

Challenges of Implementing PSAK 72 in the Era of Technology Disruption and the COVID-19 Pandemic on Telecommunication Company Revenues

Tasya Anindya Pramesti¹, Elvia Rosantina Shauki²

^{1,2}Faculty of Economics and Business, Universitas Indonesia

tasyaanndya@gmail.com, elvia.rosantina@ui.ac.id

Abstract

Technological disruption coupled with the COVID-19 pandemic has become both a strength and a weakness for companies with the telecommunications industry being an important industry. However, the increase in internet usage, increase in loyalty and decrease in customer dissatisfaction felt by PT Telkom Indonesia are not in line with the decrease in revenue from contracts with customers based on PSAK 72. Using triangulation research methods through interviews and questionnaires with content and thematic analysis techniques, interviews conducted with The company's PSAK PIC results that the decrease in revenue based on PSAK 72 is due to a decrease in the enterprise business line due to the impact of COVID-19, according to Rahayu's research (2020) that the implementation of PSAK 72 has no significant effect on telecommunications companies. The results of the interview resulted that the application of PSAK 72 required synergistic corporate governance to face various challenges. In addition, the increase in loyalty and decrease in customer dissatisfaction is in line with the results of the questionnaire where respondents are satisfied with the innovation and improvement of internet services compared to before the pandemic, meaning that the company is always innovating to maintain customer loyalty.

Keywords

PSAK 72; COVID-19;
disruption technology; revenue



I. Introduction

The increasing ability of companies with the support of experts in creating product innovations to remain competitive in the industry, especially in the field of technology, has led to a phenomenon called technological disruption. Technological disruption is a type of innovation or technological change that can be a distraction or disruption (Danneels, 2004).

According to Forbes Business Development Council (2020), when the world is experiencing a change in this regard since the COVID-19 pandemic occurred, disruption can amplify a change by reshaping an industry, where since COVID-19 the disruption has brought a greater opportunity for companies, if they can operate the situation appropriately. With the holding of face-to-face restrictions to reduce the spread of the COVID-19 virus. Companies are competing to launch various technology products to make it easier for people to communicate and also do various things digitally. The outbreak of this virus has an impact of a nation and Globally (Ningrum et al, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

The pandemic is an opportunity for the telecommunications sector to adapt by providing quality telecommunications services. The Director General of SDPPI of the Ministry of Communication and Information (Kominfo) Ismail, said that in 2020 the telecommunications sector experienced an increase in internet usage due to people's activities turning to online during the year, including PT Telkom Indonesia Tbk. as one of the telecommunications companies in Indonesia which also recorded an increase in internet usage.

President Director of PT Telkom Indonesia Tbk. said that the company experienced a surge in public demand for Indihome internet services to more than 1.01 million subscribers. As for Telkomsel products, it recorded an increase in data traffic of up to 43.8% throughout 2020. The increase in demand was supported by the construction of 27,000 new 4G LTE BTS towers where by the end of 2020, Telkomsel had more than 231,000 units of which 78% were 3G BTS. /4G. The quality improvement is aimed at increasing customer satisfaction and loyalty. This improvement in quality and loyalty is described in the results of the PT Telkom Indonesia Customer Satisfaction and Loyalty Survey (CSLS) survey which is contained in the 2020 Annual Report of the Company.

Table 1. CSLS Result

CSLS Survey	2018	2019	2020
Customer Loyalty Index (CLI)	82.84	83.44	86.59
Customer Dissatisfaction Index (CDI)	2.17	1.04	0.44

Source: PT Telkom Indonesia (2020); the data has been processed by the author

Table 1 shows an increase in customer satisfaction and loyalty to service users of PT Telkom Indonesia Tbk. this is a positive indicator for the company of customer ratings. However, this is not in line with the decrease in revenue from contracts with customers at the company. In the financial report obtained from the company's website on November 15, 2021, it recorded revenue from contracts with customers in 2020 the company recorded revenue from contracts with customers of Rp. 134,185 billion, where there was a decrease of Rp. 1,412 billion or a decrease of about 1% from 2019 to 2020.

