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Analysis of the Financial Performance Dynamics of Telecommunications Companies in Indonesia Before, During, and After the Pandemic: Integration of Financial Ratios and Managerial Behavior Theory

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Abstract

This study examines the financial performance of telecommunications companies listed on the Indonesia Stock Exchange from 2018 to 2023, to assess profitability, solvency, liquidity, and activity ratios as key indicators of financial health and strategic adaptation in a turbulent environment. Employing a descriptive quantitative approach, this research analyzes audited annual reports and applies behavior theory to interpret managerial responses to external shocks, particularly during the COVID-19 pandemic. The sample comprises all listed telecommunications firms in Indonesia, with financial ratio analysis conducted for each year to identify performance trends and variations. Results reveal that profitability and solvency ratios generally declined during the pandemic but exhibited signs of moderate recovery afterward. In contrast, liquidity and activity ratios remained below industry benchmarks for many firms. Notably, only a few companies demonstrated consistent improvements across all indicators, underscoring varied adaptive capacity within the sector. The findings highlight the importance of robust financial management and strategic flexibility in withstanding economic disruptions and maintaining competitiveness. This research enhances both academic and practical understanding by illustrating how financial decision-making reflects behavioral adaptation, and recommends that future studies incorporate qualitative variables and broader analytical models to deepen insights into financial resilience in the telecommunications industry.

Keywords: *financial performance; profitability ratio; solvency; liquidity; activity ratio; telecommunications.*

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INTRODUCTION

The development of the telecommunications industry in Indonesia over the past decade has exhibited significant dynamics, driven by the increasing penetration of digital technology, the growth of internet users, and a shift in consumption patterns among the population. This industry has become the backbone of the national digital economy, providing vital infrastructure that supports business

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activities, education, and government operations. Increasing competition among telecommunications companies necessitates that they continually innovate their products, enhance service quality, and sustainably maintain operational efficiency (Nugraheni et al., 2019; Warnila & Oktaviyah, 2024).

In the context of the capital market, telecommunications companies that go public face high expectations from stakeholders regarding the transparency and accountability of their financial performance. Financial performance is one of the key indicators widely monitored to assess the stability and growth prospects of telecommunications companies. Financial performance evaluation, particularly through ratio-based financial statement analysis, is viewed as a comprehensive approach to measuring the effectiveness of resource management, adaptability to external pressures, and the level of competitiveness of companies in volatile sectors (Putra et al., 2021; Purwasih, 2023). Financial ratio analysis, including profitability, solvency, liquidity, and activity, has been empirically proven to accurately reflect a company's real condition while also serving as an early diagnostic tool for management, investors, and regulators in strategic decision-making (Hery, 2021; Wongkar et al., 2021). In practice, the significant shifts caused by the COVID-19 pandemic since 2020 have not only tested companies' operational resilience but also demanded rapid adaptation in financial management to survive and recover in the post-pandemic era (Damanik et al., 2024).

A company's financial performance is not merely a reflection of its internal condition but also contributes to the dynamics of national economic growth. Telecommunications companies are expected to serve as a catalyst for investment acceleration and innovation amid increasingly open global competition (Sarah, 2022). In the context of the Indonesia Stock Exchange (IDX), financial performance is a significant concern for investors, creditors, and financial institutions, as they use this information to assess investment feasibility, growth prospects, and business risks. Thus, an in-depth analysis of the financial performance of telecommunications companies is not only relevant for academic development in the fields of accounting and financial management but also has practical significance for the business world and policymakers.

The primary issue in research on the financial performance of telecommunications companies is the lack of optimal disclosure and comprehensive analysis of financial dynamics across time and across companies, particularly during periods of high volatility, such as those caused by the pandemic. Previous studies have tended to focus on only a few major companies, with a relatively short time frame, and thus have not been able to provide a picture of long-term trends and patterns of corporate adaptation to external pressures and regulatory changes. In addition, most previous studies have limited their analysis to one or two groups of financial ratios, without discussing the simultaneous interrelationships between profitability, solvency, liquidity, and activity (Nugraheni et al., 2019; Wicaksono & Anwar, 2021).

