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Research Article

A Comparison of the Financial Performance of Telecommunication Companies Listed on the Jakarta Islamic Index Before and Amidst the Covid-19 Pandemic

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Abstract.
Ever since the emergence of the Covid-19 virus in Wuhan, China in 2019, individuals have been compelled to carry out a majority of their activities from the comfort of their homes. This shift, coupled with the implementation of large-scale social restrictions (PSBB) later replaced by restrictions on community activities (PPKM), has resulted in a substantial increase in online community engagements. Consequently, there has been a surge in the demand for fast internet access. This growing necessity is expected to impact the profitability of companies providing internet services, consequently affecting their overall performance. Hence, this study aims to examine the disparity in the financial performance of telecommunication companies listed on the Jakarta Islamic Index (JII) before and during the COVID-19 pandemic. The sampling technique employed in this research is saturated sampling, where the entire population of telecommunication companies is included, resulting in a sample size of 10 companies for the study. The paired t-test is utilized as the data analysis tool. The findings of this study indicate that there is no significant distinction in the financial performance of telecommunications companies listed on JII before and during the COVID-19 pandemic, as evidenced by measurements of the Current Ratio and Net Profit Margin.

Keywords: financial performance, telecommunications companies, Covid-19

1. Introduction

The coronavirus pandemic, also known as Covid-19, this outbreak first appeared in Wuhan City, China starting at the end of 2019 and spread throughout the world. In Indonesia alone, cases of Covid-19 first appeared on March 2 2020 with a total of 2 cases. On October 18, 2020, the number of confirmed cases reached 361,867, with 64,032 cases still active, and there is no trend of decreasing the number of cases per day [1]. To curb the transmission of COVID-19, various measures have been implemented to mitigate risks, including the enforcement of Large-Scale Social Restrictions (PSBB) and Restrictions on Community Activities (PPKM) by the government in several provinces

during recent periods. The objective of PSBB and PPKM is to limit social interactions within communities through actions such as the closure of malls, markets, schools, railways, and the temporary suspension of public transportation routes. Many companies and business sectors have also adopted preventive measures against Covid-19, such as implementing work-from-home (WFH) arrangements for some or all of their employees. Additionally, in the education sector, face-to-face teaching and learning activities have been replaced by online learning, encompassing early childhood education through tertiary institutions.

The impact of the COVID-19 pandemic was felt seriously in various sectors, including health, economy, transportation, and other industries. People's mobility has decreased drastically due to restrictions on PSBB, PPKM, lockdown, and regional quarantine. Hotels, recreational areas, and malls, as well as land, sea, and air transportation experienced significant declines in occupancy rates. However, the telecommunications sector has held up well in the face of the Covid-19 pandemic. This has far-reaching impacts on the economy and increases the need for fast telecommunications. The rapid development of the internet has reached the whole world, and every business wants its products and services to be known by the wider community, including in Indonesia. Survey data from a global index agency shows that Indonesia is ranked 6th as the largest internet user in the world. Based on the data mentioned, there was an increase in the need for the Internet before and during the COVID-19 pandemic. This increase is believed to affect the financial performance of internet telecommunications service providers in Indonesia. Financial performance reflects the company's success in managing finances, which can be measured by the results achieved through various company activities. A company is considered healthy if it can pay its short-term debt, while a company is considered unhealthy if it is unable to pay off its short-term debt.

However, based on the data gathered by researchers from the financial reports of telecommunication companies on the Jakarta Islamic Index, it has been observed that some companies have experienced both increases and decreases in profits during the Covid-19 pandemic, despite the surge in internet-based activities. This situation has implications for the companies' ability to meet their short-term obligations. For instance, in 2020, PT. Telkom Indonesia tbk recorded a net profit of 29,563, representing an increase compared to 2019 (27,592), while PT. XL Axiata's net profit in 2020 amounted to 371,598, a decrease from 2019 (7,145,648).

