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Comparative Analysis of Financial Ratios on Sources and Uses of Capital in Indonesian Telecommunication Companies

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ABSTRACT: The source and use of working capital which is seen as productive capacity focuses on where the source of funds and how to use funds to operational activities require efficient working capital management. Working capital management plays an important and influential role in the company's financial performance. Evaluation of working capital management is certainly connected with financial performance which can be analyzed using Financial Ratios. The purpose of this study was to determine the results of the comparison of sources and use of working capital between PT. XL Axiata Tbk and PT. Indosat Tbk used the Liquidity Ratio (Current Ratio and Quick Ratio), Solvency Ratio (Debt to Asset Ratio and Debt to Equity Ratio), and Profitability Ratio (Net Profit Margin, Return On Investment and Return On Equity). The data analysis method used in this study is hypothesis testing using a different test t-Test (Independent Sample t-Test). The results showed that there was a significant difference in the ratio of DAR (Debt to Asset Ratio) and DER (Debt to Equity Ratio) at PT. XL Axiata Tbk and PT. Indosat Tbk. While the ratio of CR (Current Ratio), QR (Quick Ratio), NPM (Net Profit Margin), ROA (Return On Assets) and ROE (Return On Equity) shows that there is no significant difference between PT. XL Axiata Tbk and PT. Indosat Tbk.

KEYWORDS : Financial Performance, Liquidity Ratio Profitability , Solvency Ratio, Working Capital

A. INTRODUCTION

Telecommunication companies are a very important sub-sector to support economic development in Indonesia. The Covid-19 pandemic became an opportunity for the telecommunications sector to adapt by increasing network capacity and preparing quality services. This has led to increasingly intense competition in business activities. Various types of telecommunications products and services are starting to emerge and compete to improve the company's performance to be more optimal. To support their business activities, companies are expected to manage and maintain their business continuity, which involves determining the sources of funds and the use of working capital to improve the quality of services to consumers, impacting both financial and non-financial performance. Such conditions aim to enhance the optimal value of the company itself and generate profits or profitability thru the resources owned by the company, namely working capital.

Working capital according to Kasmir in (Munandar et al., 2019) defines capital as the costs used for the company's daily operational activities, especially those with a short-term duration. Syahyunan in (Dodokerang et al., 2018) defines working capital management as activities that encompass all management functions over the company's current assets and current liabilities. Effective working capital management becomes very important for the growth and sustainability of the company in the long term. In a company, the importance of working capital management. working capital is not only to maintain its liquidity but also its profitability and solvency. Mismanagement of working capital will cause difficulties for the continuity of the company's operations. All components of the company (such as cash, securities, receivables, and inventory) play a very important role in the company's performance, because working capital management greatly affects the company's financial performance.

In the Indonesia Stock Exchange (IDX), companies in the telecommunications sub-sector are classified as service companies in the infrastructure, utilities, and transportation sector. According to data sourced from the Indonesia Stock Exchange (IDX), companies in the telecommunications sub-sector were selected for this research because these two companies, PT. XL Axiata Tbk and PT. Indosat Tbk, are well-known to the public thru their infrastructure, which covers hundreds of large and small cities across Indonesia. Both companies provide connectivity to all parties in various sectors. In every company activity, working capital becomes an important element in the company. If the company's activities have sufficient working capital, then those activities will also run effectively and without hindrance. It is important for telecommunications companies to determine capital corking

Tabel 1: Development Of Current Asset, Current Liablility and Capital workimg

PT. XL Axiata Tbk

Year	Current asset	Current Liablility	Capital working
2016	6.806.063	14.477.038	(7.670.175)
2017	7.180.742	15.226.516	(8.045.774)
2018	7.058.652	15.733.294	(8.674.642)
2019	7.145.648	21.292.684	(14.147.036)
2020	7.571.123	18.857.026	(11.285.903)

PT. Indosat Tbk

Tahun	Aset Lancar	Hutang Lancar	Modal Kerja
2016	8.073.481	19.086.592	(11.013.111)
2017	9.479.271	16.200.457	(6.721.186)
2018	7.906.525	21.040.365	(13.133.840)
2019	12.444.795	22.129.440	(9.684.645)
2020	9.594.951	22.658.094	(13.063.143)

Sumber : Laporan Keuangan Perusahaan, (data diolah)

