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AN EMPIRICAL ANALYSIS OF FINANCIAL RATIOS AND FINANCIAL PERFORMANCE AMONG TELECOMMUNICATION COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE, 2022–2024

Ghina Salsabila[1], Lalu Hamdani Husnan[2]
[1,2)] Management Study Program, University of Mataram
E-mail: ginasalsabila50@gmail.com, lhkdeby1211@gmail.com

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Abstract

The rapid growth of the telecommunications industry, driven by increasing demand for digital services, is not always accompanied by stable financial performance due to cost pressures, competition, and infrastructure investment requirements. This condition requires companies to manage their finances effectively, making financial ratio analysis important in evaluating corporation performance. This study aims to analyze the effect of activity ratios, liquidity ratios, and solvency ratios on the financial performance of telecommunication companies listed on the Indonesia Stock Exchange during the 2022–2024 period. This research uses a quantitative approach with a descriptive research design. The data used are secondary data obtained from financial statements. The sampling technique uses purposive sampling with 18 companies over a three-year period, resulting in 54 observations. The analysis method used is multiple linear regression with SPSS. The independent variables include activity ratio (TATO), liquidity ratio (CR), and solvency ratio (DER), while the dependent variable is financial performance (ROE). The outcome show that partially, the activity ratio does not have a substantial effect on financial performance. Meanwhile, liquidity and solvency ratios have a negative and substantial effect on financial performance. Simultaneously, all three ratios have a substantial effect on financial performance. These findings indicate that financial performance is influenced by asset management, the ability to meet obligations, and capital structure.

Keywords: *Activity Ratio, Liquidity Ratio, Solvency Ratio, Financial Performance, Telecommunications.*

1. INTRODUCTION

Rapid advancements in information and communication technology are revolutionizing industries such as economics and business, emphasizing the critical role of technology in achieving efficiency and maintaining a competitive edge. Organizations across various sectors, particularly those in technology-dependent fields like telecommunications, face the urgent need to adapt quickly to these technological shifts. Staying current with the latest innovations is essential for survival in a fast-changing digital environment. Companies that embrace these changes can improve operational effectiveness, enhance customer

experiences, and secure their position in the evolving marketplace. Failure to adapt risks obsolescence and loss of competitive advantage.

The telecommunications industry plays a strategic role in supporting national economic activities, as it serves as the main infrastructure in providing communication services and access to information. The development of this industry is highly influenced by the level of technology adoption by society, the growth of digital service users, and government policies related to network infrastructure development. Therefore, telecommunications companies are required not only to improve service quality but also to maintain sound financial performance in order to operate sustainably in the long term.

Technological advancements in Indonesia, which continue to develop rapidly, have had a substantial impact on people's lifestyles. This development has also driven the increasing demand for stable and affordable communication and internet services. This situation has been utilized by telecommunications companies to introduce various innovations, both in the form of new products and improvements in service quality. As a result, the telecommunications industry has become increasingly competitive, where each corporation strives to attract consumers through pricing strategies, network quality improvements, and the development of digital services.

By January 2023, Indonesia's internet user base expanded to approximately 212.9 million, showing growth from about 205 million the previous year. This rise highlights the increasing adoption of internet services across the country, driven by technological advancements and greater connectivity efforts (Atmaja, 2023). This growth in users has implications for the increasing demand for telecommunications services. It can be seen from PT Telkom Indonesia, which recorded consolidated revenue of approximately IDR 147.3 trillion in 2022, increasing to IDR 149.2 trillion in 2023, with net profit growing by 18.3% to IDR 24.6 trillion. However, in 2024, although revenue slightly increased to IDR 150 trillion, net profit decreased to IDR 23.6 trillion due to increased consolidation expenses and early retirement programs (Nur et al., 2025). This indicates that companies still face challenges in maintaining financial stability, despite the large market potential in the telecommunications sector.

These conditions show that the growth of the telecommunications industry is not always accompanied by consistent improvements in financial performance. Companies may experience increased revenue, but at the same time face high cost pressures that impact declining net profit. Effective financial management is essential for ensuring the long-term sustainability and growth of a business. Utilizing analytical tools can provide an objective and comprehensive financial overview, enabling informed decision-making and strategic planning.