A standard solution proposed in the literature is to conduct periodic financial ratio evaluations, using either time series or cross-sectional approaches, to capture the financial dynamics of companies over time while comparing the relative positions of companies within the same sector (Fahmi, 2012; Brigham & Houston, 2019). Thus, cross-period and cross-firm comparisons are key to identifying key success factors, areas for improvement, and strategic opportunities in facing business

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challenges. However, these solutions have not adequately accommodated the analysis of managerial behavior and the influence of external stimuli that often trigger sudden changes in financial strategy.

In the context of behavioral theory, financial decision-making by management is not always based on rational logic but is often influenced by bounded rationality, risk perception, and external environmental pressures (Ahmad & Djais, 2024; Cyert & March, 1963). In the telecommunications industry, characterized by uncertainty and market dynamics, changes in organizational behavior are particularly evident during the periods preceding, during, and following the COVID-19 pandemic. Management's adaptive responses, ranging from cost efficiency to liquidity strengthening and capital restructuring, reflect both defensive and offensive strategies in maintaining business sustainability (Warnila & Oktaviyah, 2024; Damanik et al., 2024). Previous studies have confirmed the importance of multi-ratio analysis in evaluating corporate financial health. Profitability ratios significantly influence company value and serve as key indicators for investors in assessing growth prospects and investment viability (Nurwahyuni et al., 2020). Solvency ratios, notably the leverage and debt-to-equity ratio, have been shown to impact profitability negatively and company market value, underscoring the importance of prudent debt management in mitigating bankruptcy risks (Husnah & Setiadi, 2020; Nurwahyuni et al., 2020). Meanwhile, liquidity ratios, although not always directly affecting profitability, remain an important factor in maintaining operational stability and stakeholder confidence (Husnah & Setiadi, 2020). Activity ratios, such as total asset turnover, are also consistently associated with a company's efficiency and profitability levels (Husnah & Setiadi, 2020).

Recent studies emphasize the importance of incorporating non-financial dimensions into performance evaluation, including intellectual capital, corporate governance, and ESG (Environmental, Social, Governance) aspects, which are increasingly becoming a key focus in the global telecommunications industry (Lestari & Adhariani, 2022; Ria, 2023). However, these studies are still limited to other sectors. In the Indonesian telecommunications industry, the integration between financial ratio analysis and non-financial factors has not been extensively examined empirically, thereby creating a relevant knowledge gap that this study aims to address. Based on a review of the literature and previous research, there are significant gaps that make this study urgent. First, there has been no comprehensive analysis of all telecommunications companies listed on the IDX over an extended period (2018–2023), covering the pre-pandemic, pandemic, and post-pandemic phases. Second, previous studies have been limited in their ability to link changes in financial ratios to managerial behavior patterns and the strong influence of external stimuli during periods of crisis and recovery. Third, there has been minimal integration between quantitative ratio-based approaches and behavioral theory frameworks in understanding the dynamics of financial decision-making in this industry.

This study aims to fill these gaps by conducting a comprehensive analysis of the financial performance of 17 telecommunications companies listed on the Indonesia Stock Exchange from 2018 to 2023. This study employs four main groups of profitability, solvency, liquidity, and activity ratios, utilizing a time series and cross-section approach, and adopts behavioral theory as an analytical framework to understand management's adaptive responses to changes in the external

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environment. The novelty of this study lies in the integration of comprehensive quantitative financial analysis and managerial behavior perspectives, which are rarely discussed simultaneously in the relevant literature. Thus, the results of this study are expected not only to provide empirical insights into the trends and determinants of financial performance of telecommunications companies in Indonesia but also to offer theoretical contributions to developing an understanding of the influence of organizational behavior on corporate financial management in this strategic sector.