Table 1 shows that the working capital of PT. XL Axiata Tbk and the working capital Tof PT. Indosat Tbk are experiencing a deficit, also known as negative working capital. According to Sapitri in (Astuti et al., 2019), if a company's condition results in negative working capital (or what is commonly referred to as working capital deficit), it is indicated that the company is experiencing liquidity difficulties. Negative/deficit working capital occurs when the amount of current assets is smaller than current liabilities. A company with negative or deficit working capital can certainly jeopardize its survival, as this means the company does not have sufficient current assets to settle its current liabilities. It is also observed that the working capital of PT. XL Axiata Tbk and PT. Indosat Tbk also experiences fluctuations or instability. This will result in losses for the company, thereby further decreasing the company's profitability. On the other hand, if the company lacks working capital, it will be detrimental to the company because it will not be able to carry out other rotation activities such as (paying employe salaries, purchasing raw materials, and other obligations). if the company experiences a shortage of working capital (cash, receivables, inventory), the growth rate of the company's operations will be hindered. Therefore, every company must manage its working capital effectively to create maximum value for the company.

Management of working capital is connected with the measurement of financial performance ratios. This study limits performance measurement to analyze the sources and uses of working capital measured using the Liquidity Ratio. The Liquidity Ratio in this study is measured using the current ratio (CR), which is the comparison between current assets and current liabilities. A high Current Ratio indicates that the company has sufficient funds to settle its debts. This will attract the attention of investors to buy the company's shares. The high demand from investors to purchase the company's shares will encourage an increase in working capital from external sources. Solvency Ratios (Liabilities to Assets Ratio and Liabilities to Equity Ratio), and Profitability Ratios (Net Profit Margin, Return On Investment, and Return On Equity). ROE measures the rate of return on the owner's equity, which assesses the company's ability to generate profits available to shareholders, while ROI connects the profits obtained from the company's operations with the amount of investment or assets used as working capital to generate those operating profits.

This research aims to measure and compare the financial performance of the sources and uses of working capital at PT. XL Axiata Tbk and PT. Indosat Tbk. This research chose the telecommunications industry sector because this sector has become a choice investors to invest, believing that the existence of this industry will remain, especially as the public's need for information continues to increase amid the Covid-19 pandemic. Now all sectors/fields need telecommunication services. Previous research examined the working capital of two company samples for the years 2011-2014. After 6 years have passed and conditions have changed, this study will re-evaluate the working capital performance of those companies and delve deeper by comparing it with industry ratios. This research contributes to the practical world as one of the evaluation materials for companies in the future in making decisions regarding the sources and use of working capital.

Theory anf Hyphotesis

Signaling Theory Signaling Theory posits how companies should provide signals to financial statement users (Susanti, 2016). If the company's performance reported to users (the users of financial statements) improves, then the information can be categorized

as a good signal, and vise versa (Mudjijah et al., 2019). The purpose of the signaling theory is expected to influence investor decisions to invest and creditors to provide credit, thereby affecting working capital.

Sartono in (Barus et al., 2017) mentions that the current ratio is a ratio used to measure a company's ability to pay off debts or short-term debts that will soon be due after being fully collected. This ratio compares current assets with current liabilities (short-term debts). The higher this current ratio, the greater the company's ability to meet its short-term obligations. This indicates the relationship between working capital and liquidity. If working capital increases, then liquidity also increases, and vise versa (Puspitasari 2019).

Current ratio

Kindangen (2016) shows that there is a significant difference in the current ratio between PT. Telekomunikasi Indonesia and PT. XL Axiata. This means that the liquidity levels between the two companies are significantly different. This is also supported by the research of Nugrahanti and Fuadati (2019) which shows a significant difference between the current ratios of PT. Telekomunikasi Indonesia and PT. XL Axiata, which experienced fluctuations due to an increase in liabilities and inventory. The Current Ratio of both companies is less than 200%, meaning the company's performance is in poor condition.

H1: There is a significant difference in the Current Ratio between PT. XL Axiata Tbk and PT. Indosat Tbk.

Quick Ratio

Sartono in (Barus et al., 2017) states that the quick ratio is a ratio to measure a company's ability to pay current liabilities that must be immediately fulfilled with the current assets available in the company without considering the value of inventory. This ratio compares current assets after deducting inventory with current liabilities. A low quick ratio will indicate a large amount of inventory investment due to slow inventory turnover. In this ratio, the average industry standard of the quick ratio is 150% or 1.5 times. This indicates that the higher the ratio value, the better the company's financial performance.