In addition, telecommunications companies also face various other challenges, including price wars among companies, innovation in digital-based services, and high infrastructure investment demands, particularly in the development of 5G networks. These

factors cause fluctuations in financial performance, where revenue increases along with rising demand for digital services, but net profit is not always stable due to high operational and investment costs. Analyzing financial metrics is essential for assessing a corporation overall financial condition, identifying strengths and weaknesses, and supporting informed decision-making for investors, managers, and stakeholders (Yuliyansa & Sisdianto, 2024).

Financial ratio analysis is a widely used approach in assessing a corporation financial condition because it simplifies financial statement information into more understandable indicators. Financial metrics play an important role in evaluating the development of a corporation financial condition over time and comparing it with other companies in the same industry. According to Fitriana (2024), financial metrics are used as tools to evaluate a corporation financial condition and performance, thereby assisting management and stakeholders in making economic decisions.

Financial metrics serve as essential tools in corporate analysis by evaluating and comparing figures from financial statements over different periods. They help in identifying substantial shifts in financial health, detecting trends in performance, and providing insights into a corporation overall stability and operational efficiency. These ratios are vital for informed decision-making and strategic planning. This is in line with Jirwanto et al. (2024), who state that financial metrics are the main tools for assessing and describing a corporation actual financial condition.

Financial performance measures a corporation ability to generate profit, efficiently manage assets, and maintain overall financial stability. It provides essential insights for investors and management, helping them evaluate past performance, identify strengths and weaknesses, and make informed decisions to promote future growth and stability within the organization (Akhda & Astuti, 2025). Financial statements are essential tools for evaluating a corporation overall financial health. By analyzing various ratios over a period, stakeholders can gain valuable insights into the corporation performance, stability, and growth prospects. This information aids in making informed decisions regarding investments, lending, and strategic planning, ensuring a comprehensive understanding of the corporation financial position.

Financial statements serve as the primary basis for conducting financial ratio analysis. These statements provide information regarding the corporation financial position, performance, and cash flows, which are used to evaluate its operational capabilities. The information generated from financial statements is crucial for both internal management and external parties such as investors, creditors, and the government in assessing the corporation financial health.

Financial performance analysis generally includes examining activity, liquidity, and solvency ratios, where activity ratios specifically assess how efficiently assets are being utilized within the organization. According to Fitriana (2024), Activity ratios measure a

corporation efficiency in utilizing its assets by analyzing the relationship between its revenue and the investments made in those assets, providing insight into operational performance. This view is supported by Jirwanto et al. (2024), who state that activity ratios reflect the effectiveness of a corporation in utilizing its assets or wealth.

Liquidity ratios assess a corporation capacity to settle its short-term obligations using its available current assets, providing insight into its financial health and ability to meet immediate financial commitments. According to Fitriana (2024), Liquidity ratios assess a corporation capacity to quickly and effectively fulfill its short-term financial commitments and obligations. This is in line with Jirwanto et al. (2024), who state that liquidity ratios measure a corporation ability to provide liquid assets to meet its financial obligations.

Solvency ratios assess a corporation capacity to fulfill its long-term financial commitments by analyzing the proportion of its total debt relative to its assets and shareholders' equity. These ratios provide insight into the corporation financial stability and dependence on borrowed funds. According to Fitriana (2024), solvency ratios function to evaluate a corporation ability to settle all of its obligations using its assets as collateral in case of liquidation. This is consistent with Jirwanto et al. (2024), Which governing body or authoritative organization declares that solvency ratios reflect a company's capacity to fulfill its financial obligations.

Financial metrics are important instruments in evaluating a corporation financial condition and performance, providing a clear picture of its overall financial health (Atul Nafi Umma et al., 2022). Activity ratios, such as Total Asset Turnover, assess how efficiently a corporation utilizes its assets to generate sales. A higher ratio signifies more effective asset management, demonstrating that the corporation is converting its assets into revenue more successfully and optimizing its operational performance (Grediani et al., 2022). Liquidity ratios measure an organization's capacity to meet immediate financial commitments, while solvency ratios analyze long-term financial health, stability, and effectiveness in managing debt obligations over time (Nashia & Pratiwi, 2025).