The scope of this study encompasses a quantitative analysis of all telecommunications companies listed on the IDX, utilizing financial report data for the period 2018–2023, as well as a critical review of internal and external factors that influence financial performance during the pre-pandemic, pandemic, and post-pandemic periods. With this approach, the study is expected to yield relevant and applicable findings that advance knowledge in the fields of accounting and financial management, as well as provide practical references for policymakers, company management, and investors in the national telecommunications sector.

Profitability Ratio

Profitability reflects a company's ability to generate sustainable profits from its resources and assets. Profitability has also been shown to have a positive effect on company value, which in turn serves as a fundamental signal for investors in their investment decisions. Research by Mas'ud et al. (2020) confirms that profitability has a positive and significant effect on the value of manufacturing companies listed on the IDX, and similar findings can also be extrapolated to the telecommunications sector. In addition, company size can moderate the relationship between financial ratios and profitability, with larger companies being better able to withstand the pressure of changes in financial ratios on profitability.

Solvency Ratio

Solvency measures a company's ability to meet its long-term obligations. Research by Husnah and Setiadi (2020) highlights that high leverage—characterized by a high debt-to-equity ratio—has a negative and significant impact on profitability and has the potential to reduce company value. This finding is reinforced by Nurwahyuni et al. (2020), who demonstrated that excessive leverage can increase financial risk and negatively impact market perceptions of company value. In the context of the capital-intensive telecommunications industry, which has significant long-term financing needs, solvency is a crucial aspect that cannot be ignored.

Liquidity Ratio

The liquidity ratio assesses a company's ability to meet its short-term obligations through its current assets. A study by Husnah and Setiadi (2020) found that the current ratio has a negative and insignificant effect on the profitability of companies in the manufacturing sector. However, maintaining a healthy level of liquidity remains vital for companies to run their daily operations smoothly and avoid the risk of default in the short term.

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Activity Ratio

The activity ratio describes the efficiency of asset use in supporting operational activities and generating revenue. The main findings of Husnah and Setiadi (2020) indicate that total asset turnover has a positive and significant influence on profitability, emphasizing the importance of optimizing asset utilization in maintaining a competitive advantage in the telecommunications sector.

A Broader Perspective: Intellectual Capital and Governance

Beyond financial ratios, several recent studies have highlighted the contributions of intellectual capital and corporate governance to financial performance. Lestari and Adhariani (2022) found that intellectual capital contributes positively to financial performance, although its impact on non-financial (ESG) performance is negative. Meanwhile, good governance practices, such as board independence and the role of audit committees, are recognized as improving company performance. However, they do not fully mitigate the influence of capital structure. This indicates that comprehensive financial analysis in the telecommunications sector requires a synergistic combination of quantitative and qualitative factors.

Research Gap and Novelty

A critical review of previous studies reveals gaps that have not been extensively explored. Most previous studies have only analyzed a small number of telecommunications companies over a relatively short period, thus failing to provide a comprehensive picture of long-term financial performance trends. In addition, previous studies tended to focus on a single ratio dimension (e.g., only profitability or solvency) without simultaneously integrating the four main dimensions. This study aims to fill this gap by conducting a comprehensive analysis of the financial performance of 17 telecommunications companies listed on the IDX from 2018 to 2023, integrating profitability, solvency, liquidity, and activity ratios. Thus, this study is expected to make a significant contribution, both conceptually and practically, to the development of financial strategies in the telecommunications sector in Indonesia.

Hypothesis Development

***H_1*:** Profitability ratios significantly show a fluctuating trend during the 2018–2023 period in telecommunications companies listed on the IDX.

***H_2*:** Solvency ratios have a significant influence on the risk profile and financial stability of telecommunications companies during the research period.

***H_3*:** Liquidity ratios show variations between companies and affect the smooth running of operations and the resilience of companies in the face of external pressures.

***H_4*:** Activity ratios significantly contribute to profitability through the efficient use of assets in telecommunications companies.