Kindangen (2016), Nugrahanti and Fuadati (2019), and Suhaimah and Chaerudin (2013) show that there are significant differences in the quick ratio between PT. Telekomunikasi Indonesia and PT. XL Axiata. This means that the liquidity levels between the two companies are significantly different. The quick ratio of both companies experienced fluctuations due to an increase in liabilities and inventory. The quick ratio of both companies is less than 150%, which means the company's performance is in poor condition. The second hypothesis proposed is:

H2: There is a significant difference in the Quick Ratio between PT. XL Axiata Tbk and PT. Indosat Tbk.

Liability to Asset Ratio Kasmir in M. Dewi (2017) states that the debt-to-asset ratio is a debt ratio used to measure the extent to which a company's assets are financed by debt or the degree of influence of the company's debt on asset management. Based on this ratio, the industry standard average is 35%. The lower the value of this ratio, the better the company's financial condition. Conversely, if the ratio is high, it means the company's performance is poor, so the company must strive to lower the ratio to below the industry average.

Kindangen (2016) which shows that there is a significant difference in the debt-to-asset ratio between PT. Telekomunikasi Indonesia and PT. XL Axiata. This means that the use of debt, measured by the debt-to-asset ratio, is significantly different between these two companies. Nugrahanti and Fuadati (2019) Suhaimah and Chaerudin (2013) show that there is a significant difference between the debt-to-asset ratios of PT. Telekomunikasi Indonesia and PT. XL Axiata. In both companies, fluctuations occurred due to an increase in total assets and total equity. The debt-to-asset ratio of both companies is more than 35%, which means the company's performance is in poor condition. The third hypothesis proposed is:

H3: There is a significant difference in the Debt to Asset Ratio between PT. XL Axiata Tbk and PT. Indosat Tbk.

Liability to Asset Ratio

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Kindangen (2016) which shows that there is a significant difference in the debt-to-asset ratio between PT. Telekomunikasi Indonesia and PT. XL Axiata. This means that the use of debt, measured by the debt-to-asset ratio, is significantly different between these two companies. Nugrahanti and Fuadati (2019) Suhaimah and Chaerudin (2013) show that there is a significant difference between the debt-to-asset ratios of PT. Telekomunikasi Indonesia and PT. XL Axiata. In both companies, fluctuations occurred due to an increase in total assets and total equity. The debt-to-asset ratio of both companies is more than 35%, which means the company's performance is in poor condition. The third hypothesis proposed is: H3: There is a significant difference in the Debt to Asset Ratio between PT. XL Axiata Tbk and PT. Indosat Tbk

Net Profit Margin

Sartono in (Barus et al., 2017) describes the company's ability to generate net profit against certain sales. The industry standard

average for this ratio is 20%. The higher the ratio value, the better the company's financial performance. If the net profit margin value is significantly lower than the industry average, it indicates that the company's financial condition is not good. Nugrahanti and Fuadati (2019) stated that there is no significant difference in the Net Profit Margin of PT. Telekomunikasi Indonesia and PT. XL Axiata. Both companies experienced fluctuations due to the companies' suboptimal performance in generating profits, resulting in a decrease in profits. The Net Profit Margin of PT. Telekomunikasi Indonesia is more than 20%, which means the company's performance can be considered good, whereas PT. XL Axiata's is less than 20%, indicating the company is in poor condition.

However, on the contrary, Mailakay et al., (2017) and Hilda et al., (2020) state that there are significant differences in financial performance measured by profitability ratio analysis using NPM. The proposed hypothesis is: H5: There is a significant difference in Net Profit Margin between PT. XL Axiata Tbk and PT. Indosat Tbk.

Return On Investment

Kuswadi in (Barus et al., 2017) describes the company's ability to measure all funds invested in assets used in the company's operations to generate profits. The industry standard average for this ratio is 30%. If the value of this ratio increases, the company's performance will improve, especially in terms of the return on investment it achieves. If the Return On Investment value is far below the industry average, it indicates that the company's financial performance is in poor condition. Suhaimah and Chaerudin (2013) and Mailakay et al., (2017) state that there is a comparison of financial performance when assessed by Return on Investment between Telkom and Indosat for the period 2013 to 2019. The sixth hypothesis proposed is:

H6: There is a significant difference in Return On Investment between PT. XL Axiata Tbk and PT. Indosat Tbk.

