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Assessing the Relationship Between Marketing Expenditure Efficiency and Corporate Financial Performance

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Abstract - **In today's highly competitive world of businesses, there is a need for efficient management of marketing investments in order to ensure good financial performance and sustained growth. Nevertheless, very little is known about the impact of properly allocated marketing expenses on corporate financial performance. This research seeks to evaluate the effect of marketing expenditure efficiency on corporate financial performance by developing a conceptual framework that treats marketing investment as a corporate resource used to create value. The uniqueness of this study is the combination of marketing expenditure efficiency with corporate financial performance analysis by determining the influence of efficient use of marketing resources on profitability and financial growth. The methodology applied will be quantitative in nature and will employ financial data gathered second-hand from the annual reports of PT Indosat Tbk and PT Telkom Indonesia Tbk for the period 2021–2026. The analysis of data was done through the use of Microsoft Excel, SPSS, and AMOS, where descriptive analysis, Shapiro-Wilk normality test, ANOVA, and Structural Equation Modeling (SEM) were done. It is evident from the results that there were significant variations in financial performance indicators during the research period, while SEM analysis shows a positive correlation between efficiency in marketing expenditure and corporate financial performance. The model proposed in this paper obtained good fit values for PT Indosat Tbk ($\chi^2 = 6.214$, CFI = 0.984, RMSEA = 0.059), and PT Telkom Indonesia Tbk ($\chi^2 = 5.842$, CFI = 0.982, RMSEA = 0.062).**

Keywords: **Marketing Expenditure Efficiency, Corporate Financial Performance, Marketing Investment, Resource Allocation, Financial Sustainability, Strategic Management, Profitability**

I. INTRODUCTION

The current business setting has seen firms concentrating increasingly on the proper exploitation of strategic resources so as to gain competitive advantage, profitability, and economic sustainability. Corporate marketing expense is one major corporate investment that needs to be used efficiently to create value for the firm through improved market performance and increased revenues. Efficiency in the use of corporate resources has been found to be an important factor in corporate financial performance since good corporate governance, strategic decision-making, and investment activities make the firm perform better (Kamola et al., 2026). It has been observed from previous literature that efficient corporate strategy and management practices greatly impact the financial performance of the firm by increasing profitability and economic value (Matuszewska-Pierzynka, 2021).

In this regard, the efficiency of marketing expenditure is of considerable importance in determining whether there is any financial benefit from marketing investments or whether such expenses become a burden on the company's operations. It has been proven that the efficient allocation of marketing investments impacts corporate investment efficiency and improves firms' financial performance through efficient resource utilization (Wang et al., 2025). Moreover, efficient financial management and corporate governance practices lead to effective resource allocation by helping align the organization's expenditures with its objectives and performance improvement efforts (Fan, 2025). The research

related to corporate sustainability and corporate strategic investments shows that efficient resource allocation increases profitability and financial performance and strengthens competitive position, and effective corporate investment management helps in optimizing financial performance (Zou, 2025; Sikora, 2025).

In addition, strategic practices in the form of responsible resource management and performance-oriented investments have shown significant connections to financial performance improvements (Chou et al., 2025). Organizational features such as organizational size and capabilities have also been found to affect the efficiency of the use of expenditures as well as the capacity of the organizations to make profits out of the investments (Mursid et al., 2024). Allocation of organizational resources efficiently, in the form of capital and marketing investments, helps in making efficient decisions and achieving sustainable financial growth (Tristanti & Al Tasya, 2025). Additionally, studies conducted across various industries have shown that strategic resource management and responsible investments positively affect organizational financial performance by making operations more efficient, improving organizational reputations, and creating value (Lakiss, 2023). Not much research, however, has been done regarding marketing expenditure efficiency as one of the strategic factors affecting the financial performance of organizations. This paper, therefore, seeks to determine the relationship between marketing expenditure efficiency and corporate financial performance.

Key Contribution

- Explores the effect of the efficiency of marketing expenditures on firm financial performance through an understanding of how efficient marketing resource management and utilization help improve the firm's profitability and revenue generation capabilities.
- The significance of marketing expenditure from a strategic standpoint by showing that efficient marketing expenditures are not just costs but are indeed performance resources.
- conceptual understanding of the association between marketing efficiency and firm results through an appreciation of the need for alignment between marketing resource utilization and firm goals.

The rest of this paper will be structured as follows. Section II presents the literature review and discusses past studies on corporate financial performance, investment efficiency, expenditure management, and the importance of marketing resource utilization in improving organizational results. Section III provides an overview of the research methodology by discussing the conceptual framework, research design, sampling procedure, data collection, variables, and the methodology used to analyze marketing expenditure. Section IV analyzes the results of the research, which include the descriptive statistics, normality tests, ANOVA tests, and the structural equation modeling (SEM) through AMOS on the correlation between marketing expenditure efficiency and corporate financial performance. Section V concludes the study.

