



Analysis of the Impact of Capital Structure and Profitability on Financial Performance

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Abstract

This study is intended to analyze the effect of profitability and capital structure of PT Indofood Sukses Makmur Tbk for the 2015-2024 period. The capital structure was determined on the basis of total liabilities, profitability was indicated by the net profit and financial performance was determined by total revenue. The research method used in this study was quantitative associative method with secondary data in the form of financial statements audited for one year. The descriptive statistics, classical assumption tests, multiple linear regression analysis and hypothesis tests were used for data analysis, with IBM SPSS Statistics 30 software used. The results show that to a certain extent, capital structure and profitability have no significant impact on financial performance. However, at the same time both are playing an important role in the overall performance of the company in terms of revenue. The findings suggest that the synergy between financing strategy and the profitability of operations has a significant impact on corporate financial performance, which is more important than relying on individual financial metrics. The novelty of the study is using revenue as a proxy for financial performance and Indonesian food and beverage industry which has not been explored in corporate finance literature. The findings have theoretical implications for financial management studies and practical implications for the managers when introducing balanced financing and profitability strategies to ensure long-term sustainability and competitiveness of companies.

INTRODUCTION

The sustainability of a company in a highly competitive business environment is closely associated with its ability to maintain strong financial performance. Financial performance reflects the effectiveness of corporate management in utilizing organizational resources to generate profitability, sustain operational activities, and increase shareholder value. In modern corporate finance, financial performance is not only interpreted as the achievement of short-term profitability but also as an indicator of long-term corporate sustainability, competitiveness, and strategic efficiency. Investors, creditors, and other stakeholders frequently rely on financial performance indicators to evaluate the company's prospects and managerial

capability in generating economic value (Chandra et al., 2022; Tudose et al., 2022; Auliyah & Agit, 2024; Mesioye & Bakare, 2024). Consequently, improving financial performance has become one of the primary objectives of corporate management, particularly among publicly listed companies operating in highly dynamic industrial sectors (He et al., 2022; Makhmudov & Ismailov, 2024; Alkaraan et al., 2024; Agustian et al., 2023).

The food and beverage industry represents one of the most strategically important sectors in emerging economies because of its direct contribution to economic growth, employment, and consumer welfare (Daraojimba et al., 2023; Le et al., 2026). In Indonesia, the sector has experienced significant expansion due to increasing population growth, urbanization, and changing consumption patterns. However, companies operating within this sector are simultaneously confronted with increasing operational complexity, fluctuations in raw material prices, exchange rate volatility, and intense market competition (Umeaduma & Dugbartey, 2023). These conditions require companies to establish effective financial strategies capable of supporting operational stability while maintaining profitability and long-term growth. Financial management decisions, particularly those related to capital structure and profitability optimization, therefore become fundamental determinants of corporate financial sustainability (Filatova et al., 2024; Malik et al., 2025; Kong et al., 2023; Ahmed et al., 2024).

Capital structure is widely recognized in corporate finance literature as a strategic financial decision concerning the composition of debt and equity used to finance corporate activities. The trade-off theory suggests that an optimal capital structure can enhance firm value through tax advantages derived from debt financing, although excessive leverage may simultaneously increase financial distress risk (Li, 2024; Evianti et al., 2024; Odhiambo et al., 2025). In practice, companies continuously attempt to balance the benefits and risks associated with debt utilization in order to achieve efficient financing decisions. An inappropriate financing structure may increase capital costs, reduce operational flexibility, and weaken financial performance. Conversely, effective debt management can improve financial efficiency and strengthen corporate competitiveness. Prior studies have emphasized that capital structure significantly influences firm performance, profitability, and firm value, particularly in emerging markets characterized by financial uncertainty and market volatility (Tandiawan et al., 2025; Ronooawah; Seetanah, 2023; Essel, 2024).

