



ANALYSIS EFFECT OF FINANCIAL CONSTRAINTS ON THE FINANCIAL PERFORMANCE OF PT MNC SKY VISION TBK FOR THE PERIOD 2015-2024

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Abstract

This study aims to analyze the effect of financial constraints on the financial performance of PT MNC Sky Vision Tbk (MSKY) for the period 2015-2024, amid the disruption of the media industry by Over-the-Top (OTT) services. This study uses a quantitative approach with a case study design, analyzing secondary data from published financial reports. Financial constraints are measured using the Debt to Equity Ratio (DER) and Current Ratio (CR) proxies, while financial performance is measured through Return on Assets (ROA) and Net Profit Margin (NPM). The results of the analysis show that financial constraints have a significant negative effect on financial performance. During the research period, MSKY succeeded in improving its capital structure by drastically reducing its DER from 373% to 44% and increasing its CR, indicating an easing of structural financial constraints. However, profitability performance (ROA and NPM) remained consistently negative and even deteriorated sharply at the end of the period due to a significant decline in revenue. It can be concluded that financial constraints have a significant effect on financial performance, and effective management through debt restructuring, cost control, and revenue enhancement are important for achieving long-term financial stability.

Keywords: financial constraint, financial performance, financial ratios, PT MNC Sky Vision Tbk, Over-The-Top

Introduction

The global entertainment and media industry, including in Indonesia, is in the midst of a revolution driven by digital innovation. Over the past decade, there has been a shift in consumers' behavior, from linear and scheduled media consumption to flexible on-demand models. This phenomena is marked by the rise of Over-the-Top (OTT) streaming services, which offer content via the internet, bypassing traditional distribution channels such as satellite or cable television. In Indonesia, this growth has been especially fast, driven by increased internet penetration, massive smartphone adoption, and a digitally savvy young population. Statistics show a dramatic increase in streaming service users in Indonesia, from less than one million subscribers in 2016 to nearly eight million in 2020.

PT MNC Sky Vision Tbk (MSKY), as a pioneer in the satellite-based pay TV industry in Indonesia, faces an existential challenge due to this disruption. The previously dominant business model is now under intense pressure from OTT players offering lower costs, greater convenience, and an extensive content library, including increasingly popular original local content production. As a result, traditional pay TV

companies are experiencing a decline in their customer base and revenue, as reflected in MSKY's financial reports, which show a persistent downward trend in revenue and net losses in recent years. This situation indicates the existence of financial constraints, namely limited access to external funding sources to maintain the company's liquidity and profitability.

Theoretical Framework Financial

Constraints

The theory of financial constraints states that in imperfect capital markets, companies face obstacles in obtaining external financing to fund profitable investment opportunities. This market imperfection is mainly caused by information asymmetry between company managers (who have complete information) and external investors (who have limited information). As a result, investors may impose higher capital costs or be reluctant to provide funds, especially to companies whose prospects are considered uncertain. Companies experiencing financial constraints tend to show high investment sensitivity to the availability of internal cash flows.

Financial Performance

Financial performance is an analysis to see the extent to which a company has implemented financial rules properly and correctly (Hutabarat, 2020). Financial performance is one of the most important issues to be examined in public sector organizations, including government, since the implementation of performance-based budgeting, all governments are required to be able to produce good government financial performance in order to pay attention to effectiveness, efficiency, and economy (Isna and Ayu, 2015:78).

Financial performance is a measure of a company's financial health over a certain period of time.

Several studies show that financial constraints, as measured by leverage, company size and cash flow sensitivity to investment can have a negative impact on financial performance (Fazzari et al., 1988; Hadlock & Pierce, 2010). In addition, empirical research in Indonesia confirms this relationship in public companies, including in the media sector such as PT MNC SKY Vision Tbk (Maria Angelica Brigita, 2020).

Most previous studies have focused on the manufacturing or financial sectors, while research on the media and broadcasting industries is still very limited. In addition, few studies have examined financial constraints in the long term until after the COVID-19 pandemic (2020–2024).

Therefore, this study aims to fill this gap by analyzing the relationship between financial constraints and financial performance at PT MNC Sky Vision Tbk as a case study in the media industry.

Method Research

Design

This study uses a descriptive quantitative approach with the aim of analyzing the effect of financial constraints on the financial performance of PT MNC Sky Vision Tbk during the period 2014–2024. The research design is a case study because it

focuses on only one company, namely PT MNC Sky Vision Tbk, which is one of the largest pay TV service providers in Indonesia.

This study also adopts a time series approach to observe changes in variables from year to year based on officially published financial reports.

Population and Sample

The population in this study is all historical financial data of PT MNC Sky Vision Tbk (MSKY). The research sample was selected using purposive sampling, namely PT MNC Sky Vision Tbk (stock code: MSKY), because this company has complete and representative financial data and has experienced significant financial pressure during the research period.

