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THE EFFECT OF CAPITAL STRUCTURE AND LIQUIDITY ON PROFITABILITY BEFORE AND DURING THE COVID-19 PANDEMIC IN TELECOMMUNICATION COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE

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ABSTRACT
This study examines the effect of capital structure and liquidity on profitability before and during the Covid-19 pandemic in telecommunications companies listed on the Indonesian stock exchange. In knowing how much profit a company gets, it can be seen from its financial performance, especially in the capital structure as measured by DER and liquidity as measured by CR. Capital structure will affect profitability as measured by ROE, this is because the maximum use of debt will reduce interest payments because companies are required to pay higher interest. While liquidity affects profitability because high liquidity will increase the credibility of the company which will make investors interested in investing in efforts to increase profitability. In calculating profitability, we can find out the level of profit the company earned before and during the Covid-19 Pandemic. The purpose of this study is to determine the comparison between capital structure and liquidity on profitability. This study uses telecommunications companies listed on the Indonesia Stock Exchange in Q1 2018 - Q2 2022. The type of data used is secondary data. The results of this study indicate that prior to the Covid-19 pandemic, capital structure had a negative and significant effect, and liquidity had a positive and insignificant effect on profitability. Meanwhile, during the Covid-19 pandemic, capital structure had a positive and significant effect and liquidity had a positive and significant effect on profitability.

Keywords: Capital Structure, Current Ratio, Debt to Equity Ratio, Liquidity, Profitability, and Return on Equity.

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INTRODUCTION

The COVID-19 pandemic still become a problem for all economic sectors around the world, including in Indonesia. As a result of this pandemic, the Indonesian government had to enact various policies which forced all activities to stop operating. This of course led to massive layoffs, decreased imports and even inflation. The real impact felt by the people of Indonesia as a result of social distancing rules is the occurrence of layoffs. This massive layoff incident caused many employees to be laid off by companies, where the number of layoffs reached 2,084,593 employees with 77% being in the formal sector and the rest coming from the informal sector from 116,370 companies (Kemnaker, 2020).

This case first occurred in Wuhan, China on November 17 2019, which then spread rapidly throughout the world. Where, in Indonesia itself this case occurred in Depok, West Java on March 2, 2020 (Retaduari, 2022). Over time, these cases are increasing rapidly. In anticipating the spread of the Covid-19 virus, the Indonesian government has taken various ways to handle this case, starting from PSBB to PPKM.

This certainly makes all levels of society in Indonesia need providers who can provide smooth communication and use of the internet, because the learning system and work are done from home. Where the level of sustainability and success depends on the internet. Apart from that, as a result of these regional restrictions, the community certainly needs comfort in facing this pandemic. This certainly makes telecommunications companies in Indonesia experience a high surge. Based on data sourced from BPS, the telecommunications sector in April-June (Q2 2020) grew by 10.88% compared to the same quarter in 2019.

Profitability itself is the ability of a company to generate excess investment value compared to the costs incurred in a certain period of the assets it uses for a certain period of time (Samo & Murad, 2019). Where the net profit has been deducted by costs in carrying out its operational activities. Profitability is also used as a basis for assessing a company in terms of its financial performance, because profitability is a measure of ability and success in using its capital productively.

If a company wants to maximize its profitability, then the company must be able to utilize the resources it has, namely the capital needed, a place to obtain capital, and good planning regarding the return on capital obtained. Where these things will become a profitability for a company, if the profit earned exceeds the interest expense on its debt.

The capital structure itself is very important for a company because good or bad capital structure can directly affect the company. According to (Harsiatun. & Hidayat, 2019), in addition, a company certainly needs working capital where working capital is an important factor in maintaining the solvency, liquidity and profitability of the company (Mohanty &