Besides capital structure, profitability also constitutes a critical indicator of corporate financial strength. Profitability reflects the company's capability to generate earnings from its operational activities and demonstrates managerial effectiveness in utilizing corporate resources. High profitability generally indicates efficient operations, effective cost management, and strong market positioning. From an investor perspective, profitability serves as an essential benchmark in evaluating investment feasibility because companies with higher profitability tend to provide greater returns and lower investment risks (Ridwan et al., 2025; Vasiliev et al., 2022). Profitability also plays an important role in strengthening internal financing capacity, reducing dependency on external funding sources, and improving overall corporate financial flexibility. Therefore, the relationship between profitability and financial performance remains an important issue within financial management studies (Al-Hashimy & Jinfang, 2024; Matei & Onofrei, 2021).

Although numerous studies have investigated the relationship between capital structure, profitability, and financial performance, empirical findings remain inconsistent. Several studies indicate that capital structure positively affects financial performance because debt financing can increase operational expansion and improve efficiency (Christina, 2022; Sudiyatno & Fauziah, 2020). In contrast,

other studies demonstrate that leverage does not significantly influence financial performance because companies may experience increased financial burdens and operational risks associated with excessive debt utilization (Nurussilmi & Ramdani, 2023). Similar inconsistencies are also found in profitability studies. While profitability is theoretically expected to improve financial performance, several empirical findings suggest that profitability does not always directly influence corporate revenue or financial outcomes due to the intervention of external factors such as market instability, inflation, and operational inefficiency (Hussain et al., 2020; Nagy, 2025). These inconsistencies indicate the existence of an unresolved empirical gap requiring further investigation.

The present study focuses on PT Indofood Sukses Makmur Tbk, one of the largest food and beverage companies in Indonesia, which demonstrates dynamic financial conditions over the 2015–2024 period. The company experienced substantial fluctuations in liabilities, profitability, and revenue throughout the observation period. Liabilities increased significantly in certain years, particularly during periods of expansion and external economic pressure, while net profit and revenue simultaneously exhibited fluctuating trends. These conditions suggest that PT Indofood Sukses Makmur Tbk continuously adjusted its financing and operational strategies in response to changing business environments. Such financial fluctuations provide an important empirical context for examining how capital structure and profitability interact in influencing financial performance within the food and beverage industry.

Existing studies predominantly examine manufacturing firms or use broader industrial samples, resulting in limited sector-specific analysis focusing on large-scale food and beverage companies in Indonesia. Furthermore, previous studies generally measure financial performance using profitability ratios such as Return on Assets (ROA) or Return on Equity (ROE), whereas this study employs total revenue as an indicator of financial performance to capture the company's operational achievement more comprehensively. This approach provides a different analytical perspective because revenue reflects the company's capability to sustain market demand and operational continuity beyond profitability alone. Therefore, the present research offers a distinct contribution by integrating liabilities and net profit variables in explaining revenue-based financial performance within a major Indonesian consumer goods company.

The novelty of this study lies in three principal aspects. First, this research specifically investigates the simultaneous and partial influence of capital structure and profitability on financial performance within the context of PT Indofood Sukses Makmur Tbk during a ten-year observation period. Second, the study adopts revenue as a proxy for financial performance, which differs from most prior studies emphasizing ratio-based indicators. Third, the research contributes empirical evidence from the Indonesian food and beverage sector, which remains relatively underexplored in corporate finance literature despite its strategic economic significance. By examining long-term financial trends and causal relationships, this study is expected to enrich the theoretical understanding of corporate financial management and provide practical implications for managerial decision-making regarding financing strategy and profitability optimization.

Based on these considerations, this study aims to analyze the effect of capital structure and profitability on the financial performance of PT Indofood Sukses Makmur Tbk during the 2015–2024 period. Specifically, the research examines the partial effect of liabilities and net profit on revenue, as well as their simultaneous influence on corporate financial performance. The findings are expected to contribute to the development of corporate finance literature, particularly regarding capital structure and profitability management in the food and beverage industry. In

addition, the study is expected to provide practical insights for corporate managers, investors, and policymakers in formulating effective financial strategies capable of enhancing long-term corporate sustainability and competitiveness.

