



International Journal of Financial Management and Economics

P-ISSN: 2617-9210
E-ISSN: 2617-9229
IJFME 2024; 7(2): 16-20
www.theeconomicsjournal.com
Received: 10-04-2024
Accepted: 17-05-2024

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Active customer contribution to revenue levels at PT. Indosat

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DOI: <https://doi.org/10.33545/26179210.2024.v7.i2.324>

Abstract

This research aims to analyse the contribution of active customers to the level of income at PT. Indosat, the leading telecommunications service provider company in Indonesia. The research uses secondary data in the form of financial and operational reports of PT. Indosat from 2014 to 2023. The research results show that the number of active customers of PT. Indosat continues to increase from 603.000 customers in 2020 to 629.000 customers in 2021 and reaching 1.022.000 in 2020. This increase in the number of active customers contributes significantly to increasing PT. Indosat. Therefore, companies need to continue to innovate in providing services that suit customer needs and carry out effective marketing strategies to attract and retain active customers.

Keywords: Active customers, revenue, telecommunications

1. Introduction

The telecommunications industry in Indonesia continues to experience very rapid growth in recent years. Telecommunications is a very important basis for various aspects of modern life, such as business, education, health, government and entertainment. This certainly encourages companies operating in the field of telecommunication services to increasingly innovate in meeting people's needs for communication that is faster, more efficient and can be accessed more easily. According to the Big Indonesian Dictionary (KBBI), telecommunications is long-distance communication via wire (telegraph, telephone) and radio. Telecommunication consists of two words, namely "tele" which means far and "communication" which means a process of conveying information (messages, ideas, etc.) from one place to another. According to Cyndy Ika Febriliana (Pt and Niaga 2019) ^[17] telecommunications is a relationship between one or more people who are separated by distance. There are three main parts in telecommunications, namely transmitter - communication channel - receiver. In the transmitter section, the information signal is processed first before proceeding to the communication channel which is the sending medium or intermediary between the transmitter and receiver, while at the receiver there is a process that must be carried out so that the information sent from the transmitter can be received by the recipient (Gunantara and Antara 2020) ^[10]. Telecommunication is the sending or conveying of information from one place to another, in relation to long distance communication it can be divided into 3 types (Candra Laili 2023) ^[4], namely:

1. One Way Communication (Simplex)

The sender and recipient of information cannot establish continuous communication through the same media. Examples: pagers, television, and radio.

2. Two Way Communication (Duplex)

The sender and recipient of information can establish continuous communication through the same media. Examples: telephone, VOIP, and video call.

3. Semi Two Way Communication (Half Duplex)

The sender and recipient of information communicate alternately but remain continuous. Example: *handy talkie*, FAX, and *chat room*.

As (Kominfo 2019) ^[12] Regulation of the Minister of Communication and Information of the Republic of Indonesia No. 13 of 2019 concerning the Implementation of Telecommunications Services Article 1 No. 1, 3 and 6 that:

- Telecommunications is any transmission, sending, and/or reception of any information in the form of signs, signals, writing, images, sounds, and sounds via wire, optical, radio, or other electromagnetic systems.
- Telecommunications services are telecommunications services to meet telecommunications needs using telecommunications networks
- Telecommunications network operators are state-owned enterprises, regional-owned enterprises, private business entities, or cooperatives that obtain a license to provide telecommunications services.

From the definitions and information above, it can be concluded that telecommunications is any form of long-distance communication that involves sending and receiving information through various electronic media, where telecommunications is an important foundation for society's needs in various aspects. Telecommunications is the main sector in supporting economic growth in Indonesia, namely by facilitating trade, investment and information exchange between domestic and international business actors. The very rapid development of technology creates opportunities for service providers to further improve quality in order to compete with other telecommunications service providers, and PT. Indosat is one of the companies providing telecommunications services and networks in Indonesia that continues to grow.

PT. Indosat Tbk, trading as Indosat Ooredoo Hutchison (abbreviated John) is a telecommunications service provider company that maintains its position as the second largest telecommunications operator in Indonesia. This company provides cellular communication services to customers with prepaid and postpaid payment options. This cellular service is offered under the selling brands IM3, Tri Indonesia, Indosat Business and Indosat HiFi. PT. Indosat has a vision to become the most chosen digital telecommunications company in Indonesia. Meanwhile, the mission of PT. Indosat is providing a world-class digital experience, connecting and empowering the Indonesian people, so that PT. Indosat has the goal of connecting and empowering Indonesian people through accelerating digital transformation (Company n.d.).

