

Effect of Financial Decisions on the Company Value with Business Risk as Mediation of the Publicly Listed Transportation Services in the Philippines for the Year Period 2013-2022

Gemarie Rose S. Mendoza¹, Dr. Angelica R. Manalo²

¹MBA Student, Batangas State University

²Professor, Batangas State University

Abstract:

This study examined how financial decisions—investment, financing, and dividend policies—affect the company value of transportation services companies listed on the Philippine Stock Exchange (PSE), with business risk as a mediating role. Company value was measured by price-to-book value, while business risk was assessed through the degree of operating leverage. The study also explored financial setbacks such as heavy debt burdens and the need for capital investment. A descriptive and ex post facto design, utilizing simple and multiple linear regression analyses, was applied to examine the relationships between financial decisions, company value, and business risk using secondary data from publicly listed transportation services companies. Key measures to the variables are total asset changes, debt-to-equity ratio, dividend payout ratio, price-to-book value, and degree of operating leverage. Findings from 2013 to 2022 revealed that investment decisions averaged 3.53, financing decisions 8.45—exceeding the preferred range of 2.5:1 to 4:1—and the dividend policy had a mean of 0.65. The price-to-book value ratios exhibited a mean of 4.70, indicating high investor growth expectations, while business risk had a mean of -6.74, reflecting varying profitability responsiveness to sales changes. The study concluded that only financing decisions significantly affect company value, with no statistically significant impact on business risk. A booklet summarizing the findings, including visual trend representations from 2013 to 2022, was developed to help investors, especially beginners, make informed decisions.

Keywords: Financial Decisions, Company Value, Business Risk, Financing Decisions, Debt-to-Equity

I. INTRODUCTION

Transportation services companies worldwide face significant capital expenditures, including infrastructure construction, fleet procurement, and maintenance, further complicated by fluctuating fuel prices, changing regulations, and the need for technological advancements. To remain competitive, companies must engage in detailed long-term financial planning and risk

management. Key financial decisions such as investments, financing, and dividend policies are essential to ensure sustainability and enhance company value in the transportation sector.

In the Philippines, the transportation sector has been significantly impacted by the pandemic, exacerbating existing challenges. To overcome these obstacles, companies are turning to long-term loans, investing in infrastructure improvements, modernizing fleets, and adopting

sustainable financial practices. These efforts are essential to navigate the current economic climate and maintain operational efficiency. However, careful financial management is required to ensure the proper allocation of capital while addressing both short-term operational needs and long-term growth goals.

The financial decisions of transportation services companies listed on the Philippine Stock Exchange (PSE) have faced significant challenges over the years, even before the pandemic began. This is evident by analyzing the group's debt and equity position. The transportation industry, a crucial component of the global economy, is currently grappling with significant financial challenges that emphasize its relevance for this study. The high costs associated with purchasing and maintaining fleets and engineering facilities distinguish transportation companies from other industries. Effective financial management is essential to control these expenses while ensuring compliance with safety standards and maintaining operational efficiency. Poor financial management can lead to increased operational costs, reduced profitability, and diminished company value.

II. OBJECTIVES

The research was focused primarily on the role of education in shaping the investment decisions of beginner investors, specifically by examining the key variables. Moreso, this study aimed to determine the effect of financial decisions on company value, with business risk as mediation, for publicly listed transportation services in the Philippines during the period 2013-2022.

This study determined the effect of financial decisions on company value with business risk as mediation of the publicly

listed transportation services in the Philippines for the period 2013-2022.

Specifically, this answered the following questions:

1. What are the financial decisions when measured by:
 - 1.1 investment decision?
 - 1.2 financing decision?
 - 1.3 dividend policy?
2. What is the company value when measured by price to book value?
3. What is the business risk when measured by the degree of operating level?
4. Do financial decisions have a significant effect on company value?
5. Does business risk mediate the effect of financial decisions on the company value of the transportation services for the period 2013-2022?
6. Based on the findings, what information, education, and communication materials may be proposed for beginner investors and other stakeholders?

The study tested the hypotheses given below:

H0: There is no significant effect of financial decisions on company value.

H01: Business risk does not mediate the effect of financial decisions on company value.

