Escalate: Economics and Business Journal
https://journal.takaza.id/index.php/escalate

Vol. 4, No. 4, 2026, pp. 369-378
E-ISSN: 3025-4213

E-mail:escalate@takaza.id



The Influence of Capital Structure, Interest Rates, and Company Size on Financial Performance at PT Lippo Karawaci Tbk for the 2015-2024 Period

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Article History:
Received : 22-08-2026
Revised : 18-10-2026
Accepted : 19-10-2026

Keywords: Financial Performance, Property Sector, Capital Structure, Interest Rate, Company Size

Abstract: *The property sector is sensitive to changes in funding conditions, interest rates, and company characteristics that can affect financial performance. This study aims to analyze the effect of capital structure, interest rates, and company size on the financial performance of PT Lippo Karawaci Tbk for the period 2015–2024. The study uses a quantitative method with a descriptive and associative approach based on secondary data from annual financial reports and Bank Indonesia interest rate data. The study population consists of company financial reports, with a sample of financial reports for the period 2015–2024. Data analysis uses descriptive statistics, classical assumption tests, multiple linear regression, correlation, coefficient of determination, t-test, and F-test. The results of the study indicate that capital structure, interest rates, and company size, either partially or simultaneously, do not significantly influence financial performance. In conclusion, these three variables are not sufficient to explain changes in the company's financial performance, so other factors outside the model are suspected to have a greater role.*

How to Cite: Arrizqya Fajar Afghoni. (20xx). *The Influence of Capital Structure, Interest Rates, and Company Size on Financial Performance at PT Lippo Karawaci Tbk for the 2015-2024 Period*. 4(4). pp.369-378. https://doi.org/10.61536/escalate.v4i4.758

https://doi.org/10.61536/escalate.v4i4.758

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Introduction

The property industry is a strategic sector that plays a role in driving economic growth through its linkages with the construction, building materials, and financial services sectors (Ministry of Public Works and Public Housing, 2021). This sector's growth is supported by population growth, urbanization, and government housing policies (Central Statistics Agency, 2022; Ministry of Public Works and Public Housing, 2021). However, the property sector is dynamic and cyclical, vulnerable to changes in interest rates, inflation, global economic conditions, and the COVID-19 pandemic (Bank Indonesia, 2023; Central Statistics Agency, 2021). Developments in PropTech and ESG also encourage companies to adapt to changing market needs (PwC, 2022).

PT Lippo Karawaci Tbk (LPKR) is a diversified property company listed on the Indonesia Stock Exchange with business activities including the development of independent cities, shopping centers, healthcare, hospitality, and asset management. To face competition with large developers such as PT Bumi Serpong Damai Tbk, PT Ciputra Development Tbk, PT Summarecon Agung Tbk, and PT Pakuwon Jati Tbk, the company needs to maintain its financial performance. Data from 2015-2024 shows changes in LPKR's capital structure, interest rates, company size, and financial performance. DER fluctuated from 118.47% in 2015 to 160.56% in 2022 and decreased to 73.79% in 2024, while ROA changed from 2.48% in 2015 to -18.58% in 2020 and increased to 34.82% in 2024.

The first issue relates to capital structure, which experiences significant fluctuations. The DER reached 160.56% in 2022, indicating high debt usage, while in 2024, the DER dropped to 73.79%, while ROA increased to 34.82%. According to Brigham and Houston (2022), capital structure is a combination of debt and equity used to finance a company's activities. Differences in research findings are also evident in Egi Adela Sukma & Alifah Ratnawati (2026), who stated that capital structure has a positive effect on financial performance, while Amelia Harsono & Ary Satria Pamungkas (2020) stated that it has no effect.

The second issue relates to interest rates and company size. Interest rates fluctuated from 7.52% in 2015 to 3.52% in 2021 and then increased again to 6.00% in 2023-2024. Changes in interest rates can affect a company's funding costs (Mishkin, 2021). Muhammad Syafi'i Basalamah et al. (2024) showed that interest rates significantly impacted financial performance, while Fadliyanto Hulukati et al. (2025) showed no effect. Meanwhile, company size remained relatively stable at 17.54-17.85, but ROA fluctuated sharply. Cindhy Dahlia (2019) showed that company size significantly impacted financial performance, while Anjar Putri Wulandari & Mia Ika Rahmawati (2023) showed no effect.