Quoting the results of research conducted by (Yuniastuti and Nasyaroeka 2022) ^[22] in 2020 the number of customers of PT. Indosat has 60.3 million customers with total revenue reaching Rp. 20.6 trillion. Then, according to (fanji satria 2022) in 2021 PT. Indosat recorded 63.3 million customers with total income of Rp. 23 trillion. Meanwhile, in 2022 PT. Indosat announced increasingly better performance, marked by total revenue of Rp. 22.52.6 trillion with a total of 96.2 million customers (2022 Revenue). Then, in 2023 PT. Indosat has demonstrated strong and consistent performance in generating organic net profit for 3 consecutive years. Profit for the year that can be distributed to the Owners of the Parent Entity is IDR. 4,506.4 billion, which shows extraordinary financial performance. This can be seen from the increase in total revenue of 9.6% YoY to Rp. 51,228.8 trillion, while EBITDA was IDR. 23,938.0 trillion, an increase of 23.0% YoY, due to a combination of revenue growth and cost optimization momentum. EBITDA margin

of 46.7% in 2023.

However, in 2023 the company experienced a decrease of 3.4 million subscribers to 98.8 million subscribers when compared to 2022. This is mainly due to the focus on continued customer acquisition by increasing the price of new SIM cards in early 2023 (Dirjen PHU 2023). Apart from that, PT. Indosat experienced a decline in the number of customers and revenue in 2018. The company recorded negative performance marked by a decline in the number of customers of around 33.9% to 64.1 million from the beginning of the year to September 2018 with revenue of 23.13 trillion which also fell 22.6% when compared with 2017, as a result the company suffered a loss of Rp. 2.4 trillion. This is caused by a lack of network quality and also a promotional mix that is not evenly distributed throughout Indonesia.

Based on the information presented, it can be concluded that the number of customers of PT. Indosat has a significant contribution to the company's revenue level. With the number of customers increasing from year to year, it shows that the number of customers is positively correlated with the company's income level. Growth in the number of customers, increase in ARPU, as well as strategies to retain and attract new customers, are key factors that influence the company's financial performance.

Contributions are dues (to associations, etc.) or donations. Contributions can be in the form of donations or dues given to associations or organizations (according to the KBBI). Peter Drucker, a leading management theorist, defined contribution as a valuable and meaningful result. Contribution can be seen from the impact a person has on an organization or society. This contribution can take the form of improving quality, efficiency, innovation and organizational development. According to Wahdi Nirsetyo (Waiting for 2023), in his understanding, the definition of contribution is a form of donation in the form of material (money) that can be supported or donated. Likewise, according to Danny, contribution is defined as monetary donations or support (Economy, Pratama, and Artha 2023) ^[81]. In a business or company context, contribution can refer to:

1. How much input or support is provided by customers, employees, divisions, or business units to support company revenue, profitability, or growth.
2. The extent of the role or impact that certain activities, products or services have on the performance and achievement of organizational goals.
3. How much influence do factors such as price, promotion, or distribution have on the company's sales volume and revenue.

Thus, contribution in business and management shows the magnitude of the contribution, influence and role provided by various internal and external elements to support the achievement of organizational performance and goals.

Customer satisfaction is a top priority for companies, because satisfied customers tend to be more loyal and willing to pay premium prices for products they trust. Customers are generally defined as individuals or groups who always respond economically and buy certain products continuously (Warsito and Si n.d.). Meanwhile, the definition of customer satisfaction according to Kotler is a feeling of pleasure or disappointment that arises after comparing the performance or results of the product in mind

with the performance or results of the expected product (Tampanguma, Kalangi, and Walangitan 2022) ^[20]. The indicators for customer satisfaction are: satisfaction with the service, satisfaction with the service, satisfaction with the company, and satisfaction with the whole (Aprillia and Fatihah 2021) ^[3]. Thus, customer loyalty is an important factor for the continuity and success of a company in the long term. Loyalty is defined as a strong commitment from customers to buy or subscribe to certain products/services in the future despite the influence of situations and marketing efforts that have the potential to change behavior (Siswadi, Muharam, and Hannan 2019) ^[19].

Loyal customers not only make financial contributions through continuous and repeated purchases, more than that, loyal customers will provide recommendations to others, provide valuable feedback, and will be more tolerant of fluctuations and company policies. The more satisfied and loyal customers there are, the more stable and higher the company's income will be in the long term. Likewise, if you lose satisfied and loyal customers, it can have a negative impact on the company's revenue level, because they not only reduce sales volume, but can also affect the company's reputation through *word-of-mouth* negative. Therefore, maintaining and increasing customer satisfaction and loyalty is an important key for companies to maintain and increase

revenue in a sustainable manner.