METHODS

Research Design

This study employed a quantitative research design using an associative and explanatory approach to analyze the influence of capital structure and profitability on corporate financial performance. Quantitative research is appropriate for examining causal relationships among variables through statistical measurement and hypothesis testing (Lim, 2025). The associative approach was selected because the study aims to determine both the partial and simultaneous effects of independent variables on the dependent variable. In this research, capital structure and profitability function as independent variables, while financial performance serves as the dependent variable. The explanatory nature of the study enables empirical verification regarding whether variations in liabilities and net profit significantly affect the financial performance of PT Indofood Sukses Makmur Tbk.

The research adopted a longitudinal design by utilizing financial statement data covering a ten-year period from 2015 to 2024. This observation period was selected to capture fluctuations and long-term trends in the company's financial condition, thereby producing a more comprehensive empirical analysis. The conceptual framework of the study is presented in Figure 1, illustrating the causal relationship between capital structure, profitability, and financial performance.

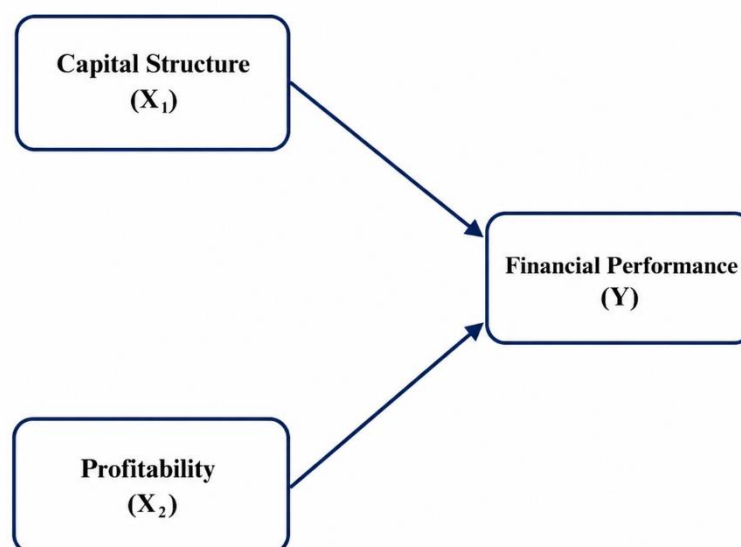


Figure 1. Conceptual Framework of the Study

Source: Developed by the authors based on previous literature, 2025

The conceptual framework illustrates the hypothesized relationship between capital structure and profitability as independent variables influencing the financial performance of PT Indofood Sukses Makmur Tbk. Capital structure is represented by liabilities (X_1), profitability is measured by net profit (X_2), and financial performance is represented by total revenue (Y).

Research Context and Data Source

The study was conducted within the context of the Indonesian food and beverage industry, focusing specifically on PT Indofood Sukses Makmur Tbk as one of the largest publicly listed consumer goods companies in Indonesia. The company was

selected because it demonstrates dynamic financial conditions characterized by fluctuations in liabilities, profitability, and revenue over the observation period. In addition, PT Indofood Sukses Makmur Tbk represents a strategic case for analyzing corporate financing decisions and operational performance within a highly competitive industry environment.

The research utilized secondary quantitative data obtained from audited annual financial statements published by PT Indofood Sukses Makmur Tbk and the Indonesia Stock Exchange (IDX). Secondary data are considered reliable because they originate from officially verified financial reports prepared according to financial reporting standards and regulatory requirements. The variables analyzed in this study consisted of liabilities as a proxy for capital structure, net profit as an indicator of profitability, and total revenue as a measure of financial performance.

Data Collection Technique

Data collection was conducted through documentation and literature study techniques. Documentation involved collecting annual financial reports of PT Indofood Sukses Makmur Tbk for the 2015–2024 period from the company's official website and IDX publications. Financial data extracted from these reports included total liabilities, net profit, and revenue figures expressed in millions of rupiah. To simplify statistical processing while maintaining numerical accuracy, all data were transformed into smaller numerical units before analysis.