Based on the phenomena and differences in research results, this study aims to determine the effect of capital structure, interest rates, and company size partially and simultaneously on the financial performance of PT Lippo Karawaci Tbk for the period 2015-2024. This research is important to provide empirical evidence regarding internal and external factors related to the company's financial performance. The novelty of this study lies in testing capital structure, interest rates, and company size together on LPKR's financial performance with an observation period of 10 years, so that it can provide a more comprehensive empirical picture and clarify the research gap of previous studies.

Research methods

This study uses quantitative methods to examine the influence of Capital Structure, Interest Rates, and Company Size on the Financial Performance of PT Lippo Karawaci Tbk for the 2015-2024 period. The data used are secondary data sourced from PT Lippo Karawaci Tbk's annual financial reports and Bank Indonesia's benchmark interest rate data. According to Sugiyono (2019:16-17), quantitative research methods are based on the philosophy of positivism and are used to statistically analyze data to test established hypotheses.

The research instruments consisted of financial report documentation and benchmark interest rate data. Capital structure was measured using the Debt to Equity Ratio (DER) (Sutrisno et al., 2022), interest rates using Bank Indonesia's benchmark interest rate, company size using Ln Total Assets (Brigham and Houston, 2019), and financial performance using Return on Assets (ROA) (Brigham and Houston, 2019; Kasmir, 2019). Data were analyzed using SPSS through descriptive statistics, classical assumption tests, multiple linear regression, correlation coefficients, coefficients of determination, and t- and F-tests (Sugiyono, 2017; Ghozali, 2016, 2017, 2018; Gunawan, 2020; Priyanto, 2018).

The research population is the entire financial statements of PT Lippo Karawaci Tbk, while the sample consists of the income statement and notes to the financial statements for the period 2015-2024. According to Sugiyono (2019:61), a population is a generalized area that has certain characteristics to be studied, while a sample is a portion of the population used as a research source (Sugiyono, 2017:81). The period 2015-2024 was chosen to analyze the development of Capital Structure, Interest Rates, Company Size, and Financial Performance over 10 years.

The research procedure was carried out through the stages of proposal submission and seminar, proposal revision, secondary data collection, data processing, data analysis, and preparation of research results. Data were obtained from the financial statements of PT Lippo Karawaci Tbk for

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the 2015-2024 period and Bank Indonesia's benchmark interest rate data, then processed using DER indicators, benchmark interest rates, Ln Total Assets, and ROA. Furthermore, the data were analyzed using SPSS through descriptive statistics, classical assumption tests, multiple linear regression, correlation coefficients, coefficients of determination, t-tests, and F-tests to determine the effect of Capital Structure, Interest Rates, and Company Size on Financial Performance.

Research results

Description of research data

Table 1 Debt to Equity Ratio of PT Lippo Karawaci Tbk for the period 2015 – 2024

Year	Total Debt (In Millions of Rupiah)	Total Equity (In Millions of Rupiah)	Results %
2015	22,409,794	18,916,764	118.46%
2016	23,528,544	18,916,764	106.58%
2017	26,911,822	18,916,764	90.13%
2018	24,336,392	18,916,764	95.55%
2019	20,703,246	18,916,764	60.23%
2020	28,291,825	18,916,764	120.01%
2021	29,594,927	18,916,764	131.61%
2022	30,731,006	18,916,764	160.56%
2023	29,964,393	18,916,764	152.83%
2024	22,836,790	18,916,764	73.79%

Based on Table 1, the Debt to Equity Ratio (DER) of PT Lippo Karawaci Tbk for the 2015–2024 period experienced fluctuations reflecting changes in the composition of debt and equity in the company's funding.

Table 2 Interest Rate Developments for the 2015-2024 Period

Year	Interest rate
2015	7.50%
2016	4.75%
2017	4.25%
2018	6.00%
2019	5.00%
2020	3.75%
2021	3.50%
2022	5.50%
2023	6.00%
2024	6.00%

Based on Table 2, interest rates during the 2015–2024 period fluctuated in accordance with changes in Bank Indonesia's monetary policy and economic conditions.