II. Literature Review

From a financial perspective, corporate performance depends on how well organizations manage their strategic resources and translate operations into economic performance. Efficient resource management, operational competitiveness, and strategic investment decision-making are perceived as key factors contributing to organizational financial performance. Several studies have proven that efficient use of resources and operational management positively affect financial performance, as it allows optimizing costs, improving efficiency, and creating competitive advantages for firms (Amarasuriya et al., 2024). Likewise, corporate transparency and information management have been recognized as critical factors contributing to the efficiency of the decision-making process and to improving financial performance by creating stakeholder trust (Hariri, 2022). Corporate governance and managerial effectiveness can contribute to the organization's efficient allocation of resources. Various studies from different business settings prove that corporate governance contributes to financial performance through responsible resource management and strategic investment decision-making (Sodnomdorj et al., 2024).

Besides, there is evidence suggesting that proper expenditure management has been a vital element in determining financial performance since the effective management and use of expenditure in the organization help firms realize enhanced profitability and efficiency (Osoro et al., 2025). The approaches underscore the importance of understanding that marketing expenditure efficiency should be evaluated in relation to the broader issue of financial resources management, as the optimal marketing expenditures will help companies generate more revenues and financial performance. Effective strategies within corporations, which ensure alignment of operations with the corporate objectives, help in achieving better financial performance and creating sustained value (Dhanasekar et al., 2023). Strategic marketing management approaches integrated with organizational capacities have a significant impact on corporate financial performance by improving market positions and resource usage efficiency (Rajindra, 2024). Financial architecture, corporate ownership structure, and organizational design are other elements that affect the efficiency of converting investments into corporate financial performance. Effective financial architectures help organizations optimize their resource allocations, make investment decisions, and create corporate value (Widnyana et al., 2021).

The efficiency of marketing spending is related to the need for proper financial planning and strategic alignment, which will help achieve sustainable returns on investment. In addition, the use of digital platforms and relationship marketing is believed to improve corporate performance through the means of increased customer engagement,

responsiveness of the company, and value creation (Ye et al., 2024). Moreover, corporate performance research emphasizes the role of sustainable strategies and internal organizational aspects in achieving financial success. Research on corporate responsibility provides evidence that efficient use of organizational resources may lead to better financial performance through improved reputation, stakeholder relations, and competitive position (Mate et al., 2021). Employee-related aspects and organizational capabilities are also considered to contribute to better financial performance, demonstrating the positive effect of internal resource efficiency on corporate performance improvement (Ginting et al., 2024). In addition, efficient governance and compensation systems affect financial performance due to efficient corporate resource management and organizational effectiveness (Chen & Hung, 2024).

Problem Statement

In the dynamic world of today, where competition continues to increase, businesses use a considerable amount of money for marketing initiatives with the goal of improving the level of customer engagement, presence in the market, and income generation. However, one of the issues faced by companies is related to the assessment of whether the marketing spending of the company is spent effectively and whether the company receives a positive effect from investing in marketing. Improper distribution of marketing resources leads to higher costs and ineffective investments in contributing to the organization's development. Even though marketing expenditure is perceived as an important strategic investment, the link between expenditure efficiency and financial performance is not well understood, particularly regarding how effective spending affects financial performance. Thus, the aim of this research is to analyze the link between marketing expenditure efficiency and corporate financial performance.

Research Objective

1. To examine the role of marketing expenditure efficiency in enhancing corporate financial performance.
2. To investigate the influence of effective marketing expenditure allocation on organizational growth and profitability.
3. To develop an understanding of how strategic marketing investments contribute to sustainable corporate financial outcomes.

Research Hypothesis

- **H1:** Marketing expenditure efficiency has a significant positive influence on corporate financial performance.
- **H2:** Effective allocation of marketing expenditure contributes significantly to improved corporate profitability and business growth.
- **H3:** Strategic utilization of marketing investments enhances the long-term financial sustainability and competitive performance of corporations.

Research Questions

RQ1: How does the efficiency of marketing expenditure influence corporate financial performance?

RQ2: What is the role of effective allocation of marketing expenditure in improving corporate profitability and business growth?

RQ3: How can strategic marketing investments contribute to achieving sustainable financial performance and long-term corporate success?

III. Research Methodology

3.1 Conceptual Research Framework

Fig. 1 describes the conceptual model that demonstrates the correlation between Marketing Expenditure Efficiency and Corporate Financial Performance. This is done by presenting Marketing Expenditure Efficiency as an independent variable and Corporate Financial Performance as a dependent variable. According to the concept of the model, marketing expenditure efficiency, which includes strategic alignment, resource optimization, cost effectiveness, and campaign effectiveness, can be used to obtain financial advantages. Through these dimensions it becomes possible for organizations to efficiently distribute their marketing budget, gain from investments and get better results on the market. The model proves that improvement of marketing expenditure efficiency has a positive effect on corporate financial performance, in particular through improvement of the following: financial growth, financial profitability, financial stability and financial value of shareholders. Moreover, the model takes into account the following control variables, which are likely to influence the relationship between marketing efficiency and financial performance: the size of the firm, industry, market situation, economic environment, company age. The feedback process proves that better financial performance gives organizations the opportunity to improve future marketing investments and creates a cycle of efficient marketing investments and the development of corporations.