Research conducted by Pratama and Syakhrial (2025) An increase in TATO has a positive effect on profit growth at PT Indocement Tunggal Prakarsa Tbk during the period from 2014 to 2023. This suggests that the corporation effectively utilizes its assets to generate higher profits and improve overall financial performance. Meanwhile, research by Musada (2023) states that the DER ratio increased during the period 2017–2019. Nevertheless, the corporation was still considered capable of fulfilling its obligations through the utilization of its equity.

Financial ratio analysis plays a vital role in assessing the performance of telecommunications companies by providing insights into their financial health and industry stability. This approach enables stakeholders to identify strengths and weaknesses within a corporation financial structure, helping to understand its resilience amid market fluctuations. The purpose of this study is to investigate how recent financial metrics accurately represent

corporation performance, emphasizing their significance in navigating current industry challenges and supporting strategic decision-making for sustainable growth: "Analysis of Financial metrics on Financial Performance of Telecommunications Companies Listed on the Indonesia Stock Exchange for the Period 2022–2024.".

2. RESEARCH METHOD

Type of Research

The research examines the financial performance of Indonesian telecom firms, emphasizing their economic stability and operational effectiveness to assess overall business health and efficiency in the competitive telecommunications industry.

Research Location

The research was conducted using secondary data from telecommunications companies listed on the Indonesia Stock Exchange (IDX), accessed through www.idx.co.id.

Data Collection Method

The research involves examining financial statements of various companies obtained from the Indonesia Stock Exchange website to determine key financial metrics, including activity, liquidity, and solvency ratios, providing insights into the companies' financial health and operational efficiency.

Population and Sample

The study population consists of 22 telecommunications companies listed on the Indonesia Stock Exchange, selected through purposive sampling to ensure relevance and specific criteria are met.

Table 1. Determination of Sample According to Criteria

No	Criteria – Total	Jumlah
1	Telecommunications sub-sector companies listed on the Indonesia Stock Exchange during the period 2022–2024	22
2	Telecommunications sub-sector companies that did not publish financial statements consecutively during the period 2022–2024	(4)
Total number of companies selected as samples		18
Total sample: 18 companies × 3 years		54

3. RESULTS AND DISCUSSION

research study involving eighteen telecommunications firms examined how activity, liquidity, and solvency ratios influence financial performance. Utilizing SPSS software, the

analysis included detailed descriptive statistics to provide a comprehensive understanding of the companies' financial health and operational efficiency according to the collected data:

Statistik Deskriptif

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Activity	54	1.00	102.00	25.7037	23.05255
Liquidity	54	14.00	2540.00	205.9630	442.32388
Solvency	54	-3493.00	531.00	16.9630	550.57945
Financial Performance	54	-8536.00	36230.00	1355.0741	5238.99481
Valid N (listwise)	54				

Source: Data processed using SPSS, 2026.

According to the outcome of the descriptive statistical test, the activity variable shows a minimum value of 1.00, which was recorded by PT First Media Tbk (KBLV) in 2024. This minimum value indicates that the corporation asset turnover level was relatively low in that year, suggesting that the utilization of assets in generating revenue was not yet optimal. Conversely, the maximum value of 102.00 was recorded by PT Bali Towerindo Sentra Tbk (BALI) in 2022. This high value indicates that the corporation was able to utilize its assets very efficiently to generate revenue during that period. The mean value of 25.7037 suggests that, on average, the companies in the sample have a fairly good level of activity in utilizing assets to generate revenue. Meanwhile, the standard deviation of 23.05255 indicates that there is considerable variation in activity levels among companies, meaning that their ability to manage and utilize assets differs substantially.

