebijakan manajemen maupun dalam telaah ilmiah
Multiple linear regression is used to test the effect of two or more independent variables on one dependent variable. Hypothesis testing is done with multivariable regression with the following equation:

$$ROA = \alpha + \beta_1 CAR + \beta_2 LDR + \beta_3 BOPO + e$$

RESULTS AND DISCUSSION

Based on the descriptive analysis shows that the number of observations at PT. Bank Negara Indonesia (Persero) Tbk, the 2012-2018 period in the study included 7 data. The data used are published financial report data of PT. Bank Negara Indonesia (Persero) Tbk.
The minimum return on assets (ROA) variable is 0.02 and the maximum value is 0.03. The lowest ROA position occurred in 2015, while the highest ROA position occurred in 2014. The average value or mean Return on Assets (ROA) that occurred was 0.0263 with a standard deviation of 0.00325. This standard deviation is smaller than the mean, this indicates that the distribution of ROA values is good
The minimum value of the Capital Adequacy Ratio (CAR) variable is 0.17 and the maximum value is 0.21. The lowest CAR position occurred in 2013, while the highest CAR position occurred in 2015. The average value or mean Capital Adequacy Ratio (CAR) that occurred was 0.1930 with a standard deviation of 0.01427. This standard deviation is smaller than the mean, this indicates that the distribution of CAR values is good.
The minimum value of the Loan to Deposit Ratio (LDR) variable is 0.78 and the maximum value is 0.90. The lowest LDR position occurred in 2012, while the highest LDR position occurred in 2016. The average value or mean Loan to Deposit Ratio (LDR) that occurred was 0.8637 with a standard deviation of 0.04081. This standard deviation is smaller than the mean, this indicates that the distribution of LDR values is good.
The minimum value of the BOPO variable (Operating Expenses against Operating Income) is 1.50 and the maximum value is 1.93. The lowest BOPO position occurred in 2014, while the highest BOPO position occurred in 2016. The average value or mean BOPO (Operating Costs to Operating Income) that occurred was 1.7191 with a standard deviation of 0.19129. This standard deviation is smaller than the mean, this indicates that the distribution of BOPO values is good.

Multiple Linear Regression Analysis

Multiple linear regression is used to test the effect of two or more independent variables on one dependent variable. The results of multiple linear regression analysis can be seen from the following table:

Model	nstandardized Coefficients		Standardized Coefficients	t	P - Value α = 0,05	Information
	B	Std. Error	Beta			
(Constant)	.021	.009		2.406	.095	
CAR	.010	.037	.046	.282	.796	Not significant
LDR	.045	.012	.562	3.792	.032	significan
BOPO	-.021	.003	-1.225	-6.931	.006	significan

Based on the table above, it is known that the multiple linear regression equation is as follows:

ROA = 0,021 + 0,010CAR + 0,045LDR - 0,021BOPO + e

The constant value of 0.021 shows the average predicted value of Return On Assets (ROA) if the Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operational Income Operating Costs (BOPO) variables are 0 (zero) then the value of Return On Assets (ROA) is 0.021.

The Capital Adequacy Ratio (CAR) variable coefficient of 0.010 indicates that each increase in CAR by a unit is predicted to increase ROA by 0.010 assuming other variables (LDR and BOPO) are constant

The coefficient of the Loan to Deposit Ratio (LDR) variable is 0.045 indicating that each increase in LDR by one unit is predicted to increase ROA by 0.045 assuming other variables (CAR and BOPO) are constant

The variable coefficient of Operational Income Operating Costs (BOPO) of -0.021 indicates that any increase in BOPO, which means a decrease in efficiency by a unit unit, is predicted to reduce ROA by 0.021 assuming other variables (CAR and LDR) are constant

Based on the results of multiple correlation coefficient analysis, it can be seen that the value of R = 0.979 is close to 1, so the relationship between Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operational Income Operating Costs (BOPO) to Return on Assets (ROA) is stated strong. The positive correlation coefficient shows that the level of ROA is influenced by CAR, LDR and BOPO in other words, if CAR, LDR and BOPO increase or increase, the value of Return On Assets (ROA) will also increase or increase, and vice versa

Based on the results of the analysis of the coefficient of determination, the value of the Adjusted R Square figure is 0.915 or 91.5%. It can be concluded that the contribution of Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operational Income Operating Costs (BOPO) to Profitability Return On Assets (ROA) at PT. Bank Negara Indonesia (Persero) Tbk, is 91.5% while the remaining 8.5% (100% - 91.5%) is influenced by other variables not included in this study

Based on the results of the F test, it shows that the Fcount value is 22.540 greater than the Ftable value of 9.28 or 22.540 > 9.28. This means that the variables Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operational Income Operating Costs (BOPO) have an influence of that figure

The results of the F test show that the probability value of 0.015 is less than the value of α = 0.05 or the value of 0.015 <0.05 then Ha is accepted Ho is rejected. Shows acceptance of the hypothesis which states that there is a positive and significant influence between Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operating Costs Operating Income (BOPO) on Profitability Return On Assets (ROA) simultaneously at PT. Bank Negara Indonesia (Persero) Tbk.