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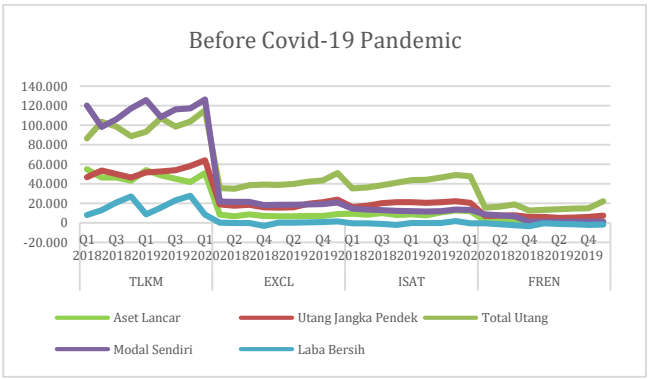
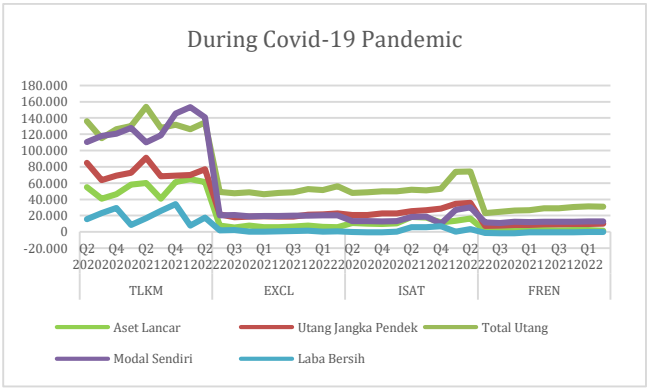
Mehrotra, 2018). If the company can manage its finances well, then the company will certainly continue to run and carry out its operational activities properly.

Liquidity is the most important factor in determining and knowing a company's ability to meet its short-term debt. Great profitability shows the greater the company's ability to meet short-term obligations or liquidity. A high level of liquidity can increase the credibility of the company which causes a positive reaction from investors to provide capital that the company can use for investment in an effort to increase its profitability. Excessive liquidity can be interpreted as poor liquidity management by the company, due to poor portfolio management due to a lack of optimal use of company capital which will cause the profitability to be not optimal (Prabowo & Sutanto, 2019). Therefore, the company needs to develop various strategies and efforts to increase profitability in order to maintain its liquidity properly and optimally so that it can fulfill all its obligations through the capital structure owned by the company.

Evidence of a company's good prospects is its financial performance, which is evaluated based on a series of analysis of financial indicators, which interpret the company's financial position, including capital structure, liquidity and profitability. The following is data on the development of current assets, short-term debt, total debt, own capital and net profit before the Covid-19 pandemic, namely from the first quarter of this year.



Graph 1. Development of Current Assets, Short Term Debt, Total Debt, Equity and Net Profit Before to the Covid-19 Pandemic
Source: Results of Data Processing



Graph 2. Development of Current Assets, Short Term Debt, Total Debt, Equity and Net Profit During the Covid-19 Pandemic
Source: Results of Data Processing

So it can be concluded that during this pandemic, the four telecommunication companies increased the total amount of debt and their own capital to support the company's operational activities. As for current assets, only 3 out of 4 companies experienced an increase in current assets, which caused these three companies to experience the highest increase in net profit when compared to XL Axiata. The XL company experienced a decrease in current assets of 8

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billion rupiah which was one of the reasons this company during the pandemic was only able to pocket a profit of 7 trillion, compared to its competitors, namely Telkom with 27 trillion, Indosat with 25 trillion and Smartfren with 9 trillion rupiah.

One of the references that researchers have when conducting this research is the existence of previous researchers who enrich theories to verify research. According to (Alarussi & Gao, 2021; Chaklader & Padmapriya, 2021; Chandra et al., 2021; Sari & Sedana, 2020; Singh & Bagga, 2019) capital structure has a positive effect on profitability. Where this research is contrary to research conducted (Chandra et al., 2019; Pandapotan & Lastiningsih, 2020; Samo & Murad, 2019; Sinambela, 2021).

The effect of liquidity on profitability according to (Pandapotan & Lastiningsih, 2020; Samo & Murad, 2019) states that liquidity has a positive effect on profitability. Meanwhile, according to (Alarussi & Gao, 2021; Chaklader & Padmapriya, 2021; Chandra et al., 2019; Mohanty & Mehrotra, 2018; Sari & Sedana, 2020) states the opposite. The formulation of the research problem is as follows:

1. Was there any influence between capital structure and profitability before and during the Covid-19 pandemic at PT Telkom Indonesia (Persero) Tbk, PT XL Axiata Tbk, PT Indosat Tbk and PT. Smartfren Tbk?
2. Was there any influence between liquidity and profitability before and during the Covid-19 pandemic at PT Telkom Indonesia (Persero) Tbk, PT XL Axiata Tbk, PT Indosat Tbk and PT. Smartfren Tbk?
3. Is there a difference between capital structure and liquidity on profitability before and during the Covid-19 pandemic at PT Telkom Indonesia (Persero) Tbk, PT XL Axiata Tbk, PT Indosat Tbk and PT. Smartfren Tbk?