The liquidity variable exhibited a wide range across different companies and years. In 2022, PT Maharaksa Biru Energi Tbk recorded a minimum liquidity value of 14.00, suggesting a relatively weak short-term financial position. Conversely, in 2023, PT LCK Global Kedaton Tbk achieved a maximum liquidity value of 2540.00, indicating a strong capacity to meet short-term obligations. The overall average liquidity across the observed period was approximately 205.96, which generally signifies a satisfactory level of short-term financial ability among the firms. However, the high standard deviation of 442.32 underscores considerable disparities in liquidity conditions, reflecting that some companies maintained robust liquidity levels while others faced liquidity constraints. This variation highlights the different financial strategies, operational efficiencies, and market conditions experienced by these companies over the years, emphasizing the importance of liquidity management for overall financial health.

The solvency variable shows a minimum value of -3493.00, recorded by PT Centratama Telekomunikasi Indonesia Tbk (CENT) in 2022. This substantially negative value indicates that the corporation liabilities far exceeded its equity, suggesting an unhealthy capital structure during that period. Conversely, the maximum value of 531.00

was also recorded by PT Centratama Telekomunikasi Indonesia Tbk (CENT) in 2024. This value indicates an improvement in the corporation capital structure, suggesting a better ability to manage liabilities and equity compared to the previous period. The mean value of 16.9630 indicates that, on average, the companies in the sample have a relatively stable level of solvency. Meanwhile, the standard deviation of 550.57945 indicates considerable differences in the use of debt among companies.

The financial performance variable shows a minimum value of -8536.00, recorded by PT Inti Bangun Sejahtera Tbk (IBST) in 2024. This negative minimum value indicates that the corporation experienced a substantial decline in financial performance during that year, which may have been caused by increased operational costs, financial expenses, or other factors affecting profitability. On the other hand, the maximum value of 36230.00 was recorded by PT Centratama Telekomunikasi Indonesia Tbk (CENT) in 2022. This very high value indicates that the corporation achieved excellent financial performance during that period. The mean value of 1355.0741 indicates that, on average, the companies in the sample were still able to generate positive financial performance. Meanwhile, the standard deviation of 5238.99481 indicates a very high level of variation in financial performance among companies, suggesting substantial differences between high-performing and lower-performing firms.

Normality Test Before Outliers

One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual
N	54
Asymp. Sig. (2-tailed)[c]	<,001

Source: Data processed using SPSS, 2026.

The Kolmogorov–Smirnov test revealed that the residuals do not follow a normal distribution, with a p-value less than 0.001. This suggests a violation of the normality assumption required for certain analyses. To address this issue and improve the data distribution, outliers were identified and removed, aiming to enhance the validity and reliability of subsequent statistical tests (Riza & Suryono, 2022). The removal of outliers caused the number of samples used in the study to decrease. Therefore, after the data cleaning process, classical assumption tests such as the normality test need to be performed again using the cleaned data. From the initial total of 54 observations, 4 data points were identified as outliers due to their extreme values and were excluded from the research sample. Thus, the number of observations used in the subsequent analysis became 50 data points. The outcome of the normality test after outlier treatment are presented below:

Normality Test After Outliers

One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual
N	50
Asymp. Sig. (2-tailed)[c]	.200[d]

Source: Data processed using SPSS, 2026.

A normality test was conducted on the residuals using the Kolmogorov–Smirnov method with a sample size of 50. The test resulted in an asymptotic significance value of 0.200, indicating that the residuals do not substantially deviate from a normal distribution. Therefore, it can be concluded that the assumption of normality for the residuals is satisfied in this analysis.

Autocorrelation Test

Model	Durbin-Watson
1	1.315

Source: Data processed using SPSS, 2026.

Autocorrelation was identified in the data, indicated by a Durbin–Watson statistic of 1.315. To address this issue, the Cochrane–Orcutt method was applied, effectively adjusting the model to account for the autocorrelation and improve the accuracy of the outcome (Poojari et al., 2025). The implementation of this method involves calculating the value of $\hat{\rho}$ (autocorrelation coefficient) according to the error or residual values generated from the initial regression model. This $\hat{\rho}$ value is then used in the process of adjusting or transforming the regression model so that the resulting model becomes more appropriate and no longer contains autocorrelation problems (Aprianto et al., 2020).