In addition to technological disruptions, revenue recognition can also be affected due to the disclosure of revenue from contracts with customers previously presented in PSAK 23 which was changed to PSAK 72. Changes in several new regulations or revisions both in the law and also in PSAK which also resulted in changes in this case the recording of the company's accounting activities in the financial statements of companies in Indonesia. There are several changes in PSAK which came into effect in Indonesia since January 1, 2020, namely changes to PSAK 71, 72, and 73.

In PSAK 72, there are 5 (five) stages in making disclosures, namely: (1) identifying contracts with customers; (2) identify the obligations in the contract; (3) determine the transaction price; (4) allocating the transaction price to the obligations in the contract; and (5) recognize revenue as long as the entity settles the obligation. Where, in PSAK 72 revenue recognition can occur faster or slower, this is because the recognition in PSAK 72 is based on the transfer of control from between actors in the contract. The change in recognition duration will result in a change in the value of revenue from contracts with customers.

II. Review of Literature

There are several previous studies that serve as a reference in this study. In a study conducted by Rahayu (2020) said that there was an insignificant difference from the implementation of revenue recognition provisions based on PSAK 72 with the previous standard. In contrast to research conducted by Mattei & Paolomi (2019) which resulted in the telecommunications industry being the industry most affected compared to others regarding the adoption of IFRS 15 (PSAK 72) supported by research conducted by Bernouilly (2019) resulted in the application of IFRS 15 (PSAK 72) will have a negative impact on telecommunications companies as a whole. Given the discrepancy between increasing service quality and decreasing revenue from contracts with customers and also the differences in results from previous case studies, using data collection methods with triangulation methods with interviews and questionnaires with content and thematic analysis techniques, research entitled "Challenges of PSAK 72 Implementation in The Era of Technological Disruption and the Time of the COVID-19 Pandemic on Revenue (Case Study on Telecommunication Companies)" was investigated with the aim of evaluating the implementation of PSAK 72, which has been able to improve previous PSAKs such as PSAK 23 and the impact of the era of technological disruption and the COVID-19 pandemic period and to find out how the change in value affects the company's performance both in the eyes of management and customers as a whole.

III. Research Method

The research methodology used in this study uses a case study-based research strategy, where according to Gomm, Hammersley, & Foster (2000) A case study is defined as a study that investigates several cases in depth and usually through the collection and analysis of qualitative data. The case study was chosen as this research strategy because this research focuses on exploring phenomena regarding the challenges of implementing PSAK 72 in the era of technological disruption and the COVID-19 pandemic on company revenues by conducting case studies in telecommunications companies and to find out how companies respond to the effects of these changes in order to can still improve company performance.

The research approach used in this study is a mixed-method approach in which 2 (two) research instruments are carried out simultaneously in data collection using semi-structured interviews and questionnaires. Triangulation (triangulation) is carried out in research with the aim of strengthening the quality of data collection. Denzin (1978) and Shauki (2021) recommend the use of triangulation between methods, arguing that using mixed methods, the inherent bias of certain data sources, researchers, and methods in particular can be eliminated when used in conjunction with other data sources, researchers, and methods. another whose result will be a convergence on the truth about some social phenomenon.

The data collection instrument by interview will be conducted by interviewing the PSAK PIC related to the telecommunications company to get an overview of the challenges and responses to the implementation of PSAK 72 in companies in the era of technological disruption and the COVID-19 period, while for the scope of the questionnaire, researchers will take 100 respondents which include people who use at least 1 (one) product from the telecommunications company to see how the company's performance from a customer perspective is measured from customer satisfaction who has used the product with a minimum of 2 (two) years of use or after January 1, 2020, when PSAK 72 begins to be implemented by the company. This study uses content analysis, thematic analysis, and constant comparative analysis.

IV. Result and Discussion

The analysis carried out in this study uses a qualitative research strategy with a research approach using the triangulation method or mixed method where data collection uses 2 (two) methods, namely semi-structured interviews conducted with PIC PSAK at PT Telkom Indonesia, as the object of research and combining close ended and open ended questionnaire with coverage of customers or users of PT Telkom Indonesia products who have used the company's services for more than 2 (two) years since January 2020 when PSAK 72 was implemented in Indonesia. Data from questionnaires with 149 customers of PT Telkom Indonesia and interviews with 1 (one) PIC PSAK from PT Telkom Indonesia were analyzed by content, thematic, and comparative analysis using the NVivo 12 Pro application.