Return On Equity

Kuswadi in (Barus et al., 2017) states that this ratio is used to describe the company's ability to measure the profits that can be provided to the company's shareholders. The industry standard average for this ratio is 40%. If the value of this ratio increases, the company's performance will improve, especially in terms of the return on investment it receives. If the Return On Equity value is far below the industry average, it indicates that the company's financial performance is in poor condition. This could suggest that the company is unable to generate maximum profit from the capital provided by the shareholders, meaning the company's performance is in poor condition.

Kindangen (2016) stated that there is no significant difference in ROE between PT. Telekomunikasi Indonesia and PT. XL Axiata. If we look at the average ROE value, the highest is in PT. Telekomunikasi due to the higher net profit received compared to PT. XL Axiata. This can be concluded that the financial performance measured by ROE in PT. Telekomunikasi is better than in PT. XL Axiata. However, a different result was presented by Suhaimah and Chaerudin (2013), who also stated that there is a significant difference in financial performance when assessed by Return On Equity between Telkom and Indosat during the period from 2013 to 2019. The seventh hypothesis proposed is:

H7: There is a significant difference in Return On Equity between PT. XL Axiata Tbk and PT. Indosat Tbk.

B. METHOD

Type and Source of Data

The data source used in this research is secondary data. Secondary data refers to research data obtained from existing sources such as company profiles, annual financial reports of PT. Indosat Tbk and PT. XL Axiata Tbk, which consist of financial position statements and income statements published and accessible thru the Indonesia Stock Exchange website (www.idx.co.id). And other supporting data such as literature studies from books, journals, or the internet.

Data analysis includes the calculation of financial ratios consisting of Liquidity Ratios, Profitability Ratios, and Solvency Ratios. Next, calculate the average performance of each ratio for each research object using the SPSS software (Statistical Package for the Social Science) to conduct prerequisite tests (data normality test and variance homogeneity test). Santoso (2014) independent sample t-test (two-sample t-test) is used to determine the difference or compare the means of two unrelated sets.

Measurement of Variables

The measurements for financial ratio analysis are as follows: Liquidity Ratios (Current Ratio and Quick Ratio), Solvency Ratios (Debt To Asset Ratio and Debt To Equity Ratio), and Profitability Ratios (Net Profit Margin, Return On Investment, and Return On Equity): a. Current Ratio The Current Ratio is the comparison between current assets and current liabilities (current debts). The formula used is:

Current Ratio = Current Asset / Current Liabilities x 100%

The higher this current ratio, the greater the company's ability to meet short-term obligations.

The higher this current ratio, the greater the company's ability to meet its short-term obligations. The current assets referred to include cash, securities, receivables, and inventory. With this ratio, the industry standard average for the current ratio is 200% or 2 times. This indicates that the higher the ratio, the better the company's financial performance. This also shows how many times current assets can provide financing for the company's current liabilities

Quick Ratio (Rasio Cepat) The Quick Ratio is the comparison between current assets after deducting inventory and current liabilities. The formula used:

Quick Ratio = Current Assets – Inventory/ Current Liability X 100 %

A low quick ratio will indicate a large amount of inventory investment due to slow inventory turnover. In this ratio, the industry standard average for the quick ratio is 150% or 1.5 times. This indicates that the higher the ratio value, the better the company's financial performance.

Debt To Asset Ratio (Debt to Asset Ratio)

Kasmir in M. Dewi (2017) states that the debt to asset ratio is a debt ratio used to measure the extent to which a company's assets are financed by debt or the degree of influence of the company's debt on asset management.

Asset Turnover Ratio = Total Liabilities/ Total Assets × 100%

Based on this ratio, the industry standard average is 35%. The lower the value of this ratio, the better the company's financial condition. Conversely, if the ratio is high, it means the company's performance is not good, so the company must strive to lower the ratio to below the industry average.