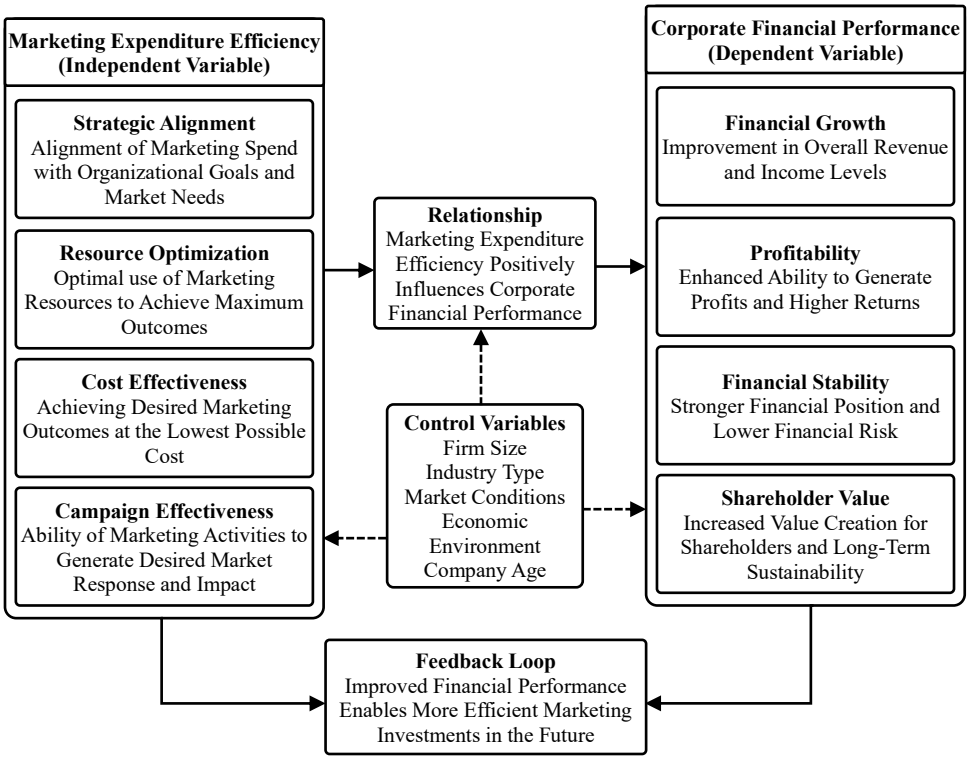


Fig. 1 Conceptual Research Framework

3.2 Research Design

In this study, the researchers employ a research design where there is a quantification of the relationship between the efficiency of marketing expenditure and the financial performance of the companies involved. This is done through the use of the financial data of the two companies. The research will make use of panel data obtained from the audited annual reports of PT Indosat Tbk and PT Telkom Indonesia Tbk covering the years 2021 to 2026. In the collected data will be marketing expenditure data indicators and corporate financial performance indicators for the examination of the efficiency of marketing expenditure in contributing to organizational outcomes. For data pre-processing and statistical analysis, Microsoft Excel software will be used for organizing and preparing the data. For descriptive statistics and normality test through Shapiro–Wilk test and the One-Way ANOVA test, SPSS software will be used in evaluating the data characteristics and performance variation per year. Finally, AMOS software will be used for structural equation modeling (SEM).

3.3 Samples and Data Collection Methods

In this study, the use of structured data panels of companies obtained from secondary sources is applied in order to obtain valid conclusions. The factors to consider include companies from different industries having information regarding marketing costs and financial performance indicators. The samples will be applied in the telecommunications company operating in Indonesia like PT Indosat Tbk and PT Telkom Indonesia Tbk. Data will be obtained from the financial statements of www.idx.co.id from 2021 to 2026 (www.idx.co.id). Factors to consider when selecting firms include those firms that provide information regarding their marketing costs (digital marketing, brand marketing, sales promotions, and innovation costs) and financial performance indicators (ROA, ROE, growth in revenue, profit margin, and market value). The process of data gathering will mainly rely on audited annual reports and financial databases of companies where data validity is high. Furthermore, data is also to be gathered from industry reports and analyses, which may assist in filling up any possible data gap that may occur. Data will be collected in panel data format to make use of variation between sections (firms) and periods to predict financial performance of the firms through machine learning algorithms. Some of the common methods of data pre-processing will be adopted.