4.1. Questionnaire Result

The results of the study through data collection using a questionnaire technique resulted that 50.3% of customers represented by respondents felt an increase in the quality of PT Telkom Indonesia's services during the pandemic compared to before COVID-19, this result is in line with more than 80% of respondents saying the service quality of the company's products is good. The improvement in service quality is certainly based on various innovations made by the company, where more than 80% of respondents said that they were satisfied with the innovations made by the company.

Questionnaire data also resulted in 54.4% of respondents or 81 people saying that the decrease in revenue from contracts with customers based on PSAK 72 did not affect the quality of services provided by PT Telkom Indonesia. This quality improvement was accompanied by the construction of 27,700 BTS towers by Telkom's subsidiary, Mitratel. In addition, through Mitratel, Telkom also acquired 2,100 towers belonging to Indosat Ooredoo. The development and acquisition resulted in the company's short-term and long-term liabilities increasing quite significantly, amounting to 21.25% in 2020. In addition, as much as 29,560 billion Rupiah was used by PT Telkom Indonesia to purchase fixed assets.



Source: Data processed by the author (2022)

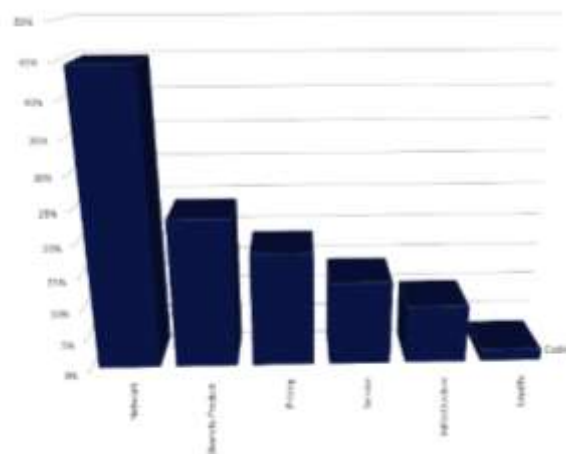
Figure 1. Word Frequency Analysis of Survey Results

From the content analysis, it was found that the word that most often appeared in the respondents' answers was "internet" in answering the recommendation questions for PT Telkom Indonesia Tbk. In order to better develop the speed and stability of the internet

network and also to make new product breakthroughs to make it easier for customers, respondents also said that the company's internet service products sometimes experience disruptions and can be said to be slow because of the large number of users accessing simultaneously, and said that the company's internet service products has been very good and has a variety of services.

The second word that is often mentioned by respondents is "increase", where according to the results of closed ended questions, 50.3% of respondents felt that there was an increase in service quality during the COVID-19 pandemic compared to before the COVID-19 pandemic occurred. The next word is "customer" which talks about how companies must innovate services to their customers in order to continue to satisfy customers and get customer loyalty. Next is the word "network" or "service" which is most often mentioned by respondents related to how the company's service products network.

By using thematic analysis techniques to produce several themes from the answers of survey respondents. Some of these themes include "network" where the theme becomes a major problem for PT Telkom Indonesia because customers feel that their internet network tends to be unstable and often experiences disturbances so that customers give recommendations so that PT Telkom Indonesia pays more attention to internet networks, especially when it's raining. For the second theme, namely "product diversity" which is one of the recommendations suggested by customers to the company, where customers suggest PT Telkom Indonesia to provide more diverse products such as new types of packages and new technologies in order to be able to adjust to the level of customer income. The diversity of products demanded by customers is in the form of new innovations regarding product service packages and also new breakthroughs in terms of technology.



Source: Data processed by the author (2022)

Figure 2. *Classification of Survey Themes*

The next theme is "pricing" or the price offered by PT Telkom Indonesia according to customers is quite expensive but not in accordance with the quality offered considering that currently many customers use the company's internet service products to go to school or work, but customers still choose the company's products because customers have believe in the company's products compared to other products. This result also relates to the theme of "loyalty" which is one of the main themes in the results of the survey respondents that have been conducted. This is also in line with the results of CSLS conducted by the company where in 2020 customer loyalty increased compared to the previous year, which was 3.15%.