III. MATERIALS AND METHODS

The study uses a descriptive research design to collect data, test hypotheses, and answer questions about the subject, aiming to systematically describe populations, situations, or phenomena. It investigates one or more variables using various research methods (McCombes, 2022). The ex post facto research design is also employed to explore the impact of financial decisions on company value, with business risk as a mediating factor. This approach involves defining the problem, reviewing literature, formulating hypotheses, listing assumptions, and

selecting appropriate data collection techniques (Tippins, 2023).

The research sheds light on the discussions in this study to help beginner investors in making informed investment decisions by analyzing key factors such as investment choices, financing decisions, dividend policies, company value, and business risk. It provided insights into the financial condition of the transportation industry and offered valuable information on industry-specific ratios, helping beginners make informed investment decisions using real-world data.

This study's theoretical framework is derived from the financial decisions described by Baht (2008), who states that modern financial management consists of three key decisions: investment, financing, and dividend decisions. The investment decision involves determining the total assets a firm need, categorized into long-term and short-term assets. The financing decision focuses on the firm's capital structure, aiming to balance risk and return while optimizing financial position. The dividend decision pertains to distributing profits to shareholders or retaining them for reinvestment to enhance market value. These three decisions are interconnected and play a crucial role in ensuring the firm's financial success and sustainability.

The researcher used secondary data from publicly listed transportation services financial decisions were evaluated through investment decisions, financing decisions, and dividend policies. The study utilized data from the Philippine Stock Exchange EDGE and audited financial reports accessed through company websites and credible sources like the Wall Street Journal. Covering a ten-year period from 2013 to 2022, the study analyzed dynamic changes and trends, including data from 8 out of 11 transportation services companies with complete financial records.

To analyze the effect of financial decisions on company value in transportation services companies listed on the PSE, with business risk as a mediator, the researcher used several measures:

1. **Company Value:** Represented by the price to book value ratio, which compares the market price per share to the book value per share, calculated as: $PBV = \text{Market Price per Share} / \text{Book Value per Share}$.
2. **Investment Decision:** Reflects the allocation of funds to meet short- and long-term goals, represented by changes in total assets, calculated as: $\text{Changes in Total Assets} = (\text{Total asset CY} - \text{Total asset PY}) / \text{Total asset PY} \times 100\%$.
3. **Financing Decision:** Represents the choice of financing sources, measured by the debt-to-equity ratio (DER), calculated as: $DER = \text{Total Debt} / \text{Total Equity}$.
4. **Dividend Policy:** Relates to the portion of net profit distributed as dividends, represented by the Dividend Payout Ratio (DPR), calculated as: $DPR = \text{Dividend per Share} / \text{Earnings per Share}$.
5. **Business Risk:** Represents the deviation from expected results due to uncertainties, measured by the Degree of Operating Leverage (DOL), calculated as: $DOL = (\text{Changes in EBIT}) / (\text{Changes in Sales})$, where $\text{Changes in EBIT} = \text{EBIT CY} - \text{EBIT PY}$ and $\text{Changes in Sales} = \text{Sales CY} - \text{Sales PY}$.

In this study, the researcher employed various statistical tools and techniques to analyze the gathered data. The mean was used to calculate the average value and describe the variables. Standard deviation was applied to quantify the dispersion of data in relation to the mean, helping to assess data distribution and describe variables. The researcher also utilized

multiple linear regression analysis, a method that extends simple linear regression to include several independent variables in predicting the outcome of a dependent variable while considering the effect of a mediating factor. Additionally, the study made use of graphical presentation to visually represent data through graphs, plots, and charts, and tabular presentation to organize data in rows and columns, facilitating easier reading and understanding.

IV. RESULTS AND DISCUSSION

This section presents a discussion of the findings of the study, analyzing the results in relation to the research objectives. It explores key insights, trends, and implications derived from the data, providing a comprehensive interpretation of the study's outcomes

A. Investment Decision

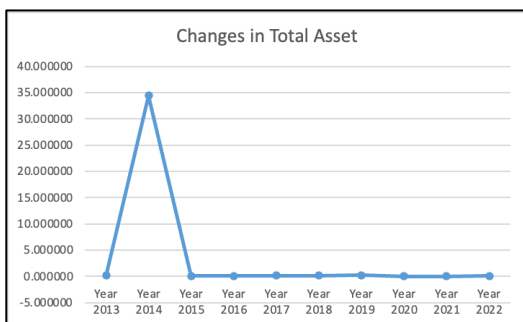


Fig. 1 Investment Decision of the Publicly Listed Transportation Services in Terms of Changes in Total Asset