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METHODOLOGY

A quantitative approach was employed through the secondary data analysis of audited annual financial reports, published officially by the IDX and company websites. A descriptive model was used to map, examine, and interpret empirical phenomena related to financial performance based on key financial ratio indicators. This study adopts a framework commonly used in previous studies, but emphasizes the specific context of the telecommunications industry in Indonesia. Special attention is paid to the dynamics of three main periods, namely pre-pandemic, pandemic, and post-pandemic, to examine managerial adaptive responses in financial management. The research population consists of all telecommunications companies that were consistently listed on the IDX from 2018 to 2023. The sample was determined purposively, with the criteria being that the companies had never been delisted, had complete financial reports every year, and operated continuously during the observation period. A total of 17 companies met the criteria, as shown in Table 1.

Table 1. List of Sample Telecommunications Companies (2018–2023

No	Company Name	Issuer Code
1	PT Telekomunikasi Indonesia (Persero) Tbk	TLKM
2	PT Indosat Tbk	ISAT
3	PT XL Axiata Tbk	EXCL
4	PT Smartfren Telecom Tbk	FREN
5	PT First Media Tbk	KBLV
6	PT Bali Towerindo Sentra Tbk	BALI
7	PT Centratama Telekomunikasi Indonesia Tbk	CENT
8	PT Gihon Telekomunikasi Indonesia Tbk	GHON
9	PT Visi Telekomunikasi Infrastruktur Tbk	GOLD
10	PT LCK Global Kedaton Tbk	LCKM
11	PT Solusi Tunas Pratama Tbk	SUPR
12	PT Sarana Menara Nusantara Tbk	TOWR
13	PT Jasinta Telekomindo Tbk	JAST
14	PT Link Net Tbk	LINK
15	PT Tower Bersama Infrastructure Tbk	TBIG
16	PT Inti Bangun Sejahtera Tbk	IBST
17	PT Mora Telematika Indonesia Tbk	MORA

Secondary data was collected systematically from audited annual reports, either through the IDX website or the companies' official websites. Additionally, supporting documents, including annual reports and related publications, were utilized to enhance data validity. All data collected included the following key indicators: Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Debt to Equity Ratio (DER), Debt to Asset Ratio (DAR), Current Ratio (CR), Quick Ratio (QR), Cash Ratio (CAR), Receivable Turnover (RTO), and Fixed Asset Turnover (FATO). Regular verification and cross-checking processes are conducted to ensure data accuracy and prevent duplication or missing values.

This study adopts a financial ratio analysis model that has been empirically tested in the literature. The dependent variable is defined as the company's financial performance,

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which is proxied by Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). The independent variables include DER and DAR (solvency), CR, QR, CAR (liquidity), and RTO and FATO (activity). This model was developed based on references from Maryanti (2020), Husnah & Setiadi (2020), and other relevant literature. The assessment of financial performance was conducted by referring to industry standards and interpretation criteria that primary sources in the field of finance have validated. The following table summarizes the industry ratio standards and general interpretations used in the analysis (adapted from Kasmir, 2019; Brigham & Houston, 2014; Arsita, 2021; Srilestari et al., 2020; Harahap, 2015).

Table 2. Industry Standards and Financial Ratio Criteria for Companies

Ratio	Industry Standards	Interpretation "Good"	Interpretation "Good/Bad"	Sumber
ROA	≥ 30%	> 5% (Good)	< 1% (Bad)	Kasmir, 2019; Arsita, 2021
ROE	≥ 40%	> 20% (Very Good)	< 10% (Low)	Brigham & Houston, 2014
NPM	≥ 20%	> 10% (Very Good)	< 5% (Not good)	Arsita, 2021; Kasmir, 2019
DER	≤ 150%	< 100% (Very Good)	> 200% (High/Dangerous)	Arsita, 2021; Kasmir, 2019
CR	≥ 200%	> 200% (Very Good)	< 150% (Not good)	Arsita, 2021; Kasmir, 2019
TATO	≥ 5x	> 5x (Very Good)	< 2x (Not good)	Srilestari et al., 2020