Furthermore, for the theme of "service" and "infrastructure" where customers provide recommendations for development to support 5G networks in order to improve service quality and satisfy customers and also improve the quality of customer service services both online and offline. It can be said that customers certainly experience interference with the use of service products provided by PT Telkom Indonesia, however, in general, customers feel that the innovations made by PT Telkom Indonesia have been good, as evidenced by the increased quality of service during the COVID-19 pandemic.

4.2 Survei Result

The survey data managed to reveal as many as 54.4% of respondents stated through the results of the questionnaire that the decrease in revenue from contracts with customers was not due to a decrease in the quality of the company's services. This is in line with the statement of interviewees who said that the decrease in revenue from contracts with customers in the company was due to a decrease in the enterprise business line, not in the customer business line.

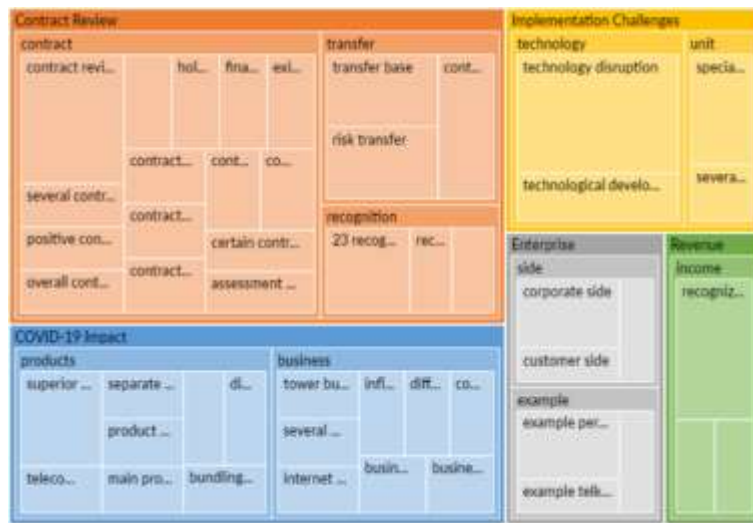
The results of this survey emphasize the importance of innovation to maintain customer trust in PT Telkom Indonesia's service products. The development of science and technology has resulted in the era of technological disruption causing intense competition in terms of the latest breakthroughs or innovations, which are also carried out by companies in order to provide the best products and services for customers compared to other competitors.

The analysis of the company's innovation to maintain customer loyalty so that customers continue to use PT Telkom Indonesia's service products was not discussed in previous studies because the previous research only discussed the impact of PSAK 72 on company revenue without considering 2 (two) things that were taken into consideration in this study, namely the occurrence of the COVID-19 pandemic and the world entering the era of technological disruption with the development of the technology industry. So that no conclusions can be drawn regarding the similarities between the research conducted and previous studies.

As for the results of the interviews analyzed using content analysis, the word that was mentioned the most by the interviewees was "income", where when connected to PSAK 72, the interviewees said that overall income with disclosures using PSAK 72 did not affect PT Telkom Indonesia Tbk. but only affects a few lines of the company's business. The company's business line that experienced a decline was the enterprise business line which was also one of the most frequently mentioned words in the interview.

In addition, "telkomsel" and "indihome" are the main products of PT Telkom Indonesia Tbk. also mentioned by many sources in the interview. In order to increase customer satisfaction, the company also always develops and improves network or service products, the words "improvement", "improvement", "change", "technology", and "trying" are words related to how the company always tries to carry out digital transformation rapidly in this era of technological disruption in order to increase customer satisfaction.

The next word that caught the attention of the resource persons was regarding the implementation of PSAK 72 in companies where the words "challenge" and "synergize" are words related to PSAK 72. The resource person said that the challenge of implementation in the company was due to complex contracts that required synergy between divisions. or units within the company, synergy is not only needed between the finance division but also other divisions such as the legal division which is required to review or review contracts for which revenue will be recognized, and also the IT division to discuss the system used to support the disclosure of PSAK 72 in the company.