Based on the results of the t test, it shows that the tcount value for the CAR variable is 0.282 and a significance probability of 0.796 > 0.05. So it can be concluded that H0 is accepted and Ha is rejected, which means that the Capital Adequacy Ratio (CAR) has a partially positive and insignificant effect on Return on Assets (ROA).

The results of the t test show that the tcount value for the LDR variable is 3.792 and a significance probability of 0.032 <0.05. So it can be concluded that H0 is rejected and Ha is accepted, which means the Loan to Deposit Ratio (LDR) has a positive and partially significant effect on Return on Assets (ROA).

The results of the t test show that the tcount value for the BOPO variable is -6.931 and a significance probability of 0.006 <0.05. So it can be concluded that H0 is rejected and Ha is accepted, which means Operational Income Operating Costs (BOPO) has a negative and partially significant effect on Return on Assets (ROA).

1. Effect of CAR, LDR and BOPO Simultaneously on Profitability

Based on the results of the F test or simultaneous test, the probability value in the table is 0.015 indicating a value smaller than the predetermined α significance level of 0.05. So that the hypothesis which states "CAR, LDR, and BOPO simultaneously have a significant effect on Profitability" is accepted, where Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operating Costs Operating Income (BOPO) jointly affect Profitability PT. Bank Negara Indonesia (Persero) Tbk, 2012-2018 period

Based on the results of the determination coefficient test, it can be concluded that the Adjusted R Square is 0.915 or 91.5%. This shows that the contribution of Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operational Income Operating Costs (BOPO) to Profitability Return on Assets (ROA) is 91.5% while the remaining 8.5% is influenced by variables- other variables not included in this study

2. Partial CAR Effect on ROA Profitability

Based on the results of the t test or partial test, the significance probability value in the table is 0.796 indicating a value greater than the predetermined significance level of 0.05. So the hypothesis which states "Capital Adequacy Ratio (CAR) partially has a significant effect on Profitability" is rejected, where the Capital Adequacy Ratio (CAR) partially has a positive but not significant effect on Profitability of PT. Bank Negara Indonesia (Persero) Tbk, 2012-2018 period

3. The Partial Effect of LDR on ROA Profitability

Based on the results of the t test or partial test, the significance probability value in the table is 0.032 indicating a value smaller than the predetermined significance level of 0.05. So the hypothesis which states "Loan to Deposit Ratio (LDR) partially has a significant effect on Profitability" is accepted, where the Loan to Deposit Ratio (LDR) partially has a positive and significant effect on the Profitability of PT. Bank Negara Indonesia (Persero) Tbk, 2012-2018 period.

4. Partial Effect of BOPO on ROA Profitability

Based on the results of the t test or partial test, the significance probability value in the table is 0.006 indicating a value smaller than the predetermined significance level of 0.05. So the hypothesis which states "Operating Costs Operational Income (BOPO) partially has a significant effect on profitability" is accepted, where Operational Costs Operational Income (BOPO) partially has a negative and significant effect on Profitability of PT. Bank Negara Indonesia (Persero) Tbk, 2012-2018 period

CONCLUSIONS AND SUGGESTIONS

CONCLUSIONS

Simultaneously the Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operational Income Operating Costs (BOPO) have an influence on ROA Profitability. So that H1 which states that CAR, LDR, and BOPO simultaneously have a significant effect on Profitability is accepted. This is evidenced by the results of the simultaneous test, where a significance probability value of 0.015 indicates a value smaller than the predetermined significance level of 0.05. Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operating Expenses Operating Income (BOPO) contribute to ROA Profitability of 91.5%, while the remaining 8.5% is influenced by other variables that are not included in in this research

Partially Capital Adequacy Ratio (CAR) has no significant positive effect on ROA Profitability. So that H2 which states that the Capital Adequacy Ratio (CAR) partially has a significant effect on Profitability is rejected. This is proven with the results of the t test where tcount is positive, namely equal to 0.282. The significance value shows a number of 0.796 where the value is greater than 0.05

Partially, the Loan to Deposit Ratio (LDR) has a positive and significant effect on ROA Profitability. So that H3 which states that the Loan to Deposit Ratio (LDR) partially has a significant effect on Profitability is accepted. This is evidenced by the results of the t test where tcount is positive, which is equal to 3.792. The significance value shows a number of 0.032 where the value is smaller than 0.05.

Partially, Operational Income Operating Costs (BOPO) has a negative and significant effect on ROA Profitability. So that H4 which states that Operational Income Operating Costs (BOPO) partially has a significant effect on profitability is accepted. This is evidenced by the results of the t test where tcount is negative, namely -6.931. The significance value shows a number of 0.006 where the value is smaller than 0.05

SUGGESTIONS

Bank management needs to maintain and manage its capital by increasing capital deposits from owners and from other interbank loans, or selling productive assets which will reduce the amount of RWA (loans, investments, securities, bonds), so that CAR is in good health according to regulations. Which has been determined by Bank Indonesia.

Bank management needs to increase the effectiveness of the value of the Loan to Deposit Ratio (LDR), namely by increasing the effectiveness of channeling credit funds to debtors in accordance with the limits determined by Bank Indonesia, so as not to disrupt banking liquidity

Bank management needs to reduce the value of the BOPO ratio, namely by increasing the efficiency of financial management in minimizing the high operational expenses incurred by the company, as well as increasing the company's operating income so that it can increase the company's profitability.

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