LITERATURE REVIEW

Capital structure is a comparison between short-term and long-term liability with the company's equity (Ashshiddiqi et al., 2018; Harsiatun. & Hidayat, 2019; Saerang & Tommy, 2014). In a company, capital is one of the fundamental things in the operational function of a company. Without capital, a company cannot exist because there it does not have funds that can be used to carry out its operational activities. One of the goals in strategic management is to identify the optimal capital structure when debt and equity combine in an effort to reduce the cost of capital and increase the company's profitability.

Meanwhile, for measuring the level of capital structure, we can use the Debt to Equity Ratio (DER). DER is a ratio used to assess the comparison between total debt and equity owned by a company (Sari & Sedana, 2020). The high value of this ratio shows the company's burden on outsiders, will affect the company's profitability because if the company has a high debt to outsiders, then the company's profitability will decrease because it is required to pay loan

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installments and credit interest. This means that if debt is greater than own capital, this ratio has a value greater than 1, which in carrying out operational activities is more debt.

According to Modigliani & Miller's theory suggests that companies must use maximum debt in their capital structure, this is because it will reduce interest payments (Alarussi & Gao, 2021). Thus, we can see that the maximum use of debt can reduce tax payments because the company is required to pay higher interest. So, this will certainly have an impact on the level of profitability.

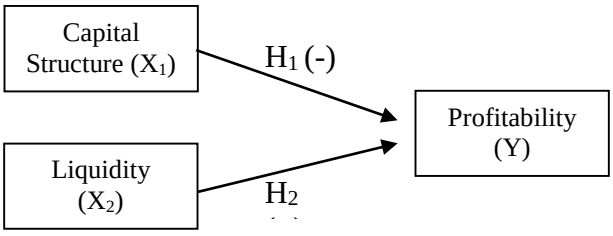
Liquidity is a company's ability to pay its short-term debt which must be paid at maturity which is usually in less than a year (Ardila, 2020; Cordiaz, 2021; Irham, 2017). Liquidity is also a company's ability to fulfill or carry out financial commitments that have been previously approved.

Meanwhile, for measuring the level of liquidity, we can use the current ratio (CR), which is used to measure a company's ability to pay its debts that are due soon (Kasmir, 2016). This ratio shows the demand to pay debts originating from short-term creditors, whether they can be met by the current assets they have or not.

The high level of the current ratio means that the company's ability to pay off short-term debt also increases and gives investors a positive view of the condition of the company, which of course will increase the profitability and value of the company. The low current ratio indicates a liquidity problem. On the other hand, if the company's ratio is too high, it indicates too much idle cash, which is also considered bad and can reduce the company's ability to generate profits (Ardila, 2020).

Profitability is a company's ability to generate a profit through company activities such as sales, investments, or assets that are used productively by that company (Astuti et al., 2015; Pandapotan & Lastiningsih, 2020; Sinambela, 2021). Next, for measuring the level of profitability, we can use the Return on Equity Ratio (ROE). ROE is the ability of companies in generating profits from their equity (Samo & Murad, 2019). It's very useful thing for a company because it makes company owner can find out the level of profits obtained by the company by using their equity. In addition, ROE is also a measuring tool used to see how far the company can use its equity in order to get maximum profit. The high level of profitability shows good prospects for the company and can encourage investors to participate in increasing demand for shares, which of course can have an impact on increasing the value of the company.

Based on the literature review and previous researchers, the research framework in this study is:



Graph 3. Research Framework

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H1. Capital structure has a negative effect on profitability

H2. Liquidity has a positive effect on profitability

METHODS

The research method used in this study is a quantitative method. The data source for this research was obtained from secondary data with financial data taken, namely 9 quarterly data before the Covid-19 pandemic, namely in the Q1 2018 – Q1 2020 and 9 quarterly data during the Covid-19 pandemic, namely Q2 2020 – Q2 2022.