Source: Data processed by the author (2022)

Figure 3. Hierarchical Chart of Themes from Interview Results

Figure 3 shows the top 5 main themes that became the attention of resource persons regarding the challenges of implementing PSAK 72 in the era of technological disruption and the COVID-19 pandemic. On the first theme, namely "implementation challenges" or challenges to the implementation of PSAK 72, resource persons said there are several challenges in implementing it in companies, namely regarding contract complexity, human resources, costs, more detailed PSAK, and systems.

The steps taken by the company in preparing for the implementation are to create a special unit or division that discusses PSAK 72, seeing PSAK 72 is a new standard that is complex and requires accuracy in conducting a contract review, the company decided to create a new unit. The unit contains not only the finance division but also other related divisions such as the legal division and the IT division, apart from internal human resources, external parties also use consulting services.

The next theme is about "COVID-19 Impact" where as a company engaged in the technology industry that is needed by the community when the government runs PPKM in order to reduce COVID-19 cases, PT Telkom Indonesia certainly feels the increase in internet usage. However, from an increase in revenue from the mobile or customer sector, there is a decrease in revenue from the enterprise side. There are several contracts with enterprises that have been reduced, suspended, or even canceled because companies that collaborate with PT Telkom Indonesia experienced a decrease in revenue due to the COVID-19 pandemic, this is the reason for the decline in revenue from contracts with customers in 2019 to 2020 .

The next theme is about the "business" owned by PT Telkom Indonesia, as it is known that Telkom is the holding company of various subsidiaries engaged in various industrial fields in Indonesia. company even though the COVID-19 pandemic is sweeping the world. The informant said that the diversity of the subsidiary's industrial fields and products made an advantage for the company in running its business. Continuing with the next theme, namely about innovation in "disruption technology", the resource persons cited the collaboration between PT Telkom Indonesia Tbk. with subsidiaries. Telkom has many subsidiaries in various segments.

With the synergy not only with a division or unit but also between companies, PT Telkom Indonesia has an advantage compared to its competitors in the same industry. The

last theme is about “corporate governance”, where the resource person said that Telkom has 2 (two) types, namely synergizing between divisions and collaboration with subsidiaries.

Based on the results of interviews that have been processed, it is known that the challenges in implementing PSAK 72 at PT Telkom Indonesia Tbk. The implementation challenges are related to human resources, regulations, systems, and costs. The era of disruption and the COVID-19 pandemic is considered not to be a significant challenge in the application of PSAK 72 at PT Telkom Indonesia Tbk. With mature and long-standing readiness, the challenges of implementing PSAK 72 are only limited to the company's internal conditions not being affected by external conditions at the company.

The results of this analysis are in line with the results of research by Rahayu (2020) which says that the implementation of PSAK 72 has no significant impact on telecommunications companies. In fact, it is possible that there are other factors that cause positive or negative changes in reporting revenue from contracts with customers based on PSAK 72, such as the impact of COVID-19 and also the occurrence of technological disruptions.

V. Conclusion

This study succeeded in revealing the preparations and challenges in implementing PSAK 72 at PT Telkom Indonesia Tbk. In its preparation, the company has already prepared implementation when IFRS 15 was launched and formed a special unit or division to review existing contracts within the company. The division or unit cooperates with various other divisions to support accurate disclosure of revenue from contracts with customers. In its application there are challenges faced by the company, especially in terms of the system used. The system previously used was not adequate for the change in recognition standards based on PSAK 72, so the company used the manual method using the Excel application in order to continue to make disclosures with the new standards.

The importance of a synergy of corporate governance to face the challenges that occur is a concern for the company. The synergy between divisions or units within PT Telkom Indonesia to deal with changes in regulations regarding recognition in financial reporting is an example of a company facing the challenges of implementing PSAK 72 since January 1, 2020. Without this synergy, it will be difficult for a company to solve problems that exist within the company.

The decline in revenue from contracts with customers that occurred in 2020 was due to a decrease in revenue from one of the company's business lines, namely the enterprise, due to the impact of the COVID-19 pandemic. With the company's many business lines, the era of technological disruption coupled with the occurrence of the COVID-19 pandemic in the world is considered not a challenge for companies in implementing PSAK 72 at PT Telkom Indonesia, which is in line with the results of research by Rahayu (2020) which says that the implementation of PSAK 72 has no significant effect on telecommunications companies.

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