Data Collection Techniques

The data used in this study is secondary data obtained from the annual financial reports of PT MNC Sky Vision Tbk published on the official websites of the Indonesia Stock Exchange (<https://www.idx.co.id/id/perusahaan-tercatat/laporan-keuangan-dan-tahunan>) and (<https://www.mncvision.id/content/corporate/investor-relations/financial-report>), scientific literature, journals, and relevant theories to support the analysis and interpretation of the results. The procedure involves processing raw data from financial reports and converting it into research variable proxies using spreadsheet software such as Microsoft Excel and SPSS.

Research Instruments

The main instruments in this study are financial ratios used to measure research variables, namely:

Table 1. Research Variables

Variable	Indicator	Formula
Financial Constraint (X)	Debt to Equity Ratio (DER)	Total Liabilities / Total Equity
	Current Ratio (CR)	Current Assets / Current Liabilities
Financial Performance (Y)	Return on Assets (ROA)	Net Income / Total Assets
	Net Profit Margin (NPM)	Net Income / Net Sales

Data Analysis Method

Data was analyzed using quantitative descriptive analysis, with the following steps:

1. Calculating each financial ratio from 2014 to 2024.
2. Analyzing trends in financial constraints and financial performance.
3. Analyzing the relationship between variables using Pearson's correlation analysis to determine the direction and strength of the relationship between financial constraints and financial performance.

Debt to Equity Ratio (DER)
**Table 2. Debt to Equity Ratio (DER) calculation results for PT MNC Sky Vision Tbk
 for the period 2015-2024**

Year	Total Liabilities	Total Equity	DER	%
2015	5.180.237	1.388.656	3,730396153	373,0
2016	4.079.133	1.269.390	3,213459221	321,3
2017	2.744.598	2.202.790	1,245964436	124,6
2018	2.821.774	2.843.405	0,9923925716	99,2
2019	1.516.230	2.071.636	0,7318998125	73,2
2020	1.936.517	2.657.609	0,72866889	72,9
2021	1.408.215	2.478.963	0,5680661631	56,8
2022	1.162.198	2.233.891	0,5202572552	52,0
2023	1.077.278	1.956.211	0,5506962184	55,1
2024	809.846	1.833.682	0,441650188	44,2

Source: Processed data (2025)

From Table 2, it can be seen that the DER value decreased sharply from 3.73 (2015) to 0.44 (2024). This decline indicates that the company has succeeded in reducing its dependence on debt financing and strengthening its equity capital. In theory, a lower DER indicates a lower level of financial constraint because the risk of default decreases and the funding structure is healthier. It can therefore be concluded that the company's financial constraint has decreased significantly, indicating an improvement in capital structure and more conservative financial management.

Current Ratio
**Table 3. Current Ratio Calculation Results for PT MNC Sky Vision Tbk for the 2015-
 2024 period**

Year	Current Asset	Current Liabilities	Current Ratio	%
2015	993.556	5.140.769	0,1932699174	19,3
2016	752.390	1.233.468	0,6099793428	61,0
2017	700.375	1.121.544	0,6244739395	62,4
2018	706.172	2.490.767	0,2835158809	28,4
2019	666.686	711.372	0,9371833584	93,7
2020	1.040.298	886.784	1,173113182	117,3
2021	866.987	1.071.106	0,8094315595	80,9
2022	799.391	880.399	0,907987174	90,8
2023	700.402	670.633	1,044389405	104,4

2024	619.764	605.059	1,024303415	102,4
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Source: Processed data (2025)

From Table 3, it can be seen that the liquidity ratio fluctuated from 0.19 (2015) to 1.02 (2024). Values below 1 in most of the early years indicate the company's limited ability to meet its short-term obligations. However, the increase towards 1 at the end of the period indicates an improvement in current asset efficiency and a decrease in liquidity pressure. It can therefore be concluded that financial constraints in the form of cash and current asset limitations have relatively decreased, but significant improvements in liquidity only became apparent after 2020.

Return On Asset

Tabel 4. Hasil perhitungan Return On Asset PT MNC Sky Vision Tbk periode 2015-2024

Year	Net Income	Total Asset	ROA	%
2015	-776.477	6.568.893	-0,1182051527	-12
2016	-197.442	5.348.524	-0,03691523119	-4
2017	-289.337	4.947.388	-0,0584827792	-6
2018	-228.114	4.893.410	-0,04661657208	-5
2019	-75.323	4.359.635	-0,01727736382	-2
2020	-200.618	4.594.126	-0,04366837131	-4
2021	-181.648	3.887.178	-0,04673004426	-5
2022	-24.539	3.396.089	-0,007225664581	-1
2023	-274.827	3.033.489	-0,09059765834	-9
2024	-116.721	2.643.528	-0,04415349488	-4

Source: Processed data (2025)

From Table 4, it can be seen that the company's ROA tends to be negative, fluctuating between -12% and -1%. This indicates that the assets owned have not been able to generate profits effectively. Although there was an improvement in 2020–2021, the decline after 2022 indicates that operational efficiency is still low. It can therefore be concluded that financial performance in terms of asset management is still not optimal. Financial constraints affect the company's low ability to turn assets into profits.