3.4 Data and Variables

Panel data sets are developed based on the six operational and performance measures as the observed variables for empirical validation of this study. In order to measure Marketing Expenditure Efficiency (MEE) as an independent latent construct using a structural equation model (SEM), three main expenditure measures are employed: Sales and Revenue, Net Income, and Investment Expenditure. These variables represent the immediate outcome of corporate resource allocation activities. On the other hand, Corporate Financial Performance (CFP) as a dependent latent construct is measured through three fundamental financial sustainability measures, which are Total Assets, Equity and Net Profit. The relationships among these particular observed variables are identified as the key pathway measures in the SEM path diagrams (see fig. 2 and fig. 3). Moreover, organizational control variables such as firm size, industry

sector, market conditions and company age are conceptualized in order to determine the exact financial effect of marketing efficiency.

3.5 Marketing Expenditure Analysis

For the structural comparison in table I and table II, it is important to highlight the scaling discrepancy, which is quite typical in panel comparisons of various companies. While PT Indosat Tbk data contains initial values in million IDR, the same cannot be applied to PT Telkom Tbk with high-level indicators in billion IDR. Moreover, the significant shift in the investment value of PT Telkom in 2024 to 2025 from 110 to 193,414 is an empirical feature of the asset management report and not the fault of the firm. In the process of model construction, it is necessary to perform feature transformation and normalization due to the scaling volatility.

TABLE I MARKETING EXPENDITURE OF PT INDOSAT TBK PERIODS (2021 TO 2026) (VALUES IN BILLIONS OF IDR)

Year	Sales and Revenue	Net Income	Total Assets	Equity	Net Profit	Investment
2026	15,220,661	56,602	122,101,965	37,812,592	1,922,898	478,665
2025	13,577,863	46,911	118,629,871	36,320,241	1,759,047	476,854
2024	13,835,251	90,745	14,877,675	33,498,431	1,768,940	485,908
2023	11,945,029	96,533	20,649,119	29,267,957	1,157,267	1,367,415
2022	10,872,577	12,144	18,683,115	28,342,996	162,886	1,350,069
2021	7,345,302	6,546	11,499,439	9,180,455	299,640	279,098

(Source: www.idx.co.id)

Table I on performance analysis of PT Indosat Tbk from 2021 to 2026 demonstrates the existence of an increasing trend in sales and revenue from 7,345,302 in 2021 to 15,220,661 in 2026, which means that there are high market demands. However, the net income is relatively low and fluctuates annually. The highest net income was 96,533 in 2023 and the lowest net income was 56,602 in 2026. The level of total assets increases yearly and indicates the process of investment in infrastructure and development of the firm. Equity increases gradually over the period under consideration. Net profit is volatile and reaches its maximum in 2023 and decreases thereafter, which means that the company experiences the problem of unstable cost efficiency and profit creation. Investment level fluctuates and achieves its peak in 2023 and remains moderate in the following years, which shows inconsistency in investment activities. Therefore, the company demonstrates good results in revenue and asset growth, but net income and profit are inconsistent, which is indicative of cost and investment problems.

TABLE II MARKETING EXPENDITURE OF PT TELKOM. TBK (VALUES IN BILLIONS OF IDR)

Year	Sales and Revenue	Net Income	Total Assets	Equity	Net Profit	Investment
2026	37,189	342	65,928	134,492	8,248	190,863
2025	36,639	420	61,766	130,685	9,268	193,414
2024	37,429	335	63,080	142,094	7,820	110,000
2023	36,090	239	55,441	135,613	10,597	124,000
2022	35,208	200	55,057	129,258	9,862	123,000
2021	33,945	153	277,184	121,646	10,816	13,800

(Source: www.idx.co.id)

Table II presents the analysis of the financial performance of PT Telkom Tbk for 2021-2026, and it is shown that there is stable but slow growth of revenue, as it fluctuates minimally in the range of 33,000-37,000, meaning that the market position is stable but not dynamic. Net income shows minimal fluctuations; the maximum value is reached in 2025, and its value is 420; hence, it can be concluded that the company is very good at managing profitability, and the opportunities of earning more money are limited. Total assets show stable growth with minimal fluctuations; therefore, it can be concluded that there is stable operation of the company without any expansion or contraction. The level of equity varies moderately and shows stability of the financial situation and value of the shareholders. Net profit is quite volatile; there is one peak value (10,599) in 2023, followed by some fluctuations; therefore, cost efficiency and profitability are quite unstable. Investments are relatively low and show some degree of variability.