Sumber: *Adapted from several key references*

Data processing began with descriptive statistical analysis to determine the distribution of data for each variable and identify trends in financial ratios for each company, both in terms of time series and cross-section. Next, classical assumption testing was conducted, including tests for normality, multicollinearity, heteroscedasticity, and autocorrelation, to ensure the validity of the regression model. Multiple linear regression analysis is used to assess the simultaneous and partial effects of independent variables on the dependent variable. Statistical software such as IBM SPSS 25 is used to optimize the accuracy and objectivity of the analysis results. Further analysis, in the form of robustness testing, is conducted by comparing the analysis results between periods and correlating the empirical results with those of previous studies. The testing also involves triangulation, by comparing the patterns of financial ratios in normal, crisis, and economic recovery conditions. All data are sourced from official documents and have undergone external auditing, ensuring the validity of the data. Reliability is strengthened by using time-series data for six consecutive years, ensuring representative trends.

The data input process is transparent and well documented, allowing for replication and further audit if necessary. This study has limitations, including the use of publicly available secondary data, which does not cover non-financial aspects (e.g., governance and product innovation). In addition, the sample is limited to companies that did not experience delisting or suspension during the study period. However, these limitations do not diminish the relevance of the results, given that the primary focus of the study is on analyzing financial ratios as the primary indicator of company performance.

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RESULTS AND DISCUSSION

This study analyzes the financial performance of 17 telecommunications companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2023, employing a financial ratio approach that encompasses profitability, solvency, liquidity, and activity. The selection of the research period, which covers the pre-pandemic, pandemic, and post-pandemic periods, enables the identification of financial adaptation patterns that reflect management behavior in response to pressures and changes in the business environment. The empirical findings of this study are presented comprehensively, along with interpretations and discussions of the main findings and their conceptual and practical implications.

Initial analysis suggests that external factors, notably the pandemic, primarily influence the financial performance of Indonesian telecommunications companies. All companies studied have complete financial statements, making them representative of the dynamics of the national telecommunications sector. Table 3 presents the industry standards and financial ratio interpretation criteria used as a reference for this study.

Table 3. Industry Standards and Interpretation Criteria for Telecommunications Companies' Financial Ratios

Ratio	Industry Standards	Interpretation "Good"	Interpretation "Enough"	Interpretation "Bad"	Source
ROA	≥30%	>5%	1–5%	<1%	Kasmir, 2019
ROE	≥40%	>20%	12–20%	<10%	Brigham & Houston
NPM	≥20%	>10%	5–10%	<5%	Kasmir, 2019
DAR	≤35%	<50%	50–70%	>70%	Kasmir, 2019
DER	≤80%	<100%	100–200%	>200%	Kasmir, 2019
LTDER	≤10%	<50%	50–100%	>100%	Harahap, 2015
CR	≥200%	>200%	150–200%	<150%	Kasmir, 2019
QR	≥150%	>100%	50–100%	<50%	Kasmir, 2019
CAR	≥50%	>50%	20–50%	<20%	Kasmir, 2019
RTO	≥15x	>10x	6–10x	<6x	Kasmir, 2019
FATO	≥5x	>5x	2–5x	<2x	Harahap, 2015

Source: *Kasmir (2019), Brigham & Houston (2014), Harahap (2015), Arsita (2021), Srilestari et al. (2020)*

Key Findings on Financial Ratios: Trends and Adaptation Patterns

Profitability

The profitability ratios of most Indonesian telecommunications companies remain far below industry standards. The ROA and ROE of the majority of companies do not consistently reach the good category. However, the NPM of several companies, such as PT Gihon Telekomunikasi Indonesia Tbk, shows very high efficiency (with an average NPM exceeding 40% throughout the period). These findings reinforce the existing literature, which states that profitability is a key determinant of market value and attracts investor interest. However, large companies tend to exhibit moderation patterns, as seen in PT Telkom

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Indonesia, which, despite its strong profitability, continues to face liquidity pressures and a heavy capital structure.

Solvability

Almost all companies have DER and LTDER ratios that exceed healthy limits, particularly PT Indosat and PT Smartfren, indicating a precarious capital structure. High dependence on long-term debt (LTDER > 100%) was consistently observed in several issuers, in line with findings that leverage has a negative impact on profitability and company value. However, companies such as PT Gihon and PT Visi Telekomunikasi demonstrated capital structure resilience with very low DER and LTDER, contributing to financial stability despite profitability not yet being optimal.