Table 3 Company Size of PT Lippo Karawaci Tbk for the period 2015-2024

YEAR	TOTAL ASSETS (In Millions of Rupiah)	COMPANY SIZE (LN)
2015	41,326,558	17.54
2016	45,603,683	17.64
2017	56,772,116	17.85
2018	49,806,410	17.72
2019	55,079,585	17.82
2020	51,865,480	17.76
2021	52,080,936	17.77
2022	49,870,897	17.72
2023	49,570,824	17.72
2024	53,783,859	17.80

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Based on Table 3, the company size of PT Lippo Karawaci Tbk experienced changes during the research period as reflected in changes in the value of Ln total assets.

Table 4 Return on Assets of PT Lippo Karawaci Tbk for the period 2015-2024

YEAR	NET PROFIT FOR THE CURRENT YEAR (In Millions of Rupiah)	TOTAL ASSETS (In Millions of Rupiah)	ROA (%)
2015	1,024,121	41,326,558	2.48%
2016	1,227,374	45,603,683	2.69%
2017	856,984	56,772,116	1.51%
2018	1,726,085	49,806,410	3.47%
2019	-2,061,418	55,079,585	-3.74%
2020	-9,637,183	51,865,480	-18.58%
2021	-1,623,183	52,080,936	-3.12%
2022	-2,327,497	49,870,897	-4.67%
2023	653,699	49,570,824	1.32%
2024	18,727,125	53,783,859	34.82%

Based on the ROA data in Table 4, PT Lippo Karawaci Tbk's ROA fluctuated during the study period. This change indicates a change in the company's ability to generate profits from its assets.

Data Analysis Techniques

Table 5 Descriptive Statistical Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
STRUKTUR MODAL	10	60.23	160.56	110.9760	32.35852
SUKU BUNGA	10	3.50	7.50	5.2250	1.22162
UKURAN PERUSAHAAN	10	17.54	17.85	17.7340	.09082
KINERJA KEUANGAN	10	-18.58	34.82	1.6180	13.36018
Valid N (listwise)	10				

Based on the descriptive analysis results, financial performance has an average of 161.8%, with a maximum value of 3.48%, and a minimum of -1.85%. Capital structure has an average of 11.09%, a maximum of 16.05%, and a minimum of 6.02%. Interest rates have an average of 5.22%, a maximum of 7.50%, and a minimum of 3.50%, while company size has an average of 17.734, a minimum of 17.54, and a maximum of 17.85.

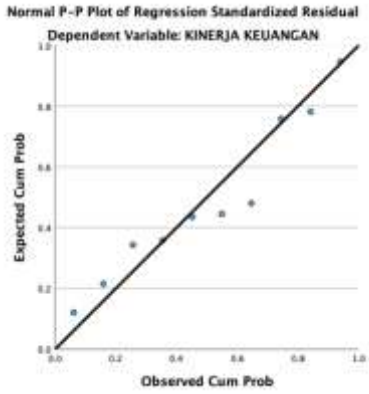


Figure 1 P-Plot Normality Test Graph

Based on the Normal P-Plot graph, the residual points are spread around the diagonal line and follow the pattern of the line, thus concluding that the residuals are normally distributed. To confirm these results, a normality test was also performed using the Kolmogorov-Smirnov test.

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Table 6 Kolmogorov Smirnov Test

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			10
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		9.92149444
Most Extreme Differences	Absolute		.224
	Positive		.224
	Negative		-.110
Test Statistic			.224
Asymp. Sig. (2-tailed)[c]			.166
Monte Carlo Sig. (2-tailed)[d]	Sig.		.167
	99% Confidence Interval	Lower Bound	.157
		Upper Bound	.176

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

Based on the Kolmogorov-Smirnov test results, the Asymp. Sig. value is 0.166 and the Monte Carlo Sig. value is 0.167, both greater than 0.05. Thus, the residuals are normally distributed and the assumption of normality is met.