Moreover, additional research [2], has indicated that there are no significant differences in the financial performance of telecommunication companies listed on the Indonesia Stock Exchange (IDX) before and during the Covid-19 pandemic, as measured

by liquidity ratios, profitability, and activity ratios. However, notable distinctions were found in solvency ratios. Consequently, it becomes crucial for the companies included in this research to closely monitor their financial performance, to attract more investors in the future. These findings have served as the motivation for researchers to conduct a comparative analysis of the financial performance of telecommunication companies before and during the COVID-19 pandemic, focusing on companies listed on the Jakarta Islamic Index (JII).

2. Literature Review

2.1. Signaling Theory

In practical terms, companies employ signaling theory to communicate their condition to investors [3]. The company will provide information from the financial statements released by the company, which can reflect the company's financial performance. By assessing the financial ratios and comparing the company's performance before and during the pandemic, clear signals regarding the company's performance can be revealed. This enables a better understanding of the company's condition before and during the Covid-19 period.

2.2. Financial Performance

IIn the view of the Indonesian Institute of Accountants (IAI), this financial performance can describe the extent to which the company is managing its resources. This financial performance has benefits for the company itself and external parties such as investors. Furthermore, for companies, financial performance can be used as a consideration tool for future decision-making [4].

2.3. Telecommunications Companies in Indonesia

The telecommunications industry around the world has undergone a significant transformation due to technological advances. The change from traditional telecommunications services such as voice and SMS to data-based services is driven by the development of the internet which can be said to be massive. In Indonesia, the availability of infrastructure and access to telecommunications has driven the rapid growth in internet usage through wireless connectivity. Even though the volume of data traffic

continues to increase every year, telecommunications operators' revenues are not in line with this increase. The telecommunications services sector contributes significantly to Indonesia's Gross Domestic Product (GDP) through non-tax revenues, especially in the payment of Frequency Usage Rights Fees (BHP). However, if you look at the existing trend [5]. This situation is caused by the increasingly high adoption of smart devices such as tablets and smartphones. Even though data services are experiencing rapid growth, this will not directly impact the increase in service provider revenue. Today's consumers are more likely to seek data communication services at affordable prices, while investment costs (OPEX and CAPEX) in building telecommunication networks remain high[6]. Therefore, service providers need to find solutions that can reduce investment costs in telecommunication networks to maintain their business continuity, and continue to provide quality data communication services at affordable prices for consumers. Based on the research that has been done [7] [8], network sharing provides some benefits to both telecommunications operators and consumers.

2.4. Hypothesis

Ha1: The Current Ratio showed no variation before and during the COVID-19 pandemic among telecommunication companies listed on the Jakarta Islamic Index. The alternative hypothesis

Ha2: suggests that there is no difference in the Net Profit Margin before and throughout the Covid-19 pandemic for the telecommunication companies registered on the Jakarta Islamic Index.

3. Methods

3.1. Types of Research

Where quantitative research methods are used in this type of research by carrying out a comparative approach. This approach is used to compare the financial performance of two or three events by paying attention to their causes. The objective of this study is to assess whether there are disparities in the financial performance of telecommunication companies listed on the Jakarta Islamic Index before and during the Covid-19 pandemic.

3.2. Data Sources

In this study, the authors utilized secondary data collection techniques. The secondary data consisted of the Current Ratio and Net Profit Margin of telecommunication companies listed on the Jakarta Islamic Index, covering the period from 2016 to 2020. This timeframe was divided into two distinct periods: 2016-2018, representing the period before the Covid-19 pandemic, and 2019-2021, representing the period during the Covid-19 pandemic.

3.3. Population and Sample

The population for this study comprises all the companies listed on the Jakarta Islamic Index. The research sample consists of telecommunications companies listed on the JII, covering the period from 2016 to 2021. Here is an example of a telecommunications company listed on the Jakarta Islamic Index within that timeframe:

TABLE 1: Sample.

No.	Company
1	PT Telkom Indonesia Tbk
2	PT XL Axiata Tbk
3	PT Indosat Tbk
4	PT Smartfren Telecom Tbk
5	PT Jasnita Telekomindo Tbk
6	PT Tower Bersama Infrastructure Tbk
7	PT Daya Mitra Telekomunikasi Tbk
8	PT Sarana Menara Nusantara Tbk
9	PT Gihon Telekomunikasi Indonesia Tbk
10	PT Protech Mitra Perkasa Tbk

Source: JII, 2023

3.4. Variable Operational Definition

The Current Ratio is a key metric utilized to assess a company's liquidity position and its capacity to fulfill short-term financial obligations seamlessly. This ratio gauges a company's ability to settle its short-term debts effectively [9] The company's current assets must be greater than the amount of current liabilities to ensure financial balance. This means that current assets must be far above the amount of current debt [3].