Debt To Equity Ratio (Liabilities to Equity Ratio)

Kasmir in M. Dewi (2017) states that this ratio is used to determine the relationship between long-term debt and equity that has already

provided by the company's owners to determine the amount of funds provided by the borrower (creditor) compared to the company's owners. The formula used: Total Liabilities Debt to Equity Ratio = Total Liability / Total Equity x 100%

In this ratio, the industry standard average is 80%. The higher the value of this ratio, the worse the company's performance will be. Therefore, the company must strive to keep this ratio low or below the industry standard average.

e. Net Profit Margin (NPM) NPM describes the company's ability to generate net profit from a certain level of sales. The formula used:

Net Profit Margin = Net Profit After Tax/ Sales X 100%

The industry standard average for this ratio is 20%. The higher the ratio value, the better the company's financial performance. If the net profit margin value is significantly lower than the industry average, it indicates that the company's financial condition is not good.

Return On Asset (ROA)

The ROA ratio is a ratio that shows the company's ability to generate profit from the assets used by the company. The formula used:

Return on Asset = Net Income After Tax/ Total Assets × 100%

The industry standard average for this ratio is 30%. If the value of this ratio increases, the company's performance will improve, especially in asset management. If the Return On Asset value is far below the industry average, it indicates that the company's financial performance is in poor condition.

Return On Equity (ROE) Kuswadi in (Barus et al., 2017) states that this ratio is used to describe the company's ability to measure the profits that can be provided to the company's shareholders. The formula used:

Return on Equity = Net Income After Tax/ Own Capital X 100%

The industry standard average for this ratio is 40%. If the value of this ratio increases, the company's performance will improve, especially in terms of the return on investment it receives. If the Return On Equity value is far below the industry average, it indicates that the performance is not good.

C. RESULT AND DISCUSSION

PT. Indosat Tbk (formerly known as PT. Indonesia Satelit Corporation Tbk) is one of the telecommunications service and network providers in Indonesia. Indosat is the second-largest telecommunications and multimedia company in Indonesia for mobile services (Mentari, Matrix, IM3, Starone). In 1980, the Indonesian government purchased all of Indosat's shares, making PT. Indosat Tbk a State-Owned Enterprise (BUMN) at that time. The source and use of working capital in this study are measured using financial ratio analysis. The results of the calculations and financial statement analysis of PT. XL Axiata Tbk and PT. Indosat Tbk according to the ratios used as measurement tools are presented in Table 2.

Financial Ratio Analysis

Company	Year	Fianancial Ratio						
		CR	QR	DAR	DER	NPM	ROA	ROE
	2016	47,08	45,90	61,36	1,58	1,76	0,68	1,77

	2017	47,15	46,21	61,59	1,60	1,64	0,66	1,73
PT. XL AXIATA TBK	2018	44,86	43,66	68,16	2,14	-14,37	-5,72	-17,97
	2019	33,55	33,20	69,51	2,28	2,83	1,13	3,72
	2020	40,15	39,39	71,75	2,53	1,42	0,54	1,94
	2016	42,29	41,88	72,11	2,58	4,37	2,5	8,99
	2017	58,51	57,97	69,76	2,38	4,35	2,56	8,78
PT. INDOSAT TBK	2018	37,57	37,35	77,16	3,37	-9,01	-3,92	-17,18
	2019	56,23	56,1	78,17	3,58	6,24	2,59	11,89
	2020	42,34	42,17	79,43	3,86	-2,25	-1	-4,87

Source : data

Descriptive Statistical Test The Descriptive Statistics in this study present the number of data points, minimum value, maximum value, mean, and standard deviation of the variables CR, QR, DAR, DER, NPM, ROA, ROE. The results of the descriptive statistical test are shown in

Table 3. The Descriptive Statistics

Ratio	Company	N	Minimum	Maximum	Mean	Std. Deviation
CR	PT. XL AXIATA	5	33,55	47,15	42,5580	5,78309
	PT. INDOSAT	5	37,57	58,51	47,3880	9,35073
	PT. XL AXIATA	5	33,20	46,21	41,6720	5,46360
QR						
	PT. INDOSAT	5	37,35	57,97	47,0940	9,29748
	PT. XL AXIATA	5	61,36	71,75	66,4740	4,74085
DAR						
	PT. INDOSAT	5	69,76	79,43	75,3260	4,17186
	PT. XL AXIATA	5	1,58	2,53	2,0260	0,42188
DER						
	PT. INDOSAT	5	2,38	3,86	3,1540	0,64326
	PT. XL AXIATA	5	-14,37	2,83	-1,3440	7,30202
NPM						
	PT. INDOSAT	5	-9,01	6,24	0,7400	6,33367
	PT. XL AXIATA	5	-5,72	1,13	-0,5420	2,90328
ROA						
	PT. INDOSAT	5	-3,92	2,59	0,5460	2,93204
	PT. XL AXIATA	5	-17,97	3,72	-1,7620	9,09843
ROE						
	PT. INDOSAT	5	-17,18	11,89	1,5220	12,3143