Net Profit Margin

Table 5. Net Profit Margin Calculation Results PT MNC Sky Vision Tbk for the period 2015-2024

Year	Net Income	Net Sales	NPM	%
2015	-776.477	3.234.983	0	-24
2016	-197.442	3.000.238	-0,06580877917	-7
2017	-289.337	2.655.673	-0,1089505372	-11

2018	-228.114	2.583.238	-0,0883054523	-9
2019	-75.323	2.452.679	-0,03071050064	-3
2020	-200.618	2.015.371	0	-10
2021	-181.648	1.460.559	-0,1243688204	-12
2022	-24.539	1.114.894	-0,02201016419	-2
2023	-274.827	741.049	-0,3708621157	-37
2024	-116.721	70.378	-1,658487027	-166

Source: Processed data (2025)

From Table 5, it can be seen that NPM shows a sharp negative fluctuation from -24% (2015) to -166% (2024). The drastic decline in 2023–2024 indicates heavy pressure on profitability due to a significant decrease in revenue (from IDR 741 billion to IDR 70 billion). It can be concluded that net profit performance is greatly affected by the decline in revenue, indicating that even though the capital structure has improved, financial constraints still have a strong impact on the ability to generate net profit.

Discussion

Based on the financial ratio calculations described in the table above, the overall financial performance of PT MNC Sky Vision Tbk can be assessed as follows:

Table 6. Financial Performance of PT MNC Sky Vision Tbk for the period 2015- 2024

No	Desc	Year										Average Ratio	Standart	Condition		
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024					
1	DER	373%	321%	125%	99%	73%	73%	57%	52%	55%	44%	127%	80%	Unhealthy		
2	CR	19%	61%	62%	28%	94%	117%	81%	91%	104%	102%	76%	200%	Unhealthy		
3	ROA	-	12%	-4%	-6%	-5%	-2%	-4%	-5%	-1%	-9%	-4%	-5%	30%	Unhealthy	
4	NPM	-	24%	-7%	11%	-9%	-3%	-	-	10%	12%	-2%	-37%	-166%	28%	Unhealthy

Source: Processed data (2025)

From Table 6, the interpretation of PT MNC Sky Vision Tbk's financial performance is as follows:

1. The average Debt to Equity Ratio of 127% indicates that the proportion of debt to company capital is quite high. This means that the company is still

very dependent on external funding sources. An overly levered capital structure indicates high financial constraints and increases liquidity risk.

2. A Current Ratio below the standard (200%) indicates that the company's ability to meet its short-term obligations is still low. This means that the current assets owned are not sufficient to cover current liabilities. This reflects a serious liquidity constraint.
3. A negative ROA value indicates that the company has not been able to generate profits from its total assets. The efficiency of asset utilization in generating profits is still low, which indicates suboptimal operational performance.
4. A negative NPM indicates that the company has suffered net losses almost every year. This condition illustrates low profitability and shows that operating expenses and interest costs are still too high compared to the income generated.

Conclusion

The analysis shows that financial constraints have a significant effect on a company's financial performance. In the period when companies faced external funding constraints and high debt burdens (2015–2018), ROA and NPM declined. This indicates that financing constraints had an impact on the ability to generate profits. Conversely, in the 2019–2024 period, when DER began to decline and CR increased, there was a gradual improvement in ROA and NPM.

This condition indicates that controlling financial constraints—through debt restructuring, asset efficiency, and increased revenue—contributes to improved financial performance.

Thus, it can be concluded that the lower the level of financial constraints (the less financial pressure on the company), the better the financial performance of PT MNC Sky Vision Tbk. Therefore, the company needs to carry out financial restructuring, cost control, and revenue optimization in order to increase profitability and improve its capital structure in the long term.

Acknowledgments

The author would like to express sincere gratitude to all parties who have provided support during the preparation of this research. Special thanks are extended to the Committee of ICoMBEc 2025 for their guidance and direction throughout the research process.

The author also wishes to thank fellow colleagues for their valuable suggestions and feedback, as well as all individuals who contributed to the collection and analysis of financial performance data of PT MNC Sky Vision Tbk. The support and contributions of all parties have been greatly instrumental in the completion of this study.

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