The literature study technique was employed to strengthen the theoretical foundation and support the interpretation of empirical findings. Relevant books, international journal articles, and previous studies concerning capital structure, profitability, and financial performance were systematically reviewed. This process ensured that the research framework and analytical model were grounded in established financial management theories and empirical literature (Mohammadi et al., 2022; Khan & Khan, 2024).

Sample and Variable Measurement

The study used purposive sampling by selecting PT Indofood Sukses Makmur Tbk as the sole research object based on data availability, industrial relevance, and financial consistency throughout the observation period. The sample consisted of ten annual financial reports covering fiscal years 2015–2024.

Capital structure was operationalized using total liabilities because liabilities represent the proportion of corporate financing derived from debt. Profitability was measured using net profit, reflecting the company's capability to generate earnings from operational activities. Financial performance was measured using total revenue to capture the company's operational achievement and market performance comprehensively.

Data Analysis Technique and Reliability

The data analysis process consisted of descriptive statistical analysis, classical assumption testing, multiple linear regression analysis, and hypothesis testing using IBM SPSS Statistics version 30. Descriptive statistics were used to provide an overview of data distribution, including mean, minimum value, maximum value, and standard deviation. Classical assumption tests included normality, multicollinearity, heteroscedasticity, and autocorrelation tests to ensure that the regression model fulfilled the Ordinary Least Squares (OLS) assumptions (Mardiatmoko, 2024).

Multiple linear regression analysis was subsequently employed to examine the influence of liabilities and net profit on revenue. Hypothesis testing was conducted using the coefficient of determination (R^2), t-test, and F-test at a significance level of 5%. The reliability and validity of the study were supported through the use of

audited financial statements, standardized statistical procedures, and methodological consistency in data processing and interpretation. These procedures ensured that the findings were empirically reliable, statistically valid, and academically accountable.

RESULTS AND DISCUSSION

This section presents the empirical findings regarding the influence of capital structure and profitability on the financial performance of PT Indofood Sukses Makmur Tbk during the 2015–2024 observation period. The results are organized systematically according to the stages of statistical analysis applied in the study. The discussion begins with the presentation of research data, followed by descriptive statistical analysis, classical assumption testing, multiple linear regression analysis, and hypothesis testing. Each table and figure is accompanied by analytical explanations to ensure that the findings are interpreted comprehensively and consistently. The data analyzed in this study were derived from audited annual financial statements of PT Indofood Sukses Makmur Tbk published through the Indonesia Stock Exchange and the company's official reports. The year 2024 represents the latest audited financial reporting period available at the time of data collection and analysis.

Research Data Presentation

The variables examined in this study consist of capital structure measured by liabilities, profitability measured by net profit, and financial performance measured by total revenue. Table 1 presents the complete research dataset used for statistical analysis.

Table 1. Research Data of PT Indofood Sukses Makmur Tbk

Year	Liabilities (Rp Billion)	Net Profit (Rp Billion)	Revenue (Rp Billion)
2015	48,709	2,967	64,061
2016	38,233	4,144	66,750
2017	41,298	4,156	70,186
2018	46,620	4,166	73,394
2019	41,996	4,908	76,592
2020	83,998	6,455	81,731
2021	92,724	7,642	99,345
2022	86,810	6,359	110,830
2023	86,123	8,147	115,787
2024	92,722	8,641	111,704

Source: PT Indofood Sukses Makmur Tbk Annual Reports, 2015–2024

Table 1 demonstrates substantial fluctuations in liabilities, profitability, and revenue throughout the observation period. Liabilities increased significantly after 2020, indicating an expansion in financing activities and corporate operational scale. Net profit also exhibited a generally upward trend despite several declines, particularly in 2022. Revenue consistently increased over time, reflecting the company's ability to maintain market performance and operational continuity despite changes in financing structure and profitability levels.