A company's income level is one of the main indicators for assessing the performance and success of a business. High and stable income is the main goal for most companies, because this not only reflects the company's ability to generate profits, but also indicates that there is strong demand for a product or service offered. Quoting the opinion of (Khaeria *et al.* 2023) ^[11] revenue is the result of sales of goods or services in a company within a certain period. According to (Sa and Jannah 2021) ^[18] income is all a person receives as compensation for his services in the production process. Then according to (Madji *et al.* 2019) ^[13] income is also called *income* namely the rewards received by all households at all levels of society in a country/region, from the delivery of production factors or after carrying out economic activities. From these three definitions, it can be concluded that income is compensation received from individuals, companies and the wider community after sales of goods or services. For individuals, the level of income received is an important indicator for assessing economic welfare and purchasing power. High levels of income enable companies to invest, innovate and expand their business reach, thereby increasing their competitiveness in the long term.

Table 1: Total Income from 2014-2023 at PT. Indosat Ooredoo Tbk,

Year	Active Customer Data	Total income	Percentage (%)	Information	Annual Target 50%
2014	632.000	11.613.117	-	-	-
2015	685.000	26.768.525	130,68%	Go up	80,68%
2016	698.000	29.184.624	9,01%	Go up	-41%
2017	1.102.000	29.926.098	2,54%	Go up	-47,46%
2018	641.000	23.139.551	-22,72%	Go down	-72,72%
2019	593.000	26.117.533	12,85%	Go up	-37%
2020	603.000	27.925.661	6,89%	Go up	-43,11%
2021	629.000	31.388.311	12,39%	Go up	-37,61%
2022	1.022.000	46.752.319	49,02%	Go up	-1%
2023	988.000	51.228.782	9,55%	Go up	-40,45%

Source: Data processed by researchers in 2024

Based on Table 1.1, it can be explained that in 2014 the company had 632,000 active customer data with total revenue of 11,613,117. 2015 showed a significant increase, with the number of active customers increasing to 685,000 and total revenue increasing 130.68% to 26,768,525. The upward trend continued in 2016 and 2017, with the number of active customers reaching 698,000 and 110,200 respectively, and total revenue rising 9.01% and 2.54% to 29,184,624 and 29,926,098. However, in 2018, there was a fairly large decline, with the number of active customers reaching 641,000 and total revenue also decreasing by 22.72% to 23,139,551. In 2019 to 2022, PT. Indosat is experiencing an upward trend again, with the number of active customers and total revenue continuing to increase significantly, reaching 102,200 active customers with total revenue of 46,752,319 in 2022. However, in 2023, the number of active customers will again fall to 988,000 with total revenue of 51,228,782. Overall, this data shows a quite significant increase in income, even though it experienced a decrease in income in 2018. However, with this increase in income, PT. Indosat has an annual target of 50% and the company has not been able to achieve the desired target. The decline in revenue and the company's target not being achieved is thought to be due to customer contributions not

being maximal. To find out this, the author is interested in conducting research with the title "Contribution of Active Customers to Income Levels at PT. Indosat", with the aim of finding out the causes of decreased income due to not maximizing contributions from customers, as well as finding appropriate solutions for PT. Indosat to increase revenue and achieve targets through customer contributions.

Research methods

Research methods are procedures or methods used by researchers to collect, analyze and interpret data in order to understand and explain a phenomenon or event. And the method that the author took in this research is "Descriptive Qualitative Method". Qualitative methods are often referred to as instinctive research methods, because the research is carried out in natural conditions with the aim of interpreting the phenomena that occur and is carried out by involving various existing methods (Citriadin 2020) ^[6]. Qualitative research is a research procedure that produces descriptive data in the form of speech or writing and the behavior of people observed in a particular context which is studied from the researcher's point of view as a whole, comprehensive, and *holistic*. The qualitative descriptive approach is a research technique that explains and describes

the data that has been collected by providing explanations and recording all important information from the conditions that have been studied so that a complete, general and comprehensive picture of the actual situation is obtained (Amelia and Sudrartono 2023) ^[2]. In qualitative research, researchers collect, analyze and interpret visual and narrative data (non-numerical/numbers) as a whole by gaining insight into certain phenomena (Chapter n.d.).

According to Dr. Yudin Citriadin, M.Pd, descriptive research is research that is used to describe and answer the problem of a phenomenon or event that is currently occurring, both phenomena in a single variable or correlation, and/or comparison of various variables. The aim of descriptive research is to explain systematically, factually and accurately, the facts and characteristics of a particular population or area (Citriadin 2020) ^[6]. Different from quantitative, qualitative research starts from data, utilizes existing theory as explanatory material and ends with a theory (Almeida *et al.* 2016) ^[1]. Based on the quote above, it can be concluded that the descriptive qualitative research method is a data collection technique by means of observation and data analysis where the results are in the form of presentation of text or images that cannot be measured by how large or small the data is, so that it will produce a new theory or develop an existing theory. . With this research method, the author uses data collection techniques by searching, compiling and collecting PT financial reports. Indosat from 2020 to 2023.