The population in this study are telecommunications companies listed on the Indonesia Stock Exchange which consists of 19 companies. The sampling technique is purposive sampling, based on the following criteria :

1. Telecommunication sector companies listed on the Indonesia Stock Exchange and publish quarterly financial reports consecutively from 2018 – 2022 in 2018 – 2022.
2. Telecommunication sector companies that have financial report data in accordance with the required research variables from 2018 – 2022.
3. Companies in the telecommunications sector whose operational activities are as service providers and network operators of telecommunications.

The sample screened by this method consisted of the following companies:

1. PT Telkom Indonesia Tbk,
2. PT XL Axiata Tbk
3. PT Indosat Tbk.
4. PT Smartfren Telecom Tbk

The variables used in this study consist of the dependent variable, namely ROE, and the independent variables, namely DER and CR

$$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}} \text{ x } 100\% \quad (1)$$

$$CR = \frac{\text{Current Assets}}{\text{Current Liabilities}} \text{ x } 100\% \quad (2)$$

$$ROE = \frac{\text{Profitability}}{\text{Total Equity}} \text{ x } 100\% \quad (3)$$

As for testing using descriptive statistical analysis, classic assumption test, hypothesis testing, panel data regression, model selection method and average difference test.

RESULTS AND DISCUSSION

The following are the results of research on the influence of capital structure and liquidity on profitability before the Covid-19 pandemic, namely in Q1 2018 – Q1 2020 and during the Covid-19 pandemic in Q2 2020 – Q2 2022.

Research Results Before the Covid-19 Pandemic

Table 1. Pre-Pandemic Descriptive Statistical Analysis

	X1	X2	Y
Mean	3.904639	0.517333	-0.237083
Median	2.253000	0.438000	-0.014500
Maximum	20.19500	1.178000	0.235000
Minimum	0.720000	0.192000	-2.854000
Std. Dev.	4.417187	0.259000	0.655767

Source: EViews 9 Data Processing Results

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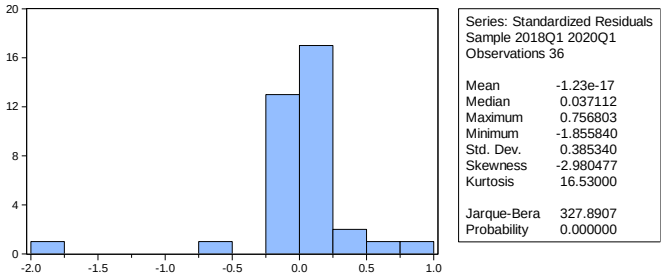

Graph 4 Normality Test Before the Pandemic
Source: EViews 9 Data Processing Results

Based on the graph above, it can be seen that the probability using Jarque-Bera is 0.00, where this value is less than the confidence level, which is 0.05. So it can be concluded that the data is not normally distributed.

Then do the approach to the central limit theorem. In this study it is known that it has a total sample of 36. Based on this theorem it is known that the sampling distribution curve with a sample number of more than 30 will be centered on the population parameter value and will have all properties normally distributed. So with this it is known that the independent random variables approach the normal distribution, because they meet the minimum number of samples in this theorem.

Table 2. Multicollinearity Test Before the Pandemic

	X1	X2
X1	1.000000	-0.547254
X2	-0.547254	1.000000

Source: EViews 9 Data Processing Results

Based on the table above, the correlation value between X1 and X2 is -0.54725. Where this value is less than 0.80, it can be concluded that there is no multicollinearity.

Table 3. Heteroscedasticity Test Before the Pandemic

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	2.770160	Prob. F(2,33)	0.0772
Obs*R-squared	5.175139	Prob. Chi-Square(2)	0.0752
Scaled explained SS	33.76766	Prob. Chi-Square(2)	0.0000

Source: EViews 9 Data Processing Results

Based on the table above it is known that the results of the Breusch-Pagan-Godfrey test show a probability value of the F-Statistic of 0.0752 > 0.05 so it can be concluded that there is no heteroscedasticity problem in this study.

Table 4. Autocorrelation Test Before the Pandemic

R-squared	0.654706	Mean dependent var	-0.237083
Adjusted R-squared	0.633779	S.D. dependent var	0.655767
S.E. of regression	0.396845	Akaike info criterion	1.069115
Sum squared resid	5.197047	Schwarz criterion	1.201075
Log likelihood	-16.24408	Hannan-Quinn criter.	1.115173
F-statistic	31.28539	Durbin-Watson stat	2.403864
Prob(F-statistic)	0.000000		

Source: EViews 9 Data Processing Results

Based on the table above, it is known that the Durbin-Watson value is 2.403864, where this value is between 1 – 3, it can be concluded that this study did not occur autocorrelation.