Descriptive Statistical Analysis

Descriptive statistical analysis was conducted to provide an overview of the characteristics and distribution of the research variables. The results are presented in Table 2.

Table 2. Descriptive Statistical Results

Variable	N	Mean	Minimum	Maximum	Std. Deviation
Liabilities	10	65,911.70	38,233.00	92,724.00	24,101.114
Net Profit	10	5,759.70	2,967.00	8,641.00	1,960.589
Revenue	10	87,038.00	64,061.00	115,787.00	20,274.273
Valid N (listwise)	10				

Source: Processed Research Data using IBM SPSS Statistics 30, 2025

The descriptive statistics indicate that liabilities recorded an average value of Rp 65,911.70 billion during the ten-year observation period. The minimum liabilities value was Rp 38,233.00 billion, while the maximum value reached Rp 92,724.00 billion. The standard deviation value of Rp 24,101.114 billion indicates a considerable variation in the company's financing structure over time. These fluctuations suggest that PT Indofood Sukses Makmur Tbk continuously adjusted its debt policies in response to operational expansion and external economic conditions.

Net profit exhibited an average value of Rp 5,759.70 billion, with a minimum value of Rp 2,967.00 billion and a maximum value of Rp 8,641.00 billion. The standard deviation of Rp 1,960.589 billion indicates notable fluctuations in profitability during the study period. Such variability reflects the influence of operational costs, market demand, and raw material price changes commonly experienced within the food and beverage industry.

Revenue demonstrated an average value of Rp 87,038.00 billion, with the lowest revenue amounting to Rp 64,061.00 billion and the highest reaching Rp 115,787.00 billion. The standard deviation value of Rp 20,274.273 billion reflects substantial variation in the company's revenue generation capability across the observation period. Overall, the descriptive findings indicate dynamic financial conditions, thereby supporting further inferential statistical analysis.

Classical Assumption Tests

Before conducting multiple linear regression analysis, classical assumption tests were performed to ensure that the regression model fulfilled the requirements of the Ordinary Least Squares (OLS) method. These tests included normality, multicollinearity, heteroscedasticity, and autocorrelation assessments.

Normality Test

The normality test was conducted using the One-Sample Kolmogorov–Smirnov test to determine whether the regression residuals were normally distributed. The results are presented in Table 3.

Table 3. Kolmogorov–Smirnov Normality Test Results

Description	Unstandardized Residual
N	10
Mean	0.0000000
Std. Deviation	7,471.3600316
Most Extreme Differences (Absolute)	0.226
Positive	0.226
Negative	-0.198
Kolmogorov–Smirnov Z	0.226
Asymp. Sig. (2-tailed)	0.159

Source: Processed Research Data using IBM SPSS Statistics 30, 2025

The Kolmogorov–Smirnov test generated an Asymp. Sig. value of 0.159, which exceeds the significance level of 0.05. Therefore, the regression residuals are normally distributed, indicating that the regression model satisfies the normality assumption required for further statistical analysis.

Multicollinearity Test

The multicollinearity test was performed to examine whether strong correlations existed among the independent variables. The results are shown in Table 4.

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF
Liabilities	0.183	5.453
Net Profit	0.183	5.453

Source: Processed Research Data using IBM SPSS Statistics 30, 2025

The tolerance values for liabilities and net profit are greater than 0.10, while the Variance Inflation Factor (VIF) values remain below 10. These results indicate that no multicollinearity problem exists among the independent variables. Consequently, liabilities and net profit can be analyzed simultaneously within the regression model without causing statistical bias.

Heteroscedasticity Test

The heteroscedasticity test was conducted using scatterplot analysis between standardized residuals and predicted values. The scatterplot did not reveal any clear or systematic pattern, indicating that the residual variance remained constant across observations. Therefore, the regression model is free from heteroscedasticity problems.