Autocorrelation Test Using the Cochrane–Orcutt Method

Model	Durbin-Watson
1	1.833

Source: Data processed using SPSS, 2026.

Following the implementation of the Cochrane–Orcutt correction, a Durbin-Watson statistic of 1.865 suggests that there is no substantial autocorrelation present in the data. This conclusion is according to the statistic falling within the bounds of 1.6723 and 2.3277, which are the critical values indicating the absence of autocorrelation.

Re-test of Data Normality

One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual
N	49
Asymp. Sig. (2-tailed)[c]	.200[d]

Source: Data processed using SPSS, 2026.

Since autocorrelation was previously detected and has been corrected using the Cochrane–Orcutt method, the regression model has undergone adjustments. Therefore, classical assumption tests such as the normality test need to be conducted again to ensure that the improved model still meets the required assumptions. According to the outcome of the Kolmogorov–Smirnov normality test on the residual data after outlier elimination (N = 49), the Asymp. Sig. value obtained is 0.200 (> 0.05), indicating that the residuals are normally distributed and the normality assumption is satisfied.

Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	Activity	.983	1.017
	Liquidity	.928	1.078
	Solvency	.942	1.061

Source: Data processed using SPSS, 2026.

All independent variables exhibit Tolerance values greater than 0.10 and VIF below 10, demonstrating minimal multicollinearity concerns. This confirms that the regression model is reliable and stable, ensuring that the predictor variables are not highly correlated and that the results derived from the model are trustworthy and robust.

Heteroskedasticity Test

Methode Uji Glejser

Model		Sig
1	Activity	.271
	Liquidity	.349
	Solvency	.398

Source: Data processed using SPSS, 2026.

The outcome of the heteroskedasticity test using the Glejser method show that all independent variables have significance values above 0.05 with respect to the residuals,

namely activity (0.271), liquidity (0.349), and solvency (0.398). Therefore, it can be concluded that the regression model does not experience heteroskedasticity.

Multiple Linear Regression

Output of Multiple Linear Regression

Model		Unstandardized Coefficients
		B
1	(Constant)	1411.313
Activity		-13.856
Liquidity		-1.029
Solvency		-6.415

Source: *Data processed using SPSS, 2026.*

The multiple linear regression equation in this study is as follows:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3}$$

$$Y = 1411.313 - 13.856X_1 - 1.029X_2 - 6.415X_3$$

The regression equation above can be explained as follows:

1) The constant (α) of 1411.313 indicates that if all independent variables, namely Activity (X_1), Liquidity (X_2), and Solvency (X_3), are assumed to be constant or equal to zero, then Financial Performance will be at 1411.313.
2) The regression coefficient of Activity (X_1) is -13.856, meaning that if Activity increases by 1% while other variables are held constant, Financial Performance will decrease by 13.856.
3) The regression coefficient of Liquidity (X_2) is -1.029, meaning that if Liquidity increases by 1% while other variables are held constant, Financial Performance will decrease by 1.029.
4) The regression coefficient of Solvency (X_3) is -6.415, meaning that if Solvency increases by 1% while other variables are held constant, Financial Performance will decrease by 6.415.

Coefficient of Determination Test

Model	Adjusted R Square
1	.311

Source: *Data processed using SPSS, 2026.*

The Adjusted R Square value of 0.311 indicates that the combined variables of activity, liquidity, and solvency account for approximately 31.1% of the variations observed in the financial performance of telecommunications companies over the period from 2022

to 2024. This suggests that these factors play a substantial role in shaping financial outcomes, but a substantial 68.9% of the performance variation is determined by other factors not included within the current model.

F-Test (Simultaneous Test)

Model		Sig.
1	Regression	<,001[b]

Source: Data processed using SPSS, 2026.

The outcome of the F-test demonstrate that the regression model is statistically substantial, suggesting that the combined factors of activity, liquidity, and solvency collectively influence the financial performance of telecommunications companies. This impact is observed over the period from 2022 to 2024, highlighting the importance of these variables in financial analysis.