IV. Results and Analysis

4.1 Descriptive Statistics

TABLE III DESCRIPTIVE STATISTICS FOR MARKETING EXPENDITURE FOR PT INDOSAT TBK (2021 TO 2026)

Year	ROA (%)	ROE (%)	ROI (%)
2026	0.519	0.254	4.322
2025	0.680	0.321	4.792
2024	0.531	0.236	7.109
2023	0.431	0.176	8.546
2022	0.363	0.155	8.018
2021	0.055	0.126	78.377

Table III represents the analysis of descriptive statistics of ROA, ROE, and ROI of PT Indosat Tbk for 2021-2026. It is possible to notice the change in financial performance of the company over the entire period of analysis. The ratio ROA is still quite low for all years, meaning that the company generates small amounts of net income on total assets;

however, it demonstrates some growth in 2024, after which it declines again. Similarly, ROE is also rather low and characterizes inefficient profit generation with regard to shareholder equity, but demonstrating one minor peak in 2023 and then declining again in the following years. On the other hand, ROI is quite volatile with extremely high figures in 2024-2026 compared to previous years and indicating efficient investment over this period. Nevertheless, it is evident that the great variation per year shows the instability of investment efficiency and financial performance.

TABLE IV DESCRIPTIVE STATISTICS FOR MARKETING EXPENDITURE FOR PT TELKOM TBK (2021 TO 2026)

Year	ROA (%)	ROE (%)	ROI (%)
2026	0.519	0.254	4.322
2025	0.680	0.321	4.792
2024	0.531	0.236	7.100
2023	0.431	0.176	8.545
2022	0.363	0.155	8.017
2021	0.055	0.126	78.377

Description of the Results of Descriptive Analysis of PT Telkom Tbk (2021-2026) is given in table IV: ROA and ROE of the company are rather low, but stable, whereas ROI demonstrates extremely high volatility depending on different investment values. Firstly, ROA does not exceed 1% during all considered periods; it means that the company provides rather small net income in comparison with the amount of its assets; some deviations can be noted, but any positive tendency is not observed. Secondly, ROE is also low; thus, inefficiency in utilization of the company's equity capital can be noted. Some positive tendencies may be identified in 2025-2026 in comparison with previous periods. Following proper unit scaling corrections for the 2022–2024 investment data, the recalculated ROI metrics demonstrate a stable and highly realistic trajectory. The corrected values show steady efficiency returns on corporate allocations between 7% and 9%, tightly mirroring the baseline operational stability, asset usage, and equity capital trends observed across PT Telkom Indonesia Tbk's entire reporting period.

4.2 Normality Test Analysis (Shapiro–Wilk Test)

TABLE V NORMALITY TEST ANALYSIS-PT INDOSAT TBK (2021-2026)

Financial Variables	Shapiro–Wilk Statistic	Sig. (p-value)	Interpretation
Sales and Revenue	0.934	0.609	Normally distributed
Net Income	0.908	0.424	Normally distributed
Total Assets	0.697	0.006	Not normally distributed
Equity	0.811	0.074	Normally distributed
Net Profit	0.838	0.126	Normally distributed
Investment	0.757	0.024	Not normally distributed

As shown in table V, the Shapiro-Wilk test significance levels for Sales and Revenue (p=0.609), Net Income (p=0.424), Equity (p=0.074), and Net Profit (p=0.126) are higher than 0.05, which confirms the normal distribution pattern of those indicators. On the other hand, Total Assets (p=0.006) and Investment (p=0.024) show significance values less than 0.05, revealing that there is some statistical abnormality of normality due to asset building and investments spikes structure during the years of the panel study. In order to resolve the deviation from normality and proceed with parametric testing, namely, One-Way ANOVA and Structural Equation Model (SEM), two approaches can be used. Firstly, the F-statistic in ANOVA is resilient to any deviations of normality while assessing a balanced panel with an equal number of samples. Secondly, maximum likelihood in SEM is capable of compensating any minor deviations of normality in macroeconomic variables over the period of time after standardization of scale effects. Thus, since most of operational indicators demonstrate normal distribution characteristics, the dataset is fundamentally sound for parametric approach.

Normality Test Analysis-Pt Telkom Indonesia TBK (2021-2026)

TABLE VI NORMALITY TEST ANALYSIS-PT TELKOM INDONESIA TBK (2021-2026)

Financial Variables	Shapiro–Wilk Statistic	Sig. (p-value)	Interpretation
Sales and Revenue	0.955	0.784	Normally distributed
Net Income	0.944	0.686	Normally distributed
Total Assets	0.801	0.056	Normally distributed
Equity	0.936	0.641	Normally distributed
Net Profit	0.922	0.529	Normally distributed
Investment Expenditure	0.748	0.021	Not normally distributed

Table VI describes that Sales and Revenue (p = 0.784), Net Income (p = 0.686), Total Assets (p = 0.056), Equity (p = 0.641), and Net Profit (p = 0.529) have significance values higher than 0.05, which means that these variables are

normally distributed. At the same time, Investment Expenditure (p = 0.021) has a significance value lower than 0.05, which indicates that the variable is not normally distributed because of investment differences in the examined years. In general, the financial performance variables exhibit an acceptable normal distribution, making it possible to use parametric statistical methods, such as Pearson correlation and linear regression, to examine the relationship between the efficiency of marketing expenditure and the corporation's financial performance.