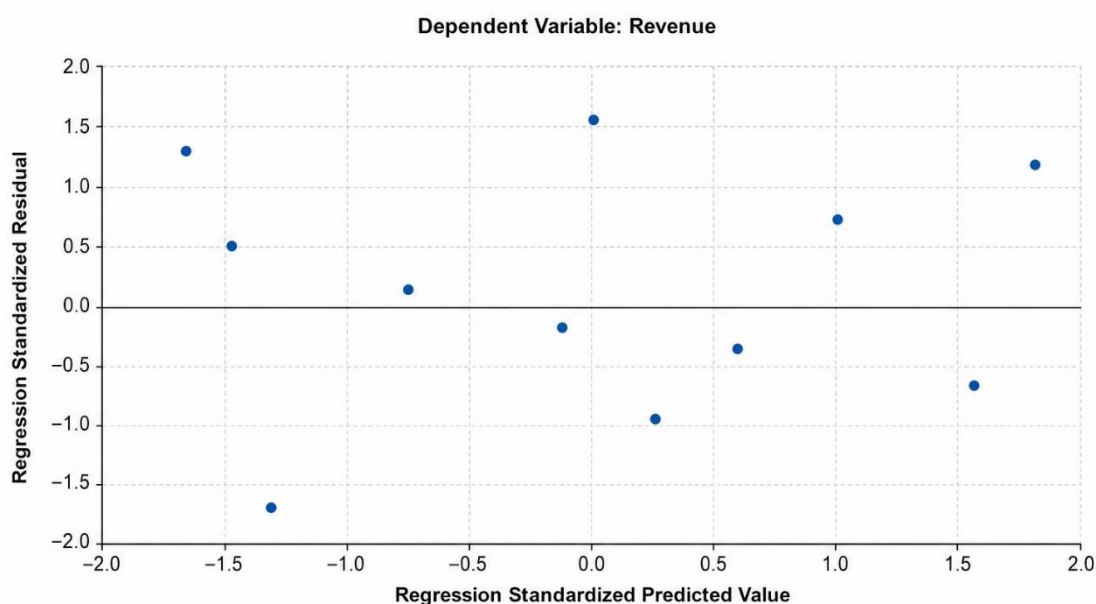


Figure 1. Heteroscedasticity Scatterplot Test

Source: Processed Research Data using IBM SPSS Statistics 30, 2025

The random distribution of points within the scatterplot confirms that the regression residuals are homoscedastic. This result indicates that the regression model fulfills another important assumption of the OLS method.

Autocorrelation Test

The autocorrelation test was performed using the Durbin–Watson statistic to determine whether residuals were correlated across observation periods. The results are presented in Table 5.

Table 5. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.930	0.864	0.825	8,471.726	1.823

Source: Processed Research Data using IBM SPSS Statistics 30, 2025

The Durbin–Watson value of 1.823 lies within the acceptable range between –2 and +2, indicating the absence of autocorrelation within the regression model. Thus, the residuals are independent across observation periods, and the model satisfies the autocorrelation assumption.

Multiple Linear Regression Analysis

Multiple linear regression analysis was employed to examine the influence of liabilities and net profit on financial performance measured by revenue. The results are presented in Table 6.

Table 6. Multiple Linear Regression Results

Variable	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t-value	Sig.
Constant	31,670.969	8,733.711	—	3.626	0.008
Liabilities	0.232	0.274	0.276	0.849	0.424
Net Profit	6.954	3.364	0.672	2.067	0.078

Source: Processed Research Data using IBM SPSS Statistics 30, 2025

Based on the regression analysis, the following regression equation was obtained:

$$\text{Revenue} = 31670.969 + 0.232(\text{Liabilities}) + 6.954(\text{Net Profit})$$

The regression equation indicates that liabilities and net profit possess positive coefficients, implying positive relationships with revenue. The liabilities coefficient of 0.232 suggests that every one-unit increase in liabilities tends to increase revenue by 0.232 units, assuming other variables remain constant. Similarly, the net profit coefficient of 6.954 indicates that increases in profitability are associated with increases in revenue.