Table 7 Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	-1025.049	1152,269			
	CAPITAL STRUCTURE	-.113	.142	-.273	.773	1,294
	INTEREST RATE	7,506	4,358	.686	.579	1,728
	COMPANY SIZE	56,386	63,705	.383	.490	2,041

Based on the results of the multicollinearity test, all variables have a Tolerance value > 0.10 and VIF < 10. Thus, it can be concluded that there are no symptoms of multicollinearity in the regression model and the multicollinearity assumptions are met.

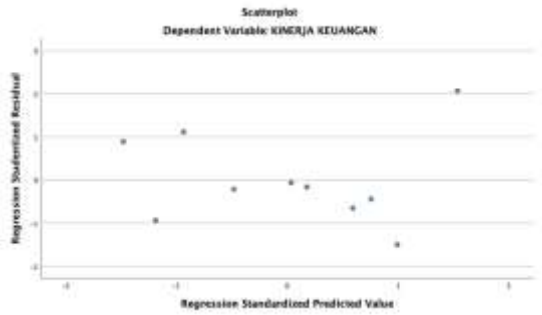


Figure 2 Heteroscedasticity Test (Scatterplots)

Based on the scatterplot graph, the points are randomly distributed and do not form a specific pattern. This indicates that there are no symptoms of heteroscedasticity, thus the assumption of homoscedasticity in the regression model has been met.

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Table 8 Heteroscedasticity Test

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	128,924	509,026		.253	.809
	CAPITAL STRUCTURE	-.131	.063	-.705	-2,082	.082
	INTEREST RATE	-.795	1,925	-.161	-.413	.694
	COMPANY SIZE	-5,794	28,142	-.087	-.206	.844

a. Dependent Variable: ABSRES
Source: Results of data processing using SPSS 29

Based on the test results, the significance value (Sig.) for capital structure is 0.082, interest rate is 0.694, and company size is 0.844. Since all three significance values are > 0.05, it can be concluded that there is no indication of heteroscedasticity.

Table 9 Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.670[a]	.449	.173	12.15130	1.442

a. Predictors: (Constant), UKURAN PERUSAHAAN, STRUKTUR MODAL, SUKU BUNGA
b. Dependent Variable: KINERJA KEUANGAN

Based on the Durbin-Watson test, the DW value was 1.442, with dL = 0.5253 and dU = 2.0163. Because the DW value did not meet the criteria of dU < DW < 4-dU, the test results could not confirm the presence or absence of autocorrelation. Therefore, an alternative test using Run Test was conducted to clarify the results of the autocorrelation test.

Table 10 Run Test

Runs Test

	Unstandardized Residual
Test Value[a]	-1.82753
Cases < Test Value	5
Cases >= Test Value	5
Total Cases	10
Number of Runs	6
Z	.000
Asymp. Sig. (2-tailed)	1.000

a. Median

Based on the table above, the Asymp. Sig (2-tailed) value is 1.000, which exceeds the 0.05 threshold. Therefore, the conclusion is that there is no indication of autocorrelation symptoms that require special resolution using the Durbin-Watson test.

Quantitative Analysis

Table 11 Multiple Linear Regression Test

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-1025.049	1152,269		-.890	.408
	CAPITAL STRUCTURE	-.113	.142	-.273	-.791	.459
	INTEREST RATE	7,506	4,358	.686	1,722	.136
	COMPANY SIZE	56,386	63,705	.383	.885	.410

a. Dependent Variable: FINANCIAL PERFORMANCE
Source: Results of data processing using SPSS 29

Based on the results of multiple linear regression analysis, the equation Y = -1025.049 – 0.113X1 + 7.506X2 + 56.386X3 + e is obtained. The constant of -1025.049 indicates the value of financial performance when all independent variables are zero. Capital Structure has a negative effect of 0.113 on Financial Performance, while Interest Rate and Company Size have a positive effect of 7.506 and 56.386, respectively, assuming other variables remain constant.