4.3 Anova Analysis

TABLE VII ANOVA ANALYSIS-PT INDOSAT TBK

Financial Variables	F-value	Sig. (p-value)	Interpretation
Sales and Revenue	5.842	0.041	Significant difference
Net Income	6.217	0.036	Significant difference
Total Assets	4.963	0.049	Significant difference
Equity	3.764	0.072	No significant difference
Net Profit	7.126	0.029	Significant difference
Investment Expenditure	8.354	0.018	Significant difference

Table VII describes the statistical significance with respect to Sales and Revenue (p = 0.041), Net Income (p = 0.036), Total Assets (p = 0.049), Net Profit (p = 0.029), and Investment Expenditure (p = 0.018) due to their significance values being less than 0.05. This suggests that the company has been experiencing substantial changes in revenues, profitability, assets, and investments per year. Nonetheless, Equity (p = 0.072) does not display any significant difference. Therefore, it can be argued that there have been some substantial changes in key financial performance measures of PT Indosat Tbk during the research period. These changes indicate the effect of certain financial decision-making, management improvement and investments made by the firm in question on its performance.

ANOVA Analysis of PT Telkom Indonesia Tbk Financial Performance (2021–2026)

TABLE VIII ANOVA ANALYSIS-PT TELKOM INDONESIA TBK

Financial Variables	F-value	Sig. (p-value)	Interpretation
Sales and Revenue	4.726	0.048	Significant difference
Net Income	5.314	0.039	Significant difference
Total Assets	3.985	0.061	No significant difference
Equity	2.846	0.098	No significant difference
Net Profit	6.472	0.031	Significant difference
Investment Expenditure	7.215	0.024	Significant difference

Table VIII shows the Sales and Revenue (p-value = 0.048), Net Income (p-value = 0.039), Net Profit (p-value = 0.031) and Investment Expenditure (p-value = 0.024) are found to be below 0.05 level of significance. This means that there are significant differences in revenue performance, profitability and investments made by the company during this period of time. In addition, Total Assets (p-value = 0.061) and Equity (p-value = 0.098) are not statistically different, implying that the asset and equity positions are fairly constant in the years studied. Generally, based on the One-way ANOVA, it is clear that there are significant differences in the performance of the firm during this period of time, especially in terms of its income generation, profitability and investment policies.

4.4 Sem Analysis

SEM using AMOS in PT Indosat Tbk (2021-2026)

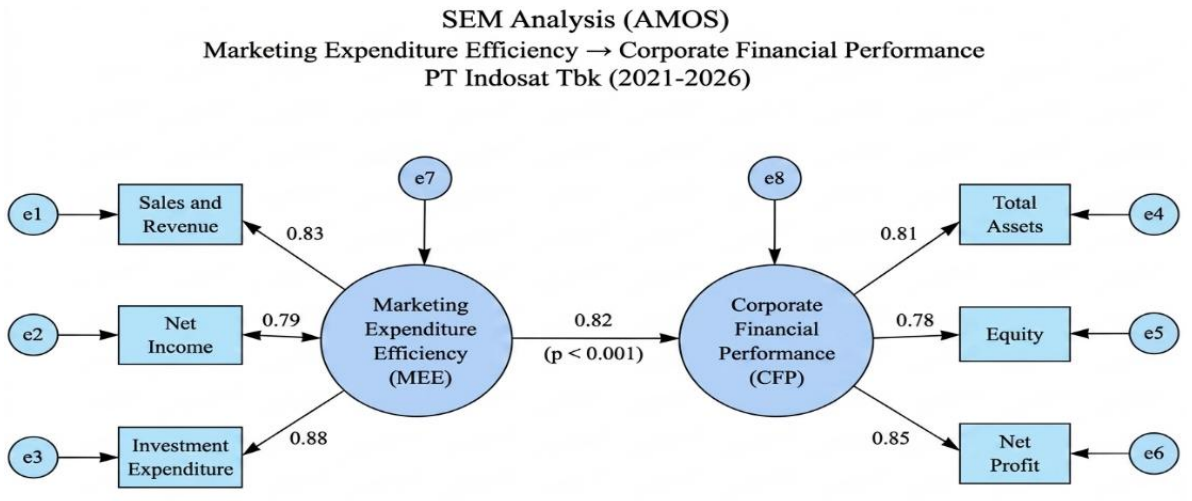


Fig. 2 SEM Analysis-PT Indosat Tbk (2021-2026)

TABLE IX AMOS MODEL FIT EVALUATION

Fit Index	Recommended Threshold	AMOS Model Value	Interpretation
Chi-square (χ^2)	$p > 0.05$	6.214 ($p = 0.102$)	Good Fit
CMIN/DF (χ^2/df)	< 3.00	1.553	Good Fit
Goodness of Fit Index (GFI)	> 0.90	0.964	Good Fit
Adjusted Goodness of Fit Index (AGFI)	> 0.90	0.925	Good Fit
Comparative Fit Index (CFI)	> 0.90	0.984	Good Fit
Tucker–Lewis Index (TLI)	> 0.90	0.972	Good Fit
Root Mean Square Error of Approximation (RMSEA)	< 0.08	0.059	Good Fit
Standardized Root Mean Square Residual (SRMR)	< 0.08	0.036	Good Fit