However, statistical significance analysis demonstrates that liabilities do not significantly influence revenue because the significance value of 0.424 exceeds 0.05. Net profit also does not significantly affect revenue because its significance value of 0.078 remains above the significance threshold, although it approaches statistical significance.

Hypothesis Testing

Coefficient of Determination (R^2)

The coefficient of determination was used to assess the explanatory power of the regression model in explaining variations in financial performance. The results are shown in Table 7.

Table 7. Coefficient of Determination Results

Model	R	R Square	Adjusted R Square
1	0.930	0.864	0.825

Source: Processed Research Data using IBM SPSS Statistics 30, 2025

The R Square value of 0.864 indicates that 86.4% of the variation in revenue can be explained jointly by liabilities and net profit. The remaining 13.6% is influenced by other variables outside the regression model, including external economic conditions, operational efficiency, and market competition.

Partial Significance Test (t-Test)

The t-test was conducted to determine the partial influence of each independent variable on financial performance. The results are presented in Table 8.

Table 8. Partial Significance Test Results

Variable	t-value	Sig.
Liabilities	0.849	0.424
Net Profit	2.067	0.078

Source: Processed Research Data using IBM SPSS Statistics 30, 2025

The t-test results indicate that liabilities have a significance value of 0.424, which exceeds the significance level of 0.05. Therefore, capital structure does not partially influence financial performance. Similarly, net profit exhibits a significance value of 0.078, indicating that profitability also does not partially influence revenue.

These findings suggest that individually, fluctuations in liabilities and profitability were insufficient to significantly alter the company's financial performance. PT Indofood Sukses Makmur Tbk appears capable of maintaining operational stability regardless of changes in financing structure and profit generation.

Simultaneous Significance Test (F-Test)

The F-test was conducted to examine the simultaneous influence of liabilities and net profit on financial performance. The results are presented in Table 9.

Table 9. Simultaneous Significance Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3,197,024,361.5	2	1,598,512,180.7	22.273	<0.001
Residual	502,390,986.50	7	71,770,140.929		
Total	3,699,415,348.0	9			

Source: Processed Research Data using IBM SPSS Statistics 30, 2025

The F-test results demonstrate that the regression model is statistically significant because the significance value is below 0.05. The calculated F-value of 22.273 exceeds the critical F-table value, indicating that liabilities and net profit simultaneously influence financial performance.

These findings suggest that although capital structure and profitability individually do not significantly affect revenue, their combined interaction contributes substantially to explaining variations in the financial performance of PT Indofood Sukses Makmur Tbk during the 2015–2024 period.

Financial Strategy, Profitability Dynamics, and Corporate Performance

Results of this study prove that capital structure and profitability have no statistically significant impact on the financial performance of PT Indofood Sukses Makmur Tbk and both variables have a statistically significant effect on the corporate

revenue. The results show that the financial performance of the company cannot be analyzed with the help of only one financial indicator, but it is the interaction of financing strategy and operational profitability. The discovery is part of a larger debate among researchers of corporate finance about the complexity of what affects financial performance in large-scale consumer goods firms in emerging markets.

This minor impact of capital structure on the financial performance implies that during the period of observation (2015-2024), any variation in the capital structure of the company did not directly affect the financial performance of the company. This result is opposite to the research of Christina (2022) and Chandra et al. (2022) who found that leverage and capital structure have a positive effect on the performance of the company and firm value. The discrepancy might be due to differences in industrial nature and size of companies. PT Indofood Sukses Makmur Tbk is a diversified food and beverages group with dominant market position and good operational cash flow that allows the company to remain financially stable even with changes in debt usage. The results are more in line with the results of Ayaz et al. (2021), who concluded that the relationship between capital structure and firm performance is quite dependent on market conditions, capital flexibility, and corporate resilience.

Theoretically, the findings are partially in support of the trade-off theory that focuses on debt financing advantages and disadvantages. While debt can offer tax benefits and help with growth, too much debt can not necessarily result in better performance at the job right away if the firms have enough internal financing sources. Therefore, in this study liabilities seem to be more a tool of financing rather than a direct contributor of revenue growth. This discovery underscores the need for the contextual analysis for studies of capital structure, especially in emerging markets with highly volatile markets and dynamic competition.