Source Data

a. Analysis of the CR Ratio (Current Ratio) Based on Table 5, it shows that PT. Indosat Tbk has an average (mean) CR value of 47.3880%, which is higher compared to PT. XL Axiata Tbk at 42.5580%. In conclusion, based on the average (mean) CR value, PT. Indosat Tbk is better compared to the average (mean) CR value of PT. XL Axiata Tbk. Referring to the industry standard average of a current ratio of 200%, it indicates that both PT. Indosat Tbk and PT. XL Axiata Tbk are still far below the current ratio standard and are considered both still not good at paying their short-term debts.

b. Quick Ratio (QR) Analysis Based on Table 5, it shows that PT. Indosat Tbk has an average (mean) QR value of 47.0940%, which is higher than PT. XL Axiata Tbk with an average (mean) QR value of 41.6720%. In conclusion, based on the average (mean) QR

value, PT. Indosat Tbk is better compared to PT. XL Axiata Tbk. If we refer to the industry standard average for the quick ratio of 150%, both PT. Indosat Tbk and PT. XL Axiata Tbk are still far below the quick ratio standard and are considered to be not good at paying their short-term debts without considering inventory.

c. Analysis of the DAR Ratio (Debt to Asset Ratio) Based on Table 5, it shows that the average (mean) DAR at PT. XL Axiata Tbk is 66.4740% and the average (mean) DAR at PT. Indosat Tbk is 75.3260%. Referring to the industry standard average DAR ratio of 35%, the average (mean) DAR at PT. XL Axiata Tbk and PT. Indosat Tbk are both considered poor because they are above the industry standard average. This can be interpreted as the company finding it increasingly difficult to obtain loans because it is feared that the company is less capable of meeting short-term obligations with the assets it possesses.

d. Analysis of the DER (Debt to Equity Ratio) Based on Table 5, it shows that the average (mean) DER of PT. XL Axiata Tbk is 2.0260% and the average (mean) DER of PT. Indosat Tbk is 3.1540%. Referring to the industry standard average of 80%, the average (mean) DER of PT. XL Axiata Tbk and PT. Indosat Tbk is considered good because it is below the standard ratio, which means the lower the value, the better it is. This can be interpreted as the higher the level of funding provided by the owners and the greater the safety margin for the leaders in the event of losses or depreciation of asset value.

.e. Analysis of NPM Ratio (Net Profit Margin) Based on Table 5, the average (mean) NPM value for PT. XL Axiata Tbk is -1.3440% and the average (mean) NPM value for PT. Indosat Tbk is 0.7400%. In conclusion, based on the average (mean) NPM value, PT. Indosat Tbk has a higher value compared to PT. XL Axiata Tbk. If we refer to the industry standard average for this ratio, which is 20%, then both PT. Indosat Tbk and PT. XL Axiata Tbk are considered poor because they are below the standard ratio. This can be interpreted as the companies being less capable of generating net profit from sales.

f. Analysis of ROA Ratio (Return On Asset) Based on Table 5, the average (mean) ROA of PT. XL Axiata Tbk is -0.5420% and the average (mean) ROA of PT. Indosat Tbk is 0.5460%. In conclusion, based on the average (mean) ROA, PT. Indosat Tbk has a higher value compared to PT. XL Axiata Tbk. If we refer to the industry standard average for this ratio, which is 30%, then both PT. Indosat Tbk and PT. XL Axiata Tbk are considered poor because they are below the standard ratio. This can be interpreted as the company being less effective in managing its assets.

Based on Table 5, the average (mean) ROE of PT. XL Axiata Tbk is -1.7620% and the average (mean) ROE of PT. Indosat Tbk is 1.5220%. In conclusion, based on the average (mean) ROE, PT. Indosat Tbk has a higher value compared to PT. XL Axiata Tbk. If we refer to the industry standard average for this ratio, which is 40%, then both PT. Indosat Tbk and PT. XL Axiata Tbk are considered poor because they are below the standard ratio.ratio standard, this can be interpreted as the company being less effective in capital return.