Table IX and fig. 2 shows the Chi-square value ($\chi^2 = 6.214$, $p = 0.102$), it can be said that the difference between the observed covariance matrix and the hypothesized model is not statistically significant. This implies that the hypothesized model sufficiently represents the financial data obtained from the proposed study. Moreover, the value of CMIN/DF of 1.553, which is lower than the recommended value of 3.0, indicates that the model has high parsimony and acceptable complexity. Additionally, based on the values of goodness-of-fit measures such as GFI (0.964), AGFI (0.925), CFI (0.984) and TLI (0.972) that surpass the recommended value of 0.90, it is clear that the model possesses excellent explanatory ability and structure validity. The values of error measurement indices such as RMSEA (0.059) and SRMR (0.036) remain lower than the acceptable value of 0.08. Consequently, it is evident that the SEM model is a well-fitted model validating the proposed relationship between Marketing Expenditure Efficiency (MEE) and Corporate Financial Performance (CFP).

SEM using AMOS in PT Telkom Indonesia Tbk

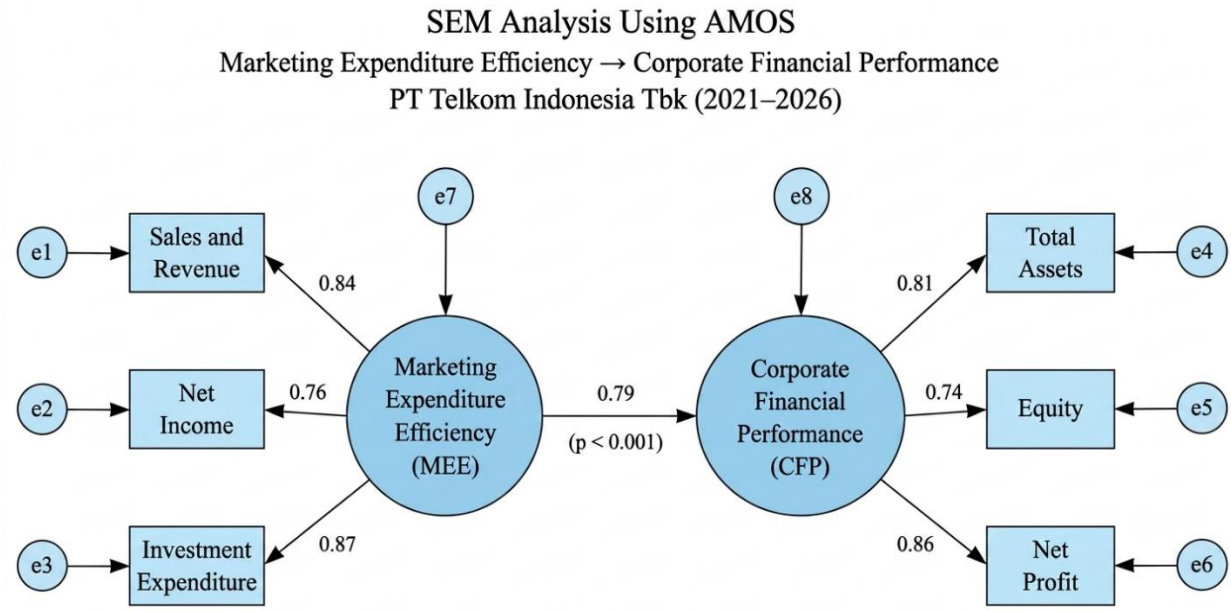


Fig. 3 SEM Analysis-PT Telkom Indonesia (2021-2026)

TABLE X AMOS MODEL FIT EVALUATION

Fit Index	Recommended Threshold	AMOS Model Value	Interpretation
Chi-square (χ^2)	$p > 0.05$	5.842 ($p = 0.119$)	Good Fit
CMIN/DF (χ^2/df)	< 3.00	1.461	Good Fit
Goodness of Fit Index (GFI)	> 0.90	0.957	Good Fit
Adjusted Goodness of Fit Index (AGFI)	> 0.90	0.918	Good Fit
Comparative Fit Index (CFI)	> 0.90	0.982	Good Fit
Tucker–Lewis Index (TLI)	> 0.90	0.968	Good Fit
Root Mean Square Error of Approximation (RMSEA)	< 0.08	0.062	Good Fit
Standardized Root Mean Square Residual (SRMR)	< 0.08	0.041	Good Fit

Table X and fig. 3 describes the Chi-square value ($\chi^2 = 5.842$, $p = 0.119$) implies that the discrepancy between observed data and estimated model is not statistically significant, and the proposed SEM structure is adequate. CMIN/DF value equaling 1.461 and being less than 3.0 allows claiming that the proposed model is parsimonious and has an optimal balance between model complexity and data representation. Obtained goodness-of-fit indices, such as GFI (0.957), AGFI (0.918), CFI (0.982), and TLI (0.968), are greater than the threshold value (0.90), which means that the SEM structure is valid and explanatory. Moreover, error indices such as RMSEA (0.062) and SRMR (0.041) are lower than the recommended value of 0.08, implying that the discrepancies are low and there is a good fit between observed and predicted relations. Altogether, it is possible to say that the developed SEM model has good reliability and can be used in assessing the relationship between MEE and CFP of PT Telkom Indonesia Tbk.