Table 5. Partial Test (T Test) Before the Pandemic

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.168132	0.217794	0.771980	0.4456
X1	-0.116858	0.018144	-6.440568	0.0000
X2	0.098721	0.309442	0.319030	0.7517

Source: EViews 9 Data Processing Results

Based on the results of the T test, it is known that capital structure has a partial effect on profitability while liquidity does not have a partial effect on profitability.

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Table 6. Simultaneous Test (F Test) Before the Pandemic

R-squared	0.654706	Mean dependent var	-0.237083
Adjusted R-squared	0.633779	S.D. dependent var	0.655767
S.E. of regression	0.396845	Akaike info criterion	1.069115
Sum squared resid	5.197047	Schwarz criterion	1.201075
Log likelihood	-16.24408	Hannan-Quinn criter.	1.115173
F-statistic	31.28539	Durbin-Watson stat	2.403864
Prob(F-statistic)	0.000000		

Source: EViews 9 Data Processing Results

Based on the table above, it is known that the Prob value (F-statistic) is 0.00 <0.05, so it can be concluded that capital structure and liquidity together have a significant effect on profitability.

Table 7. Coefficient of Determination Before the Pandemic

R-squared	0.654706	Mean dependent var	-0.237083
Adjusted R-squared	0.633779	S.D. dependent var	0.655767
S.E. of regression	0.396845	Akaike info criterion	1.069115
Sum squared resid	5.197047	Schwarz criterion	1.201075
Log likelihood	-16.24408	Hannan-Quinn criter.	1.115173
F-statistic	31.28539	Durbin-Watson stat	2.403864
Prob(F-statistic)	0.000000		

Source: EViews 9 Data Processing Results

In the table it is known that the Adjusted R-Squared value is 0.633779 which means that capital structure and liquidity are able to explain profitability together of 63.38%. while the rest is explained by other variables.

Table 8. Common Effect Models Before the Pandemic

R-squared	0.654706	Mean dependent var	-0.237083
Adjusted R-squared	0.633779	S.D. dependent var	0.655767
S.E. of regression	0.396845	Akaike info criterion	1.069115
Sum squared resid	5.197047	Schwarz criterion	1.201075
Log likelihood	-16.24408	Hannan-Quinn criter.	1.115173
F-statistic	31.28539	Durbin-Watson stat	2.403864
Prob(F-statistic)	0.000000		

Source: EViews 9 Data Processing Results

The Adjusted R-squared coefficient of determination is 0.664959, meaning that the capital structure and liquidity variables together are able to explain the profitability variable of 63.38%.

Table 9. Fixed Effect Models before the Pandemic

R-squared	0.712822	Mean dependent var	-0.237083
Adjusted R-squared	0.664959	S.D. dependent var	0.655767
S.E. of regression	0.379576	Akaike info criterion	1.051489
Sum squared resid	4.322342	Schwarz criterion	1.315409
Log likelihood	-12.92680	Hannan-Quinn criter.	1.143604
F-statistic	14.89296	Durbin-Watson stat	2.752180
Prob(F-statistic)	0.000000		

Source: EViews 9 Data Processing Results

The Adjusted R-squared coefficient of determination is 0.664959, meaning that the capital structure (DER) and liquidity (CR) variables together are able to explain the profitability variable (ROE) of 66.49%..

Table 10. Random Effect Model Before the Pandemic

Weighted Statistics			
R-squared	0.645013	Mean dependent var	-0.230114
Adjusted R-squared	0.623498	S.D. dependent var	0.645316
S.E. of regression	0.395964	Sum squared resid	5.173989
F-statistic	29.98053	Durbin-Watson stat	2.414926
Prob(F-statistic)	0.000000		
Unweighted Statistics			
R-squared	0.654681	Mean dependent var	-0.237083
Sum squared resid	5.197429	Durbin-Watson stat	2.404035

Source: EViews 9 Data Processing Results

The Adjusted R-squared coefficient of determination is 0.623498, meaning that the capital structure and liquidity variables together are able to explain the profitability variable of 62.35%.