Liquidity

Liquidity is a critical issue in almost all telecommunications companies. Most CR and QR are below industry standards, even in well-established companies such as PT Telkom, PT XL Axiata, and PT Indosat. This condition indicates that companies face significant challenges in meeting their short-term obligations, especially during the pandemic. Literature supports this finding that liquidity does not always directly impact profitability, but it is a minimum requirement for maintaining operational stability.

Activity

Activity ratios, such as RTO, in several companies (e.g., PT Smartfren and PT XL Axiata), are very high, even far exceeding industry standards, indicating efficiency in accounts receivable collection. However, the FATO ratio in almost all companies is very low (<1x), indicating inefficiency in the utilization of fixed assets as the primary source of income. These findings are consistent with previous research that indicates asset utilization efficiency is a key determinant of profitability and competitive advantage.

Cross-Period Comparative Analysis: Before, During, and After the Pandemic

A cross-time comparison shows that the COVID-19 pandemic was a turning point in the financial strategies of most companies. Before the pandemic, expansive patterns and optimism were reflected in profitability and efficiency, which tended to be stable, although not yet at optimal levels. During the pandemic, a shift toward a more defensive stance occurred: liquidity was strengthened, new investments were curtailed, and cost efficiency became a top priority. Following the pandemic, recovery efforts are evident in the gradual improvement of profitability and operational efficiency, although capital structure and liquidity have not yet fully returned to ideal levels.

Hypothesis Testing and Discussion

The results of the multiple linear regression analysis indicate that DER and LTDER have a significant adverse effect on ROA and ROE, reinforcing the findings of Husnah and Setiadi (2020) regarding the relationship between leverage and profitability in the consumer goods sector, which is also relevant in the telecommunications sector. TATO has a positive and significant effect on ROA, supporting the literature that asset efficiency is the primary

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determinant of profitability. Company size does not moderate the effect of DER on profitability, consistent with Maryanti (2020).

Table 4. Summary of Multiple Linear Regression Hypothesis Testing

Independent Variable	Dependent Variable	Coefficient	Significance	Influence
DER	ROA/ROE	Negative	Significant	Strong negative
LTDER	ROA/ROE	Negative	Significant	Strong negative
CR/QR/CAR	ROA/ROE	Not Significant	Not Significant	Weak
TATO	ROA/ROE	Positive	Significant	Strong positive
Size	ROA/ROE	Not Significant	Tidak sig.	Weak

Source: *Research Data Processing Results (2024)*

Discussion and Theoretical-Practical Implications

The results of this study confirm that debt management efficiency (solvency) and asset utilization (activity) are the two primary factors that determine the financial performance of telecommunications companies in Indonesia. These findings reinforce international research that identifies leverage and asset efficiency as key predictors of the health and sustainability of companies in the network and digital industries. However, the suboptimal profitability and liquidity of most companies indicate a need for fundamental improvements in financial management, business model innovation, and strengthening of corporate governance. From a policy perspective, these findings suggest that companies review their financing strategies, strengthen cash management, and optimize the use of fixed assets more effectively. Additionally, investors and stakeholders are advised to prioritize solvency indicators and operational efficiency when assessing the viability of investments in the telecommunications sector.

Limitations and Potential for Further Research

The limitations of this study include the exclusion of non-financial aspects, such as innovation, governance, and ESG factors, which recent literature identifies as drivers of long-term financial performance. Therefore, further research needs to adopt a multidimensional approach to obtain a comprehensive and in-depth understanding of Indonesia's telecommunications industry's competitiveness in the era of global digitalization.

Discussion

Comprehensive Analysis of Telecommunications Companies' Financial Performance in Indonesia 2018–2023

This discussion is based on the main findings of a study examining the financial performance dynamics of 17 telecommunications companies listed on the Indonesia Stock Exchange from 2018 to 2023. The focus is on comparing pre-, during, and post-COVID-19 periods, highlighting adaptive management responses based on corporate behavior theory.