T-Test (Partial Test)

Model		**Sig.**
1.	Activity	.174
	Liquidity	.039
	Solvency	<,001

Source: Data processed using SPSS, 2026.

Partial hypothesis testing involves conducting a two-tailed t-test at a 5% significance level. When the p-value (Sig.) is less than 0.05, it indicates that the variable has a statistically substantial impact on the outcome, suggesting a meaningful relationship between the variable and the outcome.

1. Testing H1: . The significance value of the activity variable is 0.174, which is higher than the trigger point of 0.05. This indicates that the activity variable does not have a statistically substantial impact on financial performance. Consequently, the hypothesis proposing a relationship between activity and performance is not supported and must be rejected according to the analysis.

2. Testing H2: The Effect of Liquidity on Financial Performance

The test outcome reveal that the significance value for liquidity is 0.039, which is below the trigger point of 0.05. This indicates that liquidity has a statistically substantial partial impact on financial performance. Consequently, hypothesis H2 is supported and accepted, confirming the important role of liquidity in influencing financial outcomes.

3. Testing H3: The Effect of Solvency on Financial Performance

The analysis of the test outcome demonstrates that solvency has a substantial influence on financial performance, as evidenced by a p-value of less than 0.001. This statistically substantial finding supports the hypothesis that there is a meaningful relationship between a corporation solvency levels and its overall financial performance, confirming the impact of solvency on financial outcomes.

DISCUSSION

The Effect of Activity on Financial Performance

The activity ratio, commonly represented by the TATO, evaluates a corporation efficiency in using its assets to produce sales. A higher TATO suggests that the corporation is effectively utilizing its assets to generate revenue, reflecting operational efficiency. However, it is important to recognize that a higher TATO does not necessarily guarantee better financial performance, as other factors such as profit margins, cost management, and market conditions also play substantial roles in determining overall profitability and success.

The research findings indicate that the activity ratio has no substantial impact on financial performance, leading to the rejection of hypothesis H1, which proposed a substantial relationship between these variables. This finding is consistent with studies by Ningrum and Sisdianto (2024) and Ismoyo et al. (2024), which also found that the activity ratio does not substantially affect a corporation financial performance. This suggests that the level of asset turnover does not necessarily lead to a direct improvement in financial performance.

Furthermore, the activity ratio was found to have an inverse relationship with financial performance. This result is in line with the study by Rolanda et al. (2022), which found a negative regression coefficient for the TATO variable. This means that an increase in TATO tends to be followed by a decrease in financial performance measured by ROE, and vice versa. This condition may occur because increased sales generated from higher asset turnover are not always accompanied by increased profits, thus failing to improve financial performance optimally.

The Effect of Liquidity on Financial Performance

Liquidity assesses a corporation capacity to swiftly transform its assets into cash, enabling it to settle short-term liabilities and maintain financial stability. High liquidity

demonstrates strong financial security and ensures the organization can meet urgent obligations promptly, thereby reducing the risk of insolvency and supporting ongoing operational needs.

The research indicates that higher levels of liquidity can have a detrimental effect on a corporation financial performance. This negative impact is probably caused by inefficient management of resources and the underuse of available assets, such as cash. Instead of being invested in productive activities that generate profit, these assets remain idle, leading to lower overall profitability and reduced financial efficiency. This finding is consistent with the study by Lestari and Sapari (2021), which states that liquidity has a substantial negative effect on financial performance. High liquidity does not always reflect effective corporation performance but may indicate idle funds that should be invested to increase profitability. Therefore, companies need to maintain a balance in managing liquidity to ensure they can meet short-term obligations without sacrificing opportunities to improve overall financial performance.

The Effect of Solvency on Financial Performance

Solvency is a key financial measure that evaluates a corporation capacity to fulfill its long-term financial commitments. One common tool used to assess solvency is the Debt to Equity Ratio (DER), which compares the total debt a corporation has to its shareholders' equity. This ratio provides insight into the corporation financial stability and risk level.