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Table 11. Chow Test Before the Pandemic

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.023683	(3,30)	0.1317
Cross-section Chi-square	6.634555	3	0.0845

Source: EViews 9 Data Processing Results

Based on the chow test table above, the probability value on the Chi-square Cross-section is 0.0845 > 0.05. So based on these values it is known that H0 is accepted, which means that the best model that can be used is the Common Effect Model method. Because the method used is the Common Effect Model, the next step is to do a Langrage Multiplier test to determine whether to choose the Common Effect Model or the Random Effect Model..

Table 12. Lagrange Multiplier Test Before the Pandemic

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.233014 (0.6293)	0.023555 (0.8780)	0.256569 (0.6125)
Honda	-0.482715 --	0.153476 (0.4390)	-0.232807 --
King-Wu	-0.482715 --	0.153476 (0.4390)	-0.331510 --
Standardized Honda	0.472011 (0.3185)	0.285771 (0.3875)	-3.025761 --
Standardized King-Wu	0.472011 (0.3185)	0.285771 (0.3875)	-3.036739 --
Gourierioux, et al.*	--	--	0.023555 (>= 0.10)

Source: EViews 9 Data Processing Results

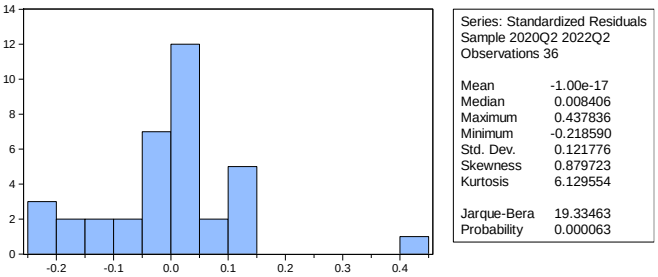
Based on the Langrage multiplier test table above, the cross-section value at Breusch-Pagan is 0.6293 > 0.05, so H0 is accepted, which means that the best method that can be used is the Common Effect Model method.

Research Results During the Covid-19 Pandemic

Table 13 Descriptive Statistical Analysis During the Pandemic

	X1	X2	Y
Mean	2.311111	0.449861	0.073028
Median	2.411000	0.395000	0.033500
Maximum	5.153000	0.926000	0.666000
Minimum	0.823000	0.154000	-0.160000
Std. Dev.	0.954417	0.212567	0.151916

Source: EViews 9 Data Processing Results



Grafik 5 Uji Normalitas Selama Pandemi

Source: EViews 9 Data Processing Results

Based on the graph above, it can be seen that the probability using Jarque-Bera is 0.000063, where this value is less than the confidence level, which is 0.05. So it can be concluded that the data is not normally distributed.

Then do the approach to the central limit theorem (central limit theorem). In this study it is known that it has a total sample of 36. Based on this theorem it is known that the sampling distribution curve with a sample number of more than 30 will be centered on the population parameter value and will have all the characteristics of a normal distribution. So with this it is known that the independent random variables approach the normal distribution, because they meet the minimum number of samples in this theorem.

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Table 14. Multicollinearity Test During a Pandemic

	X1	X2
X1	1.000000	-0.472949
X2	-0.472949	1.000000

Source: EViews 9 Data Processing Results

Based on the table above, the correlation value between X1 and X2 is -0.472949. Where this value is less than 0.80, it can be concluded that there is no multicollinearity.

Table 15. Heteroscedasticity Test During a Pandemic

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.355978	Prob. F(2,33)	0.7031
Obs*R-squared	0.760276	Prob. Chi-Square(2)	0.6838
Scaled explained SS	0.833603	Prob. Chi-Square(2)	0.6592

Source: EViews 9 Data Processing Results

Based on the table above it is known that the results of the Breusch-Pagan-Godfrey test show a probability value of the F-Statistic of 0.6838 > 0.05 so it can be concluded that there is no heteroscedasticity problem in this study.

Table 16. Autocorrelation Test Before the Pandemic

R-squared	0.357444	Mean dependent var	0.073028
Adjusted R-squared	0.318501	S.D. dependent var	0.151916
S.E. of regression	0.125411	Akaike info criterion	-1.234778
Sum squared resid	0.519025	Schwarz criterion	-1.102818
Log likelihood	25.22601	Hannan-Quinn criter.	-1.188721
F-statistic	9.178705	Durbin-Watson stat	1.333291
Prob(F-statistic)	0.000677		

Source: EViews 9 Data Processing Results

Based on the table above, it is known that the Durbin-Watson value is 1.333291, where this value is between 1 – 3, it can be concluded that this study did not occur autocorrelation.