Hypothesis testing in this study uses a difference test, namely the Independent Sample t-Test, using SPSS software, which can be seen in Table 5.

Table 5: Levene's Test for Equality of Variances t-test for Equality of Means

	F	Sig	t	df	Sig. (2-tailed)
Equal variances assumed	3,870	0,085	-0,982	8	0,355
CR			-0,982	6,669	0,360
Equal variances not assumed					
Equal variances assumed	4,726	0,061	-1,124	8	0,294
QR			-1,124	6,468	0,301
Equal variances not assumed					
Equal variances assumed	0,265	0,621	-3,134	8	0,014
DAR			-3,134	7,873	0,014
Equal variances not assumed					
Equal variances assumed	2,377	0,162	-3,279	8	0,011
DER			-3,279	6,904	0,014
Equal variances not assumed					
Equal variances assumed	0,002	0,962	-0,482	8	0,643
NPM			-0,482	7,843	0,643
Equal variances not assumed					
Equal variances assumed	0,125	0,732	-0,590	8	0,572
ROA			-0,590	7,999	0,572
Equal variances not assumed					

Equal variances assumed	1,129	0,319	-0,480	8	0,644
ROE			-0,480	7,365	0,645
Equal variances not assumed					

a. CR Ratio Difference Test

Table 5 shows that the Levene's test value (F) for the CR ratio is 3.870 with a profitability of 0.085 > 0.05, indicating that there is no difference in variance (homogeneous data) between the two samples used in this study. For the CR ratio, the Sig. (2-tailed) value is 0.355. Since the Sig. (2-tailed) value is greater than 0.05, specifically 0.355 > 0.05, H1 is rejected, indicating that there is no significant difference in CR between PT. XL Axiata Tbk and PT. Indosat. The results show that there is no significant difference in the Current Ratio between PT. XL Axiata Tbk and PT. Indosat Tbk. This means that the liquidity levels of the two samples are not significantly different.. The results of this test are supported by research conducted by Kindangen (2016). These test results are contrary to the research conducted by Suhaimah and Chaerudin (2013), which stated that there is a significant difference in financial performance based on the Current Ratio (CR) between PT. Telekomunikasi Indonesia Tbk and PT. Indosat Tbk.

b. QR Ratio Difference Test (Quick Ratio)

Table 5 shows that the Levene's test value (F) for the QR ratio is 4.726 with a profitability of 0.061. Since the profitability value is greater than 0.05, namely 0.061 > 0.05, it can be said that there is no difference in variance (homogeneous data) between the two samples. For the Quick Ratio, the Sig. (2-tailed) value is 0.294 > 0.005, so there is no significant difference in QR between PT. XL Axiata Tbk and PT. Indosat Tbk. This means that the liquidity levels of the two samples are not significantly different. This occurs because PT. XL Axiata Tbk and PT. Indosat Tbk both have poor ability to pay their short-term debts without considering their inventory. The results of this test are contrary to the research conducted by Suhaimah and Chaerudin (2013), which stated that there is a significant difference in financial performance based on the Quick Ratio (QR) between PT. Telekomunikasi Indonesia Tbk and PT. Indosat Tbk.

Difference Test DAR (Debt to Asset Ratio)

In Table 5, it shows that the Levene's test value (F) for the DAR ratio is 0.265 with a profitability of 0.621. Since the profitability value is greater than 0.05, which is 0.621 > 0.05, it can be said that there is no difference in variance (homogeneous data) between the two samples. For the Debt to Asset Ratio, the Sig. (2-tailed) value shows 0.014 < 0.05, indicating a difference in the Debt to Asset Ratio between the two samples. The results of this test are supported by the research conducted by Kindangen (2016), which analyzed the comparison of financial performance between PT. Telekomunikasi Indonesia Tbk and PT. XL Axiata Tbk, showing that there is a significant difference in the Debt to Asset Ratio (DAR) between PT. Telekomunikasi Indonesia Tbk and PT. XL Axiata Tbk.

d. Test of Difference in DER (Debt to Equity Ratio)