Figure 1 shows significant changes in assets from 2013 to 2024, influenced by LBC Express Holdings, Inc.'s acquisition of LBC Express, Inc. (LBCE) through a backdoor listing in 2014. As a result, the consolidated financial statements reflected LBCE's financials, while the legal capital structure was attributed to the parent company, FED. From 2015 to 2019, asset fluctuations were moderate, with a mean value of 3.5302, indicating stable asset management. However, from 2020 onwards, asset values declined, with 2021

showing a slight negative mean due to the COVID-19 pandemic's financial impact. By 2022, assets showed a slight recovery, but the low standard deviation suggested more conservative asset changes. The data highlights significant shifts in certain years due to external factors or corporate decisions. According to BCG Global (2015), asset acquisitions in the transportation sector are driven by the need for rapid expansion, technological advancements, and increasing demand from e-commerce and global logistics. Figure 1 shows a notable spike in LBC's asset changes, with other companies following a consistent trend. FED's acquisition of LBC facilitated its backdoor listing on the Philippine Stock Exchange (PSE), allowing LBC to become publicly traded without an IPO.

Table I
Descriptive Statistics on the Investment Decision

Year	N	Minimum	Maximum	Mean	Std. Deviation
2013	8	(0.170000)	0.585000	0.131375	0.240441
2014	8	(0.143000)	274.811000	34.407250	97.137822
2015	8	(0.394000)	0.221000	0.073000	0.197137
2016	8	(0.120000)	0.199000	0.080875	0.101069
2017	8	0.001000	0.399000	0.167500	0.163725
2018	8	(0.059000)	0.385000	0.174500	0.136977
2019	8	0.055000	0.530000	0.199375	0.149507
2020	8	(0.186000)	0.339000	0.000125	0.174041
2021	8	(0.188000)	0.076000	(0.001750)	0.080297
2022	8	0.008000	0.126000	0.070125	0.041512
Total	80	(0.394000)	274.811000	3.530237	30.714428

B. Financing Decision

A financing decision determines how a corporation raises funds to support its investments and operations (Brealey et al., 2023).

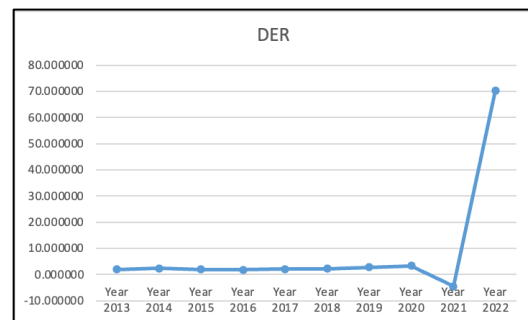


Fig. 2 Financing Decision of the Publicly Listed Transportation Services in terms of Debt-to-Equity Ratio

The average debt-to-equity ratio was 8.4478, with a deviation of 66.9982, significantly exceeding the commonly accepted range of 2.5 to 4. According to Sayer (2024), transportation companies operate in a capital-intensive industry, often relying heavily on debt to finance growth. While this is common, excessively high ratios increase financial distress risk if earnings fail to cover borrowing costs, with banks typically preferring a ratio between 2.5:1 and 4:1. From 2013 to 2020, debt-to-equity ratios remained relatively stable, ranging from 1.875 to 3.305, reflecting balanced financing within the bank’s preferred range. However, in 2021, a drastic shift occurred, with extreme fluctuations, including negative minimum values (-68.614 in 2021 and -52.005 in 2022) and inflated maximum values (593.217 in 2022).

Table II
Descriptive Statistics on the Financing Decision

Year	N	Minimum	Maximum	Mean	Std. Deviation
2013	8	0.088000	9.846000	1.985500	3.252854
2014	8	0.184000	9.578000	2.334500	3.067179
2015	8	0.225000	5.393000	1.923750	1.677252
2016	8	0.253000	4.962000	1.875375	1.617113
2017	8	0.800000	3.589000	2.158625	1.148221
2018	8	0.670000	4.021000	2.313000	1.176808
2019	8	0.705000	5.809000	2.768875	1.750153
2020	8	0.548000	5.985000	3.305125	2.178554
2021	8	(68.614000)	12.031000	(4.428625)	26.227607
2022	8	(52.005000)	593.217000	70.242000	212.220869
Total	80	(68.614000)	593.217000	8.447812	66.998153

The rising standard deviation (26.23 in 2021 and 212.22 in 2022) indicates extreme variability, suggesting that some companies became highly leveraged or faced financial distress. This shift was likely due to increased debt acquisition for capital expenditures, modern equipment, fleet upgrades, and facility improvements. While the industry maintained stable debt levels before 2021, recent trends highlight financial challenges arising from heavy debt financing and equity losses.