Table 17. Partial Test (T Test) During the Pandemic

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.288603	0.096070	-3.004073	0.0051
X1	0.062858	0.025208	2.493542	0.0178
X2	0.480945	0.113184	4.249213	0.0002

Source: EViews 9 Data Processing Results

Based on the results of the T test, it is known that capital structure and liquidity have a partial effect on profitability.

Table 18. Simultaneous Test (F Test) During the Pandemic

R-squared	0.357444	Mean dependent var	0.073028
Adjusted R-squared	0.318501	S.D. dependent var	0.151916
S.E. of regression	0.125411	Akaike info criterion	-1.234778
Sum squared resid	0.519025	Schwarz criterion	-1.102818
Log likelihood	25.22601	Hannan-Quinn criter.	-1.188721
F-statistic	9.178705	Durbin-Watson stat	1.333291
Prob(F-statistic)	0.000677		

Source: EViews 9 Data Processing Results

Based on the table above, it is known that the Prob value (F-statistic) is 0.00 <0.05 so it is concluded that capital structure and liquidity together have a significant effect on profitability.

Table 19. Coefficient of Determination During a Pandemic

R-squared	0.357444	Mean dependent var	0.073028
Adjusted R-squared	0.318501	S.D. dependent var	0.151916
S.E. of regression	0.125411	Akaike info criterion	-1.234778
Sum squared resid	0.519025	Schwarz criterion	-1.102818
Log likelihood	25.22601	Hannan-Quinn criter.	-1.188721
F-statistic	9.178705	Durbin-Watson stat	1.333291
Prob(F-statistic)	0.000677		

Source: EViews 9 Data Processing Results

In the table it is known that the Adjusted R-Squared value is 0.318501, which means that capital structure and liquidity are able to explain profitability together at 31.85% while the rest is explained by other variables.

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Table 20. Common Effect Models During a Pandemic

R-squared	0.357444	Mean dependent var	0.073028
Adjusted R-squared	0.318501	S.D. dependent var	0.151916
S.E. of regression	0.125411	Akaike info criterion	-1.234778
Sum squared resid	0.519025	Schwarz criterion	-1.102818
Log likelihood	25.22601	Hannan-Quinn criter.	-1.188721
F-statistic	9.178705	Durbin-Watson stat	1.333291
Prob(F-statistic)	0.000677		

Source: EViews 9 Data Processing Results

The Adjusted R-squared coefficient of determination is 0.318501, meaning that the capital structure and liquidity variables together are able to explain the profitability variable of 31.85%.

Table 21. Fixed Effect Models during the Pandemic

R-squared	0.441970	Mean dependent var	0.073028
Adjusted R-squared	0.348964	S.D. dependent var	0.151916
S.E. of regression	0.122576	Akaike info criterion	-1.209152
Sum squared resid	0.450750	Schwarz criterion	-0.945232
Log likelihood	27.76473	Hannan-Quinn criter.	-1.117037
F-statistic	4.752102	Durbin-Watson stat	1.073976
Prob(F-statistic)	0.002575		

Source: EViews 9 Data Processing Results

The Adjusted R-squared coefficient of determination is 0.348964, meaning that the capital structure and liquidity variables together are able to explain the profitability variable of 34.89%.

Table 22. Random Effect Models During a Pandemic

Weighted Statistics			
R-squared	0.357444	Mean dependent var	0.073028
Adjusted R-squared	0.318501	S.D. dependent var	0.151916
S.E. of regression	0.125411	Sum squared resid	0.519025
F-statistic	9.178705	Durbin-Watson stat	1.333291
Prob(F-statistic)	0.000677		

Source: EViews 9 Data Processing Results

The Adjusted R-squared coefficient of determination is 0.318501, meaning that the capital structure and liquidity variables together are able to explain the profitability variable of 31.85%.

Table 23 Chow Test During a Pandemic

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.514708	(3,30)	0.2308
Cross-section Chi-square	5.077444	3	0.1662

Source: EViews 9 Data Processing Results

Based on the chow test table above, the probability value on the Chi-square Cross-section is 0.1662 > 0.05. So based on these values it is known that H0 is accepted, which means that the best model that can be used is the Common Effect Model method. Because the method used is the Common Effect Model, the next step is to do a Langrage Multiplier test to determine whether to choose the Common Effect Model or the Random Effect Model.