Results and Discussion

PT. Indosat is one of the second largest telecommunications service providers in Indonesia. In addition, Ooredoo Group is an international communications company operating in the Middle East, North Africa and Southeast Asia and serving consumers and businesses in 10 countries. CK Hutchison is a leading multinational company committed to innovation and technology with a business that reaches globally. With operations in approximately 50 countries/markets and 300,000 employees worldwide. CK Hutchison has four core businesses with services related to ports and services, retail, infrastructure and telecommunications. This company offers cellular communication services in the form of retail products, large-scale products and digital products. Indosat's retail products, namely IM3 and 3 cellular services, provide prepaid and postpaid which provide various communication packages and services, Indosat HiFi in the form of services broadband fixed wireless access, and MNC Play in collaboration with MNC Vision Networks in the form of a pay TV service that provides various TV channels, films and entertainment content. Indosat's large-scale products consist of: Mobile in the form of cellular services for corporate and business segments, convergence in the form of an integrated service that combines cellular services, broadband and TV, M2M is a service for connecting devices and Internet of Things (IoT), IT services in the form of information technology services and digital solutions for companies, Connectivity in the form of internet connectivity and data communications services for companies, International And Rooming in the form of international roaming services and global connectivity. Meanwhile, digital-based products include CIPKA, a super app that provides various digital services such as digital wallets, payments, then there is Dompetku, Dompetku Plus, Dompetku Money Transfer, On De Go, Pay

Up which is a digital wallet, as well as IMX which is a digital platform, Ideabox is a startup acceleration program, Arena Seru is an online gaming platform, myIM3 application self-care, and Bima+. Currently Indosat is merging with Tri so that the company name becomes PT. Indosat Ooredoo Hutchion (IOH). In 2011 PT. Indosat controlled 21% of the market share, then the company officially stopped trading its shares on the NYSE on May 16 2013 because the performance of its share prices on the stock exchange continued to decline, making Indosat shares only traded on the IDX to date. However, with this, Indosat continues to expand, such as by commercializing the 3G network at 900 MHz frequency, 4G at 900 MHz with speeds of up to 42 Mbps in several big cities in Indonesia.

Based on the results of research conducted by the author, it can be seen that the contribution of active customers has a big impact on the level of income at PT. Indosat. This can be seen from the number of active customers which fluctuates from year to year, where the increase or decrease in the number of active customers directly causes a significant increase or decrease. Based on the level of income from 2014 to 2023, it continues to increase quite significantly, even at its peak in 2014 to 2015 there was an increase from total income of 11,613,117 to 26,768,525 with a fairly high percentage level compared to the following year, namely 130.68%. However, in this way, PT. Indosat experienced a decline in revenue in 2017 – 2018 from 29,926,098 to 23,139,551 with a percentage of 22.72%. However, even though every year PT. Indosat continues to experience an increase in revenue, the company has not been able to achieve the desired target. To overcome this problem, it can be anticipated by creating a strategy to continue to increase active customers and optimizing contributions by improving network and service quality in order to maintain customer satisfaction and attract new customers. Creating product and service innovations according to customer needs so that this will have an impact on customer loyalty towards PT. Indosat, and can offer attractive and affordable service packages for customers. Not only that, marketing strategies such as promotions or more attractive advertising can be carried out to make more people aware of the offers provided by PT. Indosat.

Conclusion and Recommendations

Based on the research results, it can be concluded that PT. Indosat over the last few years from 2014-2023 has had quite a large number of customer contributions and there was even a skyrocketing increase in 2017, namely 1,102,000. However, this increase did not last long, because in the following year the contribution of active customers decreased drastically in 2018, namely to 641,000. This has a big impact on the level of income obtained by PT. Indosat is not optimal. Although it can be concluded that the level of income obtained by PT. Indosat experienced an increase on average, but this was not commensurate with the target desired by the company. It can be seen that from 2014-2023 there were no results in that year that reached the target of 50%. To overcome this problem, the author provides suggestions that can be considered:

1. **Increase active customer acquisition and retention**
 - PT. Indosat needs to strengthen its marketing and promotional strategies to attract more customers.
 - Implement an effective loyalty program to retain

- existing active customers.
 - Conduct in-depth analysis of customer preferences and needs to provide appropriate services.
- 2. Diversifying Service Portfolio**
- Develop new services that are innovative and in line with telecommunications market trends.
 - Expanding the reach of services to potential segments that have not yet been reached.
 - Adjust prices and service packages that are competitive but still profitable.
- 3. Optimizing Operational Efficiency**
- Conduct ongoing studies to identify operational cost savings opportunities.
 - Utilize technology and digitalization to increase productivity and efficiency.
 - Allocate resources appropriately according to business needs.

By implementing these suggestions, it is hoped that PT. Indosat can continue to increase the contribution of active customers so that it can achieve the desired targets.

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