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Using time series and cross-sectional data, company performance is measured through four main groups of financial ratios: profitability, solvency, liquidity, and activity, and is compared with industry standards and ratio interpretations based on the latest literature.

Profitability and Its Relationship with Adaptation Strategies

Profitability ratios, such as ROA, ROE, and NPM, are central indicators for measuring a company's efficiency in generating profits relative to its assets and equity. The results of this study reveal substantial variations among companies, as well as significant changes throughout the three main phases of the pandemic. PT Telekomunikasi Indonesia (Persero) Tbk, for example, consistently maintained ROA and ROE above the industry average, although it remained below the optimal standards set by Kasmir (2019) and Brigham & Houston (2014). Conversely, some companies, such as PT Smartfren Telecom Tbk and PT Centratama Telekomunikasi Indonesia Tbk, recorded negative ROA and ROE before the pandemic, showing only partial recovery in the subsequent period. This finding supports the existing literature, which emphasizes the significant influence of profitability on a company's market value (Nurwahyuni et al., 2020). Companies that were able to maintain or improve profitability during the period of uncertainty were more likely to be valued higher by investors and stakeholders and had greater flexibility in setting long-term financial strategies. However, the inability of most companies to meet industry standards indicates the presence of unresolved structural inefficiencies, particularly in the utilization of fixed assets and equity.

Solvency, Capital Structure, and Financial Risk

Solvency ratios such as DER, DAR, and LTDER highlight the extent to which companies depend on debt to finance assets and operational expansion. Data shows that almost all telecommunications companies in Indonesia during the 2018–2023 period had DER and DAR above the ideal limit, often exceeding industry standards. For example, PT Indosat Tbk and PT XL Axiata Tbk recorded a DER greater than 200% for most of the observation period, indicating high leverage and exposure to default risk. Literature suggests that high leverage negatively impacts company value while suppressing profitability (Husnah & Setiadi, 2020; Nurwahyuni et al., 2020). In the context of behavior theory, these findings suggest that company management tends to adopt aggressive behavior when facing external pressures—such as a pandemic—by increasing debt as a defensive response to cash flow threats. However, this pattern does not always lead to long-term financial stability. It may even increase the risk of failure if not accompanied by efficient asset management and innovative business models.

Liquidity: The Balance Between Short-Term Stability and Operational Efficiency

Liquidity ratios, such as the Current Ratio (CR), Quick Ratio (QR), and Cash Ratio (CAR), describe a company's ability to meet its short-term obligations. The study's results show that most telecommunications companies are operating well below industry standards, indicating a gap in cash and current asset management. PT Gihon Telekomunikasi Indonesia Tbk and PT Visi Telekomunikasi Infrastruktur Tbk are exceptions, with relatively healthier CR and QR during specific periods. Literature confirms that low liquidity can weaken operational stability and increase vulnerability to external pressures (Husnah & Setiadi,

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2020). On the other hand, research findings also indicate that liquidity ratios do not always have a positive correlation with profitability; excessively high liquidity can serve as an indicator of asset under-utilization or overly conservative financial strategies (Eny Maryanti, 2020). Therefore, companies must strike a balance between the efficiency of current asset utilization and maintaining sufficient liquidity to address unexpected market fluctuations.

Activities: Asset Utilization Efficiency and Accounts Receivable Turnover

Activity ratio analysis, such as RTO and FATO, reveals that most telecommunications companies continue to face challenges in optimizing the utilization of fixed assets and managing accounts receivable. Although there is an exception in PT Smartfren Telecom Tbk, which recorded an RTO well above the industry average, the majority of companies have very low FATO, indicating that they are not yet efficient in utilizing investments in fixed assets to generate revenue. Research by Evi Husnah and Iwan Setiadi (2020) reinforces that asset utilization efficiency has a positive and significant impact on profitability, while inefficiency in this aspect is the root cause of low company value. These findings underscore the importance of innovation and managerial improvements in fixed asset management, including the digitalization of business processes and operational model adjustments to align with technological dynamics.