Table 24. Lagrange Multiplier Test During the Pandemic

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.971460 (0.3243)	0.000256 (0.9872)	0.971715 (0.3243)
Honda	-0.985627 --	0.015990 (0.4936)	-0.685636 --
King-Wu	-0.985627 --	0.015990 (0.4936)	-0.832195 --
Standardized Honda	-0.082365 --	0.112614 (0.4552)	-3.567462 --
Standardized King-Wu	-0.082365 --	0.112614 (0.4552)	-3.797475 --
Gourierioux, et al.*	--	--	0.000256 (>= 0.10)

Source: EViews 9 Data Processing Results

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Based on the Langrage multiplier test table above, the cross-section value at Breusch-Pagan is 0.3243 > 0.05, so H0 is accepted, which means that the best method that can be used is the Common Effect Model method..

Table 25. Paired Sample T-Test of Capital Structure

Method	df	Value	Probability
Wilcoxon/Mann-Whitney		0.140779	0.8880
Wilcoxon/Mann-Whitney (tie-adj.)		0.140779	0.8880
Med. Chi-square	1	0.222222	0.6374
Adj. Med. Chi-square	1	0.055556	0.8137
Kruskal-Wallis	1	0.021436	0.8836
Kruskal-Wallis (tie-adj.)	1	0.021436	0.8836
van der Waerden	1	0.057417	0.8106

Source: EViews 9 Data Processing Results

In the table above, it is known that the Wilcoxon probability in the capital structure variable as measured using DER is 0.8880 > 0.05 so it can be concluded that the data shows that there is no average difference between capital structure before the pandemic and during the Covid-19 pandemic.

Table 26. Liquidity Paired Sample T-Test Test

Method	df	Value	Probability
Wilcoxon/Mann-Whitney		1.188172	0.2348
Wilcoxon/Mann-Whitney (tie-adj.)		1.188172	0.2348
Med. Chi-square	1	0.888889	0.3458
Adj. Med. Chi-square	1	0.500000	0.4795
Kruskal-Wallis	1	1.425165	0.2326
Kruskal-Wallis (tie-adj.)	1	1.425165	0.2326
van der Waerden	1	2.023332	0.1549

Source: EViews 9 Data Processing Results

In the table above, it is known that the Wilcoxon probability in the Liquidity variable as measured using CR is 0.2348 > 0.05 so it can be concluded that there is no average difference between liquidity before the pandemic and during the Covid-19 pandemic.

Table 27. Paired Sample T-Test Profitability Test

Method	df	Value	Probability
Wilcoxon/Mann-Whitney		2.336925	0.0194
Wilcoxon/Mann-Whitney (tie-adj.)		2.336925	0.0194
Med. Chi-square	1	3.555556	0.0593
Adj. Med. Chi-square	1	2.722222	0.0990
Kruskal-Wallis	1	5.487570	0.0192
Kruskal-Wallis (tie-adj.)	1	5.487570	0.0192
van der Waerden	1	6.735125	0.0095

Source: EViews 9 Data Processing Results

In the table above, it is known that the Wilcoxon probability on the profitability variable as measured using ROE is 0.0194 < 0.05 so it can be concluded that there is an average difference between profitability before the pandemic and during the Covid-19 pandemic, which means that there is an influence of the pandemic in increasing profitability company.

CONCLUSION

Before the Covid-19 pandemic the capital structure (DER) had a negative and significant effect on profitability (ROE) while during the Covid-19 pandemic had a positive and significant effect. Meanwhile liquidity (CR) before the Covid-19 pandemic had a positive and insignificant effect on profitability (ROE) while during the Covid-19 pandemic had a positive and significant effect. There is no average difference between capital structure and liquidity before the pandemic or during the Covid-19 pandemic. Whereas in terms of profitability, there is an average difference before the pandemic and

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during the Covid-19 pandemic, which means that there is an effect of the pandemic in increasing company profitability.

Based on the discussion and conclusions of this study, the suggestions that can be given by researchers, namely for companies, in carrying out their operational activities, the capital structure owned by the company is better off having its own capital which is much larger than its debt, so that the capital structure that is owned by the company will go in a better direction. For investors, it is hoped that the results of this research can be used as reference material in making investment decisions in telecommunications companies listed on the Indonesia Stock Exchange by looking at their capital structure, liquidity and profitability.

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