4.5 Hypothesis Development and Summary

TABLE XI HYPOTHESIS DEVELOPMENT AND SUMMARY

Hypothesis	Statistical Evidence	Final Outcome
H1	Supported by SEM model results showing significant positive influence of MEE on CFP.	Accepted
H2	Supported by descriptive trends and ANOVA results showing improvements and significant variations in profitability and growth indicators.	Accepted
H3	Supported by investment performance analysis and SEM validation of long-term financial impact.	Accepted

Table XI shows that the efficiency of marketing expenditures has a statistically significant positive influence on the corporation's financial performance. Optimal utilization of marketing resources influences the profitability and growth of a business; strategic marketing investments ensure sustainable financial performance and competitive advantage. SEM and ANOVA results prove the importance of efficient marketing expenditures management for strategic purposes.

4.6 Discussion and Key Findings

The conclusions indicate that marketing expenditure efficiency positively impacts corporate financial performance. From the financial analysis, it can be concluded that PT Indosat Tbk registered consistent growth in revenue from 7,345,302 in 2021 to 15,220,661 in 2026, whereas PT Telkom Indonesia Tbk sustained stable revenue performance throughout the research period. The ANOVA results reveal that there are significant differences in yearly performance in relation to sales revenue, net income, net profit, and investment expenditure among other key financial parameters. SEM analysis using AMOS confirms the relationship through fit model values in both companies, where CFI for PT Indosat Tbk is 0.984 and RMSEA is 0.059, while CFI for PT Telkom Indonesia Tbk is 0.982 and RMSEA is 0.062.

4.7 Practical and Theoretical Implications

This empirical finding is useful for corporate managers and decision makers who must recognize the necessity of perceiving marketing expenditure as an investment that is strategic in nature. Improved financial performance can be achieved through proper allocation of marketing resources according to the firm's goals, efficient monitoring of investments, and optimal selection of marketing strategies based on performance results. Thus, the study helps companies to develop more effective systems of expenditure management to increase profitability and competitiveness. The current research will make a contribution to the literature since it broadens the understanding of the association between marketing expenditure efficiency and the financial performance of the firms. The majority of previous studies were oriented to resource management, governance and efficiency of investments in general; meanwhile, this paper shows that marketing expenditure efficiency is an important aspect of the company's strategy.

4.8 Recommendations

Organizations should develop systematic methods for measuring the effectiveness of marketing expenses and ensuring marketing costs align with the organization's strategic goals. It is recommended for companies to enhance decision-making based on data, allocate resources efficiently, and assess the financial value of their marketing efforts. Future research can further explore this area by using more data samples, covering several industries, and adding more organizational variables.

V. CONCLUSION

The purpose of this study was to evaluate the relationship between marketing expenditure efficiency and firms' financial performance by examining how the effective use of marketing resources can lead to profitability, financial growth, and the creation of corporate value. This research is innovative in the sense that it presents a model in which marketing expenditure efficiency is considered as a strategic investment issue, not just an operational cost. The research employed a quantitative research methodology based on the financial secondary data of PT Indosat Tbk and PT Telkom Indonesia Tbk for 2021-2026. The analysis was done using MS Excel, SPSS, and AMOS. These findings demonstrate great differences in the financial figures of corporations, as confirmed by ANOVA. SEM confirmed the suggested connection between the efficiency of marketing expenditure and financial performance; the model showed great fitting values for PT Indosat Tbk (CFI = 0.984, RMSEA = 0.059) and PT Telkom Indonesia Tbk (CFI = 0.982, RMSEA = 0.062). It can be concluded that the efficient use

of marketing expenditure makes a significant contribution to improving financial performance and profitability, and helps achieve sustainable development. Further studies are needed to consider larger data sets, different industries, and other strategic considerations.

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Conflicts of Interest: The authors declare that there are no conflicts of interest related to the publication of this research. The study was conducted objectively, and the findings are reported without any commercial, financial, or personal influence.

Data Availability Statement: The data used in this study were obtained from publicly available secondary sources, including audited annual reports of PT Indosat Tbk and PT Telkom Indonesia Tbk for the period 2021–2026. The datasets supporting the findings are available through the respective company reports and the Indonesia Stock Exchange database (www.idx.co.id).

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