Meanwhile, the Net Profit Margin is obtained from the calculation of the company's profitability indicators from sales after taking into account all costs and income taxes. This ratio reflects the company's pricing strategy and cost control effectiveness. Based on[10]Net Profit Margin measures the percentage of a company's net profit from total sales in a certain period. This ratio is used to evaluate how well the company earns profit from each sales unit. The more this ratio increases, the better the operational condition of the company [9].

3.5. Data Analysis Methods

Normality test analysis is used as an initial stage in research to ascertain whether the statistical technique used can meet the assumptions of normal distribution of data and validate the hypothesis testing performed. If the data is not normally distributed, some nonparametric statistical analysis techniques can be used as an alternative. The KolmogorovSmirnov test was employed to assess the normality of the data in this study. The paired t-test was utilized when the data exhibited normal distribution and had equal variances. The decision-making process relied on the significance value obtained from the SPSS software. If the significance value was less than 0.05, the alternative hypothesis (Ha) could be accepted [11].

4. Results and Discussion

According to the findings of the normality test conducted, it is evident that the significance value at Exact Sig (2-tailed) is greater than 0.5. This implies that the residual values exhibit a normal distribution. Based on the depicted graph, the test results comparing the difference in the Current Ratio before and during the COVID-19 pandemic indicate a significance value of 0.930, which is greater than 0.05. According to the provided data image, the results of testing the difference between the Current Ratio before and during the COVID-19 pandemic indicate non-significant results, with a significance value of 0.168, which is greater than 0.05. According to the data presented in Figure 4, the testing conducted on the difference in net profit margin ratio before and during the pandemic yielded significant results, with a significance value of 0.987, which is greater than 0.05. According to the data provided in Figure 5, the test conducted to determine the difference in the net profit margin ratio before and during the COVID-19 pandemic yielded significant results, with a significance value of 0.788, which is greater than 0.05.

The results of the hypothesis test indicate that there is no significant difference in the current ratio before and during the pandemic. Similarly, the hypothesis test for the net profit margin also demonstrates no difference before and during the Covid-19 pandemic.

4.1. Differences in Current Ratios Before and During the Covid-19 Pandemic in Telecommunication Companies Registered on the Jakarta Islamic Index

The results of the hypothesis testing indicate that there is no significant difference in the current ratio during the Covid-19 pandemic. This is supported by the p-values of 0.271 and 0.236, which are both greater than the significance value of 0.05. Therefore, it can be concluded that there were insignificant differences in the current ratio before and during the Covid-19 pandemic. These findings are consistent with previous research, such as the study conducted by [2], which also reported no significant difference in the financial performance of telecommunications companies listed on the Indonesian Stock Exchange (IDX) before and during the COVID-19 pandemic.

4.2. Differences in Net Profit Margins Before and During the Covid-19 Pandemic for Telecommunication Companies Registered on the Jakarta Islamic Index

The results of the hypothesis testing indicate that there is no significant difference in net profit margins before and during the COVID-19 pandemic. This is supported by the p-values of 0.765 and 0.679, which are both greater than the significance value of 0.05. Therefore, it can be concluded that there were insignificant differences in net profit margins before and during the COVID-19 pandemic. This finding aligns with previous research, such as the study conducted by [2], which also demonstrates that there is no significant difference in the financial performance of telecommunications companies listed on the Indonesian Stock Exchange (IDX) before and during the Covid-19 pandemic.Conclusion

Based on the data processing and analysis results, this research concludes that there is no significant difference in the Current Ratio before and during the Covid-19 pandemic, as well as no significant difference in the Net Profit Margin before and during the Covid-19 pandemic among registered telecommunications companies in the Jakarta Islamic Index. The analysis covers the timeframe of 2016-2021.

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