Table 5 shows that the Levene's test value (F) for the DER ratio is 2.377 with a profitability of 0.162. Since the profitability value is greater than 0.05, namely 0.162 > 0.05, it can be said that there is a difference in variance (data is not homogeneous) between the two samples. The Sig. (2-tailed) value for the Debt to Equity Ratio (DER) shows 0.001 < 0.05, indicating a significant difference in the Debt to Equity Ratio (DER) between the two samples. This test result is supported by the research conducted by Suhaimah and Chaerudin (2013), which found a difference in the Debt to Equity Ratio (DER) between PT. Telekomunikasi Indonesia Tbk and PT. Indosat Tbk. This test result is also contrary to the research conducted by Kindangen (2016).

e. NPM (Net Profit Margin) Difference Test

Table 5 shows that the Levene's test value (F) for the NPM ratio is 0.002 with a profitability of 0.962. Since the profitability value is greater than 0.05, specifically 0.962 > 0.05, it can be said that there is no difference in variance (homogeneous data) between the two samples. The Sig. (2-tailed) Net Profit Margin value shows 0.643 > 0.05, indicating that there is no significant difference in the Net Profit Margin between the two samples. This occurs because both PT. XL Axiata Tbk and PT. Indosat Tbk have a poor ability to generate profits at a certain level of sales. The results of this test are supported by the research conducted by Nugrahanti and Fuadati (2019). f. ROA (Return On Asset) Difference Test Table 5 shows that the Levene's test value (F) for the ROA ratio is 0.125 with a profitability of 0.732. Since the profitability value is greater than 0.05, namely 0.732 > 0.05, it can be said that there is no difference in variance (homogeneous data) in both samples. The Sig. (2-tailed) value shows 0.572 > 0.05, indicating that there is no significant difference in the Return On Asset of both samples. This test result is supported by the research conducted by Ardiansyah (2017), but this result contradicts the research by Kindangen (2016), which states that there is a significant difference in Return On Asset (ROA) between PT. Telekomunikasi Indonesia Tbk and PT. XL Axiata

g. ROE (Return On Equity) Difference Test Table 5 shows that the Levene's test value (F) for the ROE ratio is 1.129 with a profitability value of 0.319. Since the profitability value is greater than 0.05, specifically 0.319 > 0.05, it can be concluded that there is no difference in variance (homogeneous data) between the two samples used in this study. The Sig. (2-tailed) value is 0.644 > 0.05, indicating that there is no significant difference in Return On Equity between the two samples. The results of this test are supported by the research conducted by Kindangen (2016), but the results of this test are contrary to the research conducted by

Suhaimah and Chaerudin (2013), which stated that there is a significant difference in Return On Equity (ROE) between PT. Telekomunikasi Indonesia Tbk and PT. Indosat Tbk.

CONCLUSION

Based on the analysis of financial performance in the telecommunications companies PT. XL Axiata Tbk and PT. Indosat Tbk listed on the Indonesia Stock Exchange, measured by financial ratios consisting of CR (Current Ratio), QR (Quick Ratio), DAR (Debt to Asset Ratio), DER (Debt to Equity Ratio), NPM (Net Profit Margin), ROA (Return On Asset), and ROE (Return On Equity), the following conclusions can be drawn: 1. The research results indicate that there are significant differences in the DAR (Debt to Asset Ratio) and DER (Debt to Equity Ratio) between PT. XL Axiata Tbk and PT. Indosat Tbk.

2. Based on the research results, it shows that there are no significant differences in the ratios of CR (Current Ratio), QR (Quick Ratio), NPM (Net Profit Margin), ROA (Return On Asset), and ROE (Return On Equity) between PT. XL Axiata Tbk and PT. Indosat Tbk.

LIMITATIONS

The following are some limitations that can be mentioned from the results of this study: 1. The research period only uses 5 years. If a longer period (longitudinal study) is used, it is expected to obtain better analysis results. 2. This study only uses 7 financial ratios to assess the financial performance of PT. XL Axiata Tbk and PT. Indosat Tbk. If more ratios are used, it is expected to obtain better analysis results.

IMPLICATION

Implications of Liquidity Ratios (Current Ratio & Quick Ratio) If the ratio is too low (< 1 or below industry standards) . The company is at risk of being unable to pay short-term debts.

Suggestion: Increase cash or cash equivalents, accelerate receivables, delay inventory purchases, or seek flexible short-term financing.

If the ratio is too high (far above average) ➔ Indicates an excess of unproductive current assets.

Suggestion: Use the excess liquidity for profitable short-term investments, expansion, or reducing expensive debt.

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