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Table 12 Correlation Coefficient Test

Correlations

		STRUKTUR MODAL	SUKU BUNGA	UKURAN PERUSAHAAN	KINERJA KEUANGAN
STRUKTUR MODAL	Pearson Correlation	1	.020	-.392	-.409
	Sig. (2-tailed)		.955	.263	.240
	N	10	10	10	10
SUKU BUNGA	Pearson Correlation	.020	1	-.605	.449
	Sig. (2-tailed)	.955		.064	.193
	N	10	10	10	10
UKURAN PERUSAHAAN	Pearson Correlation	-.392	-.605	1	.075
	Sig. (2-tailed)	.263	.064		.837
	N	10	10	10	10
KINERJA KEUANGAN	Pearson Correlation	-.409	.449	.075	1
	Sig. (2-tailed)	.240	.193	.837	
	N	10	10	10	10

Based on the results of the correlation test, Capital Structure has a moderate negative relationship with Financial Performance (r = -0.409), Interest Rates have a moderate positive relationship (r = 0.449), while Company Size has a very low positive relationship (r = 0.075). These three relationships are not significant because the significance value of each is > 0.05. The independent variables also show an insignificant relationship, with a correlation of Capital Structure and Interest Rates of -0.020, Capital Structure and Company Size of -0.392, and Interest Rate and Company Size of -0.605.

Table 13 Test of Determination Coefficient

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.670[a]	.449	.173	12.15130

a. Predictors: (Constant), UKURAN PERUSAHAAN, STRUKTUR MODAL, SUKU BUNGA

Based on the results of the coefficient of determination test, the R-square value was 0.449, or 44.9%. This means that Capital Structure, Interest Rates, and Company Size can explain 44.9% of Financial Performance, while the remaining 55.1% is influenced by other variables outside the study.

Hypothesis Testing

Table 14 Partial Test (t-Test)

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-1025.049	1152.269		-.890	.408
	STRUKTUR MODAL	-.113	.142	-.273	-.791	.459
	SUKU BUNGA	7.506	4.358	.686	1.722	.136
	UKURAN PERUSAHAAN	56.386	63.705	.383	.885	.410

a. Dependent Variable: KINERJA KEUANGAN

Based on the results of the t-test with a t-table value of 2.262, Capital Structure (X1) has a t-count of -0.791 and a significance of 0.459, Interest Rate (X2) has a t-count of 1.722 and a significance of 0.136, and Company Size (X3) has a t-count of 0.885 and a significance of 0.410. Since all significance values are > 0.05 and |t-count| < t-table, it can be concluded that these three variables do not have a significant effect on Financial Performance.

Table 15 Simultaneous test (F test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	720.526	3	240.175	1.627	.280[b]
	Residual	885.924	6	147.654		
	Total	1606.450	9			

a. Dependent Variable: KINERJA KEUANGAN

b. Predictors: (Constant), UKURAN PERUSAHAAN, STRUKTUR MODAL, SUKU BUNGA

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Based on the results of the F test, the calculated F value was 1.627 < Ftable 4.76 with a significance value of 0.280 > 0.05. Thus, H0 is accepted and Ha is rejected, so that Capital Structure, Interest Rates, and Company Size simultaneously have no significant effect on Financial Performance.

Discussion

1. The Influence of Capital Structure on Financial Performance

Based on the results of this study, we know that the capital structure (X1) has a t-value of -0.791 < 2.262 t-table and a significance value of 0.459 > 0.05. This indicates that the capital structure does not significantly influence the financial performance of PT Lippo Karawaci Tbk.

Although theories (such as Pecking Order Theory and Trade-Off Theory) suggest that funding decisions or debt ratio management can impact a company's profitability and efficiency, this study found no strong empirical evidence to support this assumption. This insignificance indicates that the proportion of debt used by a company is not a primary determinant of financial performance fluctuations. This is likely due to the effective allocation of debt proceeds, which is optimally balanced to finance productive assets, so that interest expenses do not significantly erode net income. These findings align with empirical studies conducted by Pratama and Utama (2021) and Saputra (2023), which found that under certain market conditions, capital structure does not have a direct, material impact on a company's financial performance.

2. The Effect of Interest Rates on Financial Performance

Based on the results of this study, we know that the interest rate variable (X2) has a t-value of 1.722 < 2.262 t-table and a significance value of 0.136 > 0.05. Therefore, it can be concluded that interest rates also do not significantly influence the financial performance of PT Lippo Karawaci Tbk.