C. Dividend Policy

A company's dividend policy outlines its approach to distributing profits while balancing shareholder returns and business reinvestment. Stable or increasing dividends generally attract investors and maintain stock price stability, but companies may reduce payouts during financial stress to retain capital and minimize reliance on external funding (Ehrhardt & Brigham, 2020).

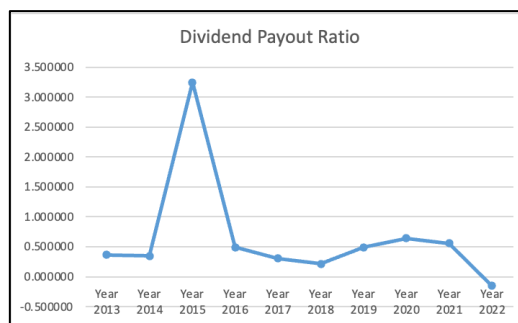


Fig. 3 Dividend Policy of the Publicly Listed Transportation Services in terms of Dividend Payout Ratio

Figure 3 highlights the dividend payout ratios of transportation companies listed on the Philippine Stock Exchange from 2013 to 2022, revealing a mix of stability and fluctuations. While most companies maintained a positive average payout ratio, some years showed notable variations. For instance, in 2015, ICT had a maximum payout ratio of 18.182, indicating strong profits or excess cash flow, whereas lower ratios in 2017 and 2018 suggested a more cautious approach, possibly due to reduced income or the need for reinvestment. With transportation companies comprising only 7% of dividend payers among all PSE-listed firms over five years (Lloren-Alcantara, 2020), the sector tends to prioritize reinvestment and financial reserves due to its capital-intensive nature. However, the industry’s average dividend payout ratio of 0.6504 over ten years indicates that companies paying dividends still return a significant portion of their profits to

shareholders, demonstrating a commitment to shareholder value. Meanwhile, firms such as CEB, LBC, LSC, MAC, MAH, and TUGS either declared no dividends or were selective in their distributions throughout the period.

Table III
Descriptive Statistics on the Dividend Policy

Year	N	Minimum	Maximum	Mean	Std. Deviation
2013	8	(0.464000)	1.250000	0.365375	0.602203
2014	8	0.000000	1.667000	0.346125	0.592718
2015	8	0.000000	18.182000	3.243750	6.286963
2016	8	0.000000	3.077000	0.489750	1.058212
2017	8	0.000000	1.184000	0.307250	0.433297
2018	8	0.000000	0.704000	0.217000	0.261476
2019	8	0.000000	2.451000	0.492000	0.828369
2020	8	(0.298000)	3.535000	0.642625	1.284465
2021	8	0.000000	3.812000	0.555000	1.334248
2022	8	(2.145000)	0.535000	(0.155125)	0.830740
Total	80	(2.145000)	18.182000	0.650375	2.216925

D. Company Value

The Price-to-Book Value (PBV) ratio measures a company's market value relative to its book value, helping investors assess shareholder value. Lower PBV ratios are typical of value stocks in industries like oil, finance, and utilities, while higher PBV ratios are associated with growth stocks in high-tech and telecommunications. A PBV ratio below 1 indicates that the expected return on equity is lower than shareholder requirements, whereas a ratio above 1 suggests the opposite (Vernimmen et al., 2015). Generally, firms with higher returns on common equity relative to investor expectations have higher PBV ratios.