The study also revealed the net profit profitability measure did not significantly affect the financial performance individually. This is contrary to the theory of financial management that is generally accepted, which states that the higher the profitability of the business the better the performance of the business and investor confidence (Zhang & Wang, 2022). However, this result is consistent with Hussain et al. (2020) who highlighted that profitability could not be directly linked to revenue growth because external socio-economic factors such as inflation, volatility of raw material prices, fluctuations in the exchange rate and dynamics of consumer demand could affect the operational performance. For PT Indofood Sukses Makmur Tbk, the direct relationship between net profit and revenue generation is probably lower as the company has been operating in a wide scale with diversified product range.

The insignificant partial relationships, however, are not an obstacle for the simultaneous analysis, in which it has been proved that the financial performance is significantly influenced by the combination of capital structure and profitability. It suggests that the measurement of financial performance of a company is multi-dimensional and affected by the interplay between financing decision and operational efficiency. The above coefficient of determination value further validates that the relationship between liabilities and profitability together accounts for a significant amount of the variance in revenues. The outcome is consistent with that which Kayani et al. (2024) proposed: sustainable corporate performance is determined by financing strategy, profitability management, and operational efficiency, not just a single financial measure.

The novelty of this study is considering the revenue as a financial performance indicator rather than only relying on traditional ratio-based indicators such as Return on Assets (ROA) and Return on Equity (ROE). This way, you will get a more comprehensive view, as revenue is based on the company's market performance,

continuity, and ability to expand. Moreover, the study provides empirical evidence from the food and beverage industry in Indonesia, which is still relatively under-researched in the international finance corporate literature although is economically important.

In terms of practice, the results suggest that management should not just consider stepping up the debt usage or short-term profitability to boost financial performance. Rather, companies must pursue a more comprehensive financial approach that weighs financing strategies, operations, costs, and market growth over the long haul. The findings suggest that profitability measures are not the only ones investors should use to assess a company's performance when considering financing stability and operational sustainability.

This study has a number of limitations which are worth noting. Firstly, the study is limited to a single company, so that the results may not be generalizable to other sectors or industries. Second, other factors like liquidity, asset efficiency, corporate governance, inflation and macro-economic factors are not accounted for in the regression analysis. Thirdly, the observation period included only audited financial statements from 2015 to 2024, which might not reflect the full extent of market trends and changes that have occurred since 2024.

Further studies are suggested to broaden the scope of the studies with larger industrial samples, comparative cross-sector analysis, and further financial indicators like liquidity ratios, asset turnover ratios, and market-based indicators etc. Other studies could also use panel data analysis or structural equation modelling techniques to identify more intricate ties between the various financial variables of the corporations. These would enhance the knowledge of the interaction between a firm's financing strategy and profitability in determining long-term performance in emerging market economies.

CONCLUSION

This study shows that the capital structure and profitability individually has no significant impact on the financial performance of PT Indofood Sukses Makmur Tbk during the period 2015-2024. The results show that the net profit and liabilities variations had no direct effect in changing the revenue performance of the company. But, when analyzed together, the effect of capital structure and profitability was found to be significant on financial performance, thus indicating that financial performance of a company is not affected by only one financial factor but by the interplay of capital structure and profitability. The results help conceptually shape the existing body of corporate finance literature by highlighting financial performance in multi-dimensionality in the context of large-scale food and beverage enterprises in emerging markets. Practically, it brings to light the significance of integrated financial management which strikes a balance between debt policy, profitability optimization and operational efficiency. Therefore, management should prioritize sustaining financing mechanisms and improving the long-term operational stability and competitiveness. This study has its limitations as it was based on one company and two only explanatory variables. Further studies are suggested to include more extensive sample of industries, more financial variables and comparative analysis of the sector to gain more general information about the factors affecting financial performance of business organizations.

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