Macroeconomically, changes in benchmark interest rates (such as the BI Rate) are assumed to affect a company's cost of capital, where rate increases will increase loan interest expenses and potentially depress profitability. However, in the context of this research sample, interest rate fluctuations did not have a significant direct impact on financial performance. This indicates that company management possesses sound liquidity governance capabilities and is able to effectively implement market risk mitigation strategies.

PT Lippo Karawaci Tbk relies on a combination of stable internal funding sources or long-term fixed-rate loan schemes, ensuring that market interest rate fluctuations do not immediately disrupt operational performance. This research finding is supported by previous research by Hidayat (2022) and Ramadhan and Lestari (2020), which states that macroeconomic variables, such as interest rates, do not always have a linear or significant correlation with a company's internal profitability ratio.

3. The Influence of Company Size on Financial Performance

Based on the results of this study, we know that the company size variable (X3) has a t-value of 0.885 < 2.262 t-table with a significance value of 0.410 > 0.05. This indicates that company size does not have a significant effect on the financial performance of PT Lippo Karawaci Tbk.

Agency theory often states that large firms tend to have broader access to resources, competitive advantages, mature economies of scale, and better cost efficiency, all of which contribute to boosting financial performance. However, the findings of this study demonstrate that the size of a company's total assets is not a guarantee or absolute measure of high profitability. Large companies also face higher agency costs and operational bureaucratic complexity, which, if not managed with good corporate governance principles, can actually trigger inefficiencies. Conversely, medium-sized companies can still achieve optimal financial performance as long as their operational asset turnover is productive. These findings align with studies conducted by Wulandari (2022) and Wijaya et al. (2021), which concluded that company size does not significantly influence financial performance.

4. The Influence of Capital Structure, Interest Rates, and Company Size on Financial Performance

Based on the results of this study, the Ftable value obtained can be seen that Fcount < Ftable, namely 1.627 < 4.76 and a significance value of 0.280 > 0.05. Therefore, it can be concluded that capital structure, interest rates and financial performance simultaneously do not have a significant

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effect on the financial performance of the company PT Lippo Karawaci Tbk during the period 2015 - 2024.

These results demonstrate that the combination of the three variables (both internal and external macroeconomic factors) is not strong enough to provide a linear explanation or prediction of the company's financial performance movements during the observation period. This low simultaneous influence indicates the presence of other determinants outside the research model that hold a more dominant control over the company's financial performance, such as internal management policies, product innovation strategies, supply chain efficiency, consumer satisfaction, and market sentiment related to the industry. The operational characteristics of the companies studied appear to be more defensive and resilient to fluctuations in external financial ratios and short-term debt decisions.

This research aligns with and reinforces the findings of Lestari (2023) and Santoso and Hermawan (2021), who stated that the short-term financial performance of business entities in certain sectors is driven more by specific internal micro-operational dynamics than by macroeconomic influences and conventional capital structures.

Conclusion

Based on the research results, Capital Structure, Interest Rates, and Company Size partially do not have a significant effect on the Financial Performance of PT Lippo Karawaci Tbk for the period 2015–2024. Capital Structure shows a negative relationship with financial performance, while Interest Rates and Company Size show a positive relationship, but all three are not statistically significant. Simultaneously, the three variables also do not have a significant effect on Financial Performance, with an F-value of 1.627 and a significance of 0.280. The R Square value of 0.449 indicates that Capital Structure, Interest Rates, and Company Size are able to explain 44.9% of the variation in Financial Performance, while 55.1% is influenced by other factors outside the research model. Practically, these results indicate that improving a company's financial performance is not enough to rely solely on capital structure management, interest rate conditions, or asset size, but it is necessary to pay attention to other operational factors and business strategies.

This study is limited by its relatively small number of observations, spanning only 10 years in one company. Therefore, the results cannot be generalized to other property companies. Furthermore, the study only used three independent variables, while other factors could potentially influence financial performance. Future research is recommended to expand the scope and period of the study and include variables such as operational efficiency, liquidity, sales growth, inflation, exchange rates, and corporate governance to obtain more comprehensive results. For the management of PT Lippo Karawaci Tbk, the study results can serve as a consideration that improving financial performance needs to be directed towards asset optimization, operational efficiency, risk management, and sustainable business strategies.

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