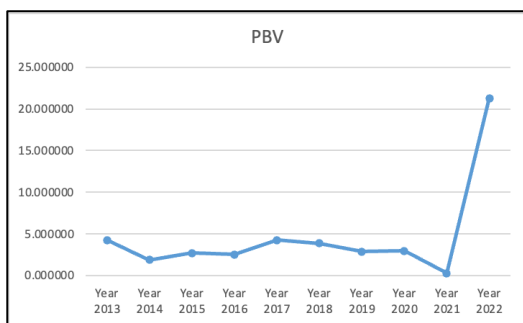


Fig. 4 Company Value of the Publicly Listed Transportation Services in terms of Price-to-Book Value

Figure 4 shows that from 2013 to 2014, PBV ratios remained relatively stable, with a mean of 4.28 in 2013 and a drop to 1.91 in 2014, indicating that companies were valued close to or slightly above their book value. However, a sharp increase in PBV occurred in 2021 and 2022, primarily driven by CEB and MAH. CEB's negative equity in 2022, dropping from Php10 billion to -Php2.9 billion, and MAH's recovery from -Php11 million in 2021 to Php1.26 million, caused abnormal spikes in PBV ratios. The mean PBV surged to 21.26 in 2022, with MAH contributing a maximum value of 155.46. At the same time, some firms reported negative book values, indicating financial distress. High standard deviations in 2021 (14.62) and 2022 (54.78) further highlight valuation disparities, suggesting market instability. This period reflects a volatile environment where companies were either significantly overvalued or undervalued, signaling uncertainty in market sentiment and future growth expectations.

Table IV
Descriptive Statistics on the Company Value

Year	N	Minimum	Maximum	Mean	Std. Deviation
2013	8	0.568000	20.116000	4.278375	6.552256
2014	8	0.512000	5.255000	1.908375	1.606431
2015	8	0.493000	10.512000	2.712375	3.261959
2016	8	0.600000	9.193000	2.517625	2.790192
2017	8	1.005000	11.754000	4.282625	4.248005
2018	8	0.773000	11.872000	3.876750	3.706546
2019	8	0.780000	5.890000	2.878250	2.084717
2020	8	1.210000	7.429000	2.978750	2.199614
2021	8	(33.152000)	17.174000	0.288125	14.617840
2022	8	(12.522000)	155.459000	21.262125	54.775638
Total	80	(33.152000)	155.459000	4.698338	18.062365

E. Business Risk

Business risk refers to the uncertainty in earnings from operations and consists of two main components: sales risk and operating risk. Sales risk pertains to how market and economic conditions affect the volume and pricing of goods or services, while operating risk relates to a company's cost structure, particularly its balance between fixed and variable costs. A higher proportion of fixed costs increases

operating leverage, meaning that a decline in sales will have a more significant impact on operating earnings. This relationship is measured through the degree of operating leverage (DOL) (Fabozzi et al., 2021).

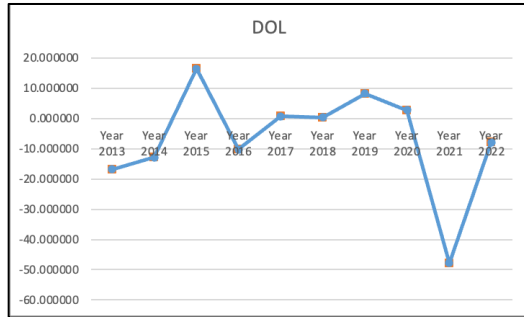


Fig. 5 Business Risk of the Publicly Listed Transportation Services in terms of Degree of Operating Leverage

Figure 5 presents DOL data for the transportation industry over a 10-year period, showing how sales changes influence profitability. The analysis examines the degree of operating leverage (DOL) in the transportation industry over a 10-year period, highlighting significant fluctuations in profitability. Negative DOL values in years like 2013, 2014, 2016, 2021, and 2022 indicate challenges for companies in covering their operating costs. A notable improvement occurred in 2015, with a positive DOL of 16.43, signaling a more favorable environment. However, the industry returned to negative DOL in the following years, with 2021 showing the lowest DOL value, likely due to the pandemic's impact.

MAC played a significant role in these fluctuations, with extreme negative DOL values in 2013 and 2014 due to increased operating expenses. In 2015, a rise in DOL occurred, driven by improved earnings from MAC and better performance from other companies like MAH, LSC, LBC, and CEB. However, 2016 saw a decline in LSC's DOL, reflecting a drop in profits. From 2017 to 2020, DOL stabilized, but the pandemic caused a sharp decline in 2020, with signs of recovery in 2022.

The analysis explains that a high DOL indicates a company's fixed costs are high, leading to greater profit potential but also greater risk if sales decline. Conversely, a low DOL suggests more variable costs, providing more stable profits with less risk. The DOL serves as a key indicator of business risk and profitability, with negative values suggesting that a company is not covering its fixed costs and may need adjustments to its cost structure.