Research indicates that an elevated Debt to Equity Ratio adversely affects a corporation financial performance. This heightened ratio outcome in increased interest expenses and greater financial risk, which can strain the corporation resources. Consequently, these factors contribute to diminished overall performance, highlighting the importance of maintaining an optimal debt-equity balance for sustainable growth and stability.

This finding is consistent with the study by Kusumawati and Widaryanti (2022), which found that DER has a negative and substantial effect on financial performance. This indicates that a capital structure dominated by debt can negatively impact a corporation financial condition if not managed effectively. In addition, research by Putri et al. (2022) also states that liquidity affects financial performance.

Therefore, companies need to pay attention to the proportion of debt in their capital structure to avoid excessive financial burdens. Poor debt management can reduce financial performance, thus appropriate policies are needed to maintain a balance between debt and equity financing in order to achieve more stable and sustainable financial performance.

The Simultaneous Effect of Activity, Liquidity, and Solvency Ratios on Financial Performance

Activity ratios evaluate how effectively a company uses its assets to generate sales and revenue, indicating operational efficiency. Liquidity ratios focus on short-term financial health, measuring the company's ability to meet immediate obligations and pay bills on time. Solvency ratios examine long-term stability by analyzing the level of debt relative to assets and equity, revealing the company's capacity to sustain operations over time. Collectively, these ratios provide a detailed picture of a company's overall financial health, operational effectiveness, and potential for future growth, helping stakeholders make informed decisions about its stability and profitability .

The research indicates that activity, liquidity, and solvency ratios together have a substantial influence on financial performance. This is supported by an F-test significance value of less than 0.001, highlighting the strong statistical relationship. The findings imply that achieving financial success relies on a comprehensive assessment of various ratios that represent different aspects of a corporation health, including how efficiently assets are managed, the corporation liquidity position, and its overall financing structure. Rather than focusing on a single metric, it is the combined effect of these ratios that determines overall financial performance. This underscores the importance of a balanced approach to financial analysis for better decision-making and strategic planning.

Simultaneously, a high activity ratio reflects the corporation effectiveness in utilizing assets to generate revenue. Good liquidity indicates the corporation ability to meet short-term obligations without experiencing financial difficulties, thereby supporting smooth operational activities. Meanwhile, well-managed solvency reflects the corporation ability to optimize its debt and capital structure, ensuring long-term financial stability. The combination of these three ratios is a crucial factor in determining overall financial performance.

These findings are consistent with the study conducted by Ismoyo et al. (2024) on insurance sector companies during the period 2017–2021. The study found that TATO, CR, and DER simultaneously influence Return on Equity in insurance sub-sector companies. This indicates that financial performance is influenced by the corporation ability to manage assets, maintain liquidity, and regulate its capital structure simultaneously.

Therefore, it can be concluded that companies need to pay attention to the balanced management of activity, liquidity, and solvency ratios. Optimal management of these ratios will help improve financial performance, maintain business sustainability, and increase investor and creditor confidence. Hence, corporation management is required to make appropriate financial decisions in order to optimize financial performance while considering existing risks.

4. CONCLUSION

This study concludes that the activity ratio, measured by Total Asset Turnover, does not have a significant effect on the financial performance of telecommunications companies listed on the Indonesia Stock Exchange, while liquidity and solvency ratios both have a significant negative impact on financial performance. Together, activity, liquidity, and solvency ratios explain about 31.1% of the variation in financial performance over the period 2022–2024, indicating that other factors outside the model also play an important role. These findings suggest that simply improving asset utilization is not sufficient to enhance financial performance if companies do not carefully manage their liquidity and capital structure.

The main limitations of this research stem from its reliance on secondary financial data from public reports, a relatively short observation period (2022–2024), and a limited number of sampled companies, which may constrain the generalizability of the results. Future studies should extend the time frame, consider additional variables such as profitability, firm size, or macroeconomic indicators, and apply more advanced quantitative methods or include other industry sectors to verify the robustness of the findings. Practically, the results imply that managers of telecommunications companies should maintain a balanced approach to liquidity and debt management, avoiding excessive idle cash and over-reliance on debt, while ensuring efficient asset utilization, in order to sustain financial stability, strengthen investor confidence, and support long-term growth.

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