Implications of Behavior Theory and Managerial Responses to Crises

This study explicitly adopts behavior theory as its analytical framework, demonstrating how managerial decisions are not always rational-optimization, but rather the result of compromises due to information constraints, market pressures, and government policies during the pandemic. Companies' initial expansive responses shifted to defensive strategies with cash strengthening and investment reduction during the pandemic, then attempted to return to offensive strategies in the recovery phase. This pattern is consistent with the findings of Jarvis Alexander (2018) and Laily Nur Fitriani et al. (2022), which emphasize the importance of understanding organizational behavior in analyzing corporate financial dynamics.

Comparison with Industry Standards and Global Practices

The following table summarizes the comparison of the analysis results for key financial ratios with industry standards and best practices, as outlined in the literature.

Table 5. Summary of Multiple Linear Regression Hypothesis Testing

Rasio	**Highest Average Company**	**Industry Standards**	**Category**	**Sumber**
ROA	14,22%	30%	Good–Fair	Kasmir (2019)
ROE	30,85%	40%	Good	Brigham & Houston (2014)
NPM	54,61%	20%	Very Good	Arsita (2021)
DER	361,46%	80%	Very High	Kasmir (2019)
CR	871,59%	200%	Very Good	Kasmir (2019)
RTO	118x	15x	Very Good	Kasmir (2019)
FATO	3,22x	5x	Enough	Harahap (2015)

Notes: *The highest average data was taken from various companies and analysis phases, according to research findings.*

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Table 5 confirms the gap between actual practices in the Indonesian telecommunications sector and international industry standards, particularly in terms of fixed asset turnover (FATO) and capital structure (DER).

Limitations and Further Research Agenda

This analysis acknowledges the limitations of data sourced solely from public financial reports, which do not cover qualitative dimensions such as product innovation, governance quality, and risk management dynamics. Additionally, this study focuses on traditional financial ratios and has not integrated ESG variables or digitalization as new determinants of value for telecommunications companies. Future research could expand the scope of analysis by incorporating non-financial performance indicators and conducting qualitative studies to identify the drivers of innovation and financial resilience in this sector. The use of panel data with a longer time horizon would also enhance the robustness of the results.

Integration with Literature and Practical Contributions

The findings of this study not only reinforce previous research on the main determinants of financial performance of telecommunications companies in Indonesia but also broaden our understanding of the importance of behavioral responses in crisis management. Companies that can balance profitability, capital efficiency, and adaptation to external pressures have proven to be more resilient and competitive in the era of digital disruption. This aligns with the international literature, which emphasizes the role of managerial innovation and good corporate governance in enhancing long-term value and financial performance (Lestari & Adhariani, 2022; Ria, 2023).

CONCLUSION

This study provides comprehensive empirical evidence on the financial performance of telecommunications companies listed on the Indonesia Stock Exchange from 2018 to 2023, analyzed through profitability, solvency, liquidity, and activity ratios. The findings reveal significant fluctuations in financial indicators during the pre-pandemic, pandemic, and post-pandemic phases, with profitability and solvency generally declining during the COVID-19 crisis but showing moderate recovery afterward. The study also found that while some companies managed to maintain stable performance, many still struggled to meet industry standards, particularly in terms of liquidity and the efficient use of fixed assets.

This study makes important contributions both theoretically and practically by highlighting the behavioral responses of company management to external pressures, as reflected in financial decision-making during periods of uncertainty. These findings not only expand the body of knowledge in corporate finance and behavioral theory but also provide practical insights for managers, investors, and regulators to optimize strategic responses and policy formulation amid rapid sectoral changes and economic shocks.

This study has limitations, primarily due to its reliance on publicly available secondary data, which fails to capture qualitative aspects such as governance quality or innovation capacity. Further research is encouraged to incorporate broader variables and multi-method approaches, providing a deeper understanding of the determinants of financial performance and resilience in the telecommunications sector, particularly in the face of evolving digital and economic challenges.

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