The analysis also mentions how specific companies like LSC, CEB, and TUGS were impacted by various factors, including tax expenses and provisions for credit losses, influencing their overall financial performance and DOL.

Table V
Descriptive Statistics on the Business Risk

Year	N	Minimum	Maximum	Mean	Std. Deviation
2013	8	(131.019000)	3.320000	(16.877875)	46.204059
2014	8	(112.043000)	5.661000	(12.842125)	40.133457
2015	8	(13.591000)	51.890000	16.425875	23.620443
2016	8	(65.945000)	7.542000	(10.312500)	24.079330
2017	8	(23.154000)	20.656000	0.700250	11.885245
2018	8	(3.403000)	4.334000	0.277500	2.687989
2019	8	(0.297000)	45.198000	8.135250	15.356217
2020	8	(16.133000)	11.204000	2.743375	8.111358
2021	8	(276.019000)	3.717000	(47.833125)	100.452856
2022	8	(44.109000)	5.457000	(7.862250)	16.372612
Total	80	(276.019000)	51.890000	(6.744563)	40.908424

F. Effect of Financial Decisions on Company Value

This study examined three key financial decisions—investment, financing, and dividend payout—and their impact on company value. Investment decisions determine fund allocation for growth, financing decisions assess the best ways to raise capital, and dividend policies decide whether to reinvest profits or distribute them. These choices influence financial stability and success, with the study aiming to determine their statistical significance on company value. This also looks at how these decisions interact

and/or jointly influence the company value. It considers such factors whether it can shape the effectiveness of these financial decisions.

Table VI
Effect of Financial Decisions on Company Value

Company Value	B	Std. Error	t-value	p-value	Decision on H ₀	Interpretation
Constant	2.505	0.527	4.754	<0.001	Reject	Significant
Investment Decision	-0.01	0.016	-0.592	0.555	Failed to Reject	No Significant Effect
Financing Decision	0.262	0.007	34.973	<0.001	Reject	Significant Effect
Dividend Policy	0.027	0.226	0.119	0.906	Failed to Reject	No Significant Effect

Model Summary: R = 0.970; R² = 0.942
Regression Model: F = 408.399 p = <0.001

Using simple and multiple linear regression analyses, the study found that only financing decisions significantly affected company value, with a p-value of <0.001, leading to the rejection of the null hypothesis. In contrast, investment decisions (p=0.555) and dividend policies (p=0.906) showed no statistically significant effect. This suggests that increasing investments or dividend payouts does not necessarily impact company value, whereas financing decisions—particularly measured through the debt-to-equity ratio—play a crucial role. Companies with standard debt-to-equity ratios are perceived as stable, bolstering investor confidence, while excessive debt heightens financial risk, negatively affecting market perception.

These findings align with Triani and Tarmidi (2019), who demonstrated that a higher Debt-to-Equity Ratio (DER) tends to increase the Price-to-Book Value (PBV), as debt can enhance operational capacity. Investors and banks often interpret this as a sign of growth potential. However, McClure (2024) argues that PBV may not always reflect financial health, especially in highly leveraged industries, where liabilities can distort asset values and persistent losses can render PBV unreliable.

Comparing with Agung et al. (2021), whose study on food and beverage companies found investment decisions

and dividend policies to be more influential on company value than financing decisions, the difference in findings highlights industry-specific financial dynamics. Unlike transportation firms, food and beverage companies see minimal investor concern over debt levels, focusing more on investment effectiveness. Similarly, Sihwahjoeni and Bili (2020) found that investment, financing, and dividend policies impact business risk and company value differently, though investment decisions alone do not directly affect shareholder value.

Efni (2017) identified investment decisions as a major driver of company value in the real estate sector, while financing and dividend policies had minimal influence. Changes in funding strategies, such as shifting from short-term foreign loans to internal capital and preselling models, improved company value. This suggests that industry-specific factors shape the relationship between financial decisions and company performance.

Statistical analysis in this study supports these findings, with a regression coefficient (R) of 0.970, indicating a strong positive linear relationship between financial decisions and company value. An R-squared of 0.942 suggests that 94.2% of variations in company value can be explained by the independent variables. The high F-value (F=408.399) further confirms that financing decisions significantly impact company value. Overall, while investment and dividend policies contribute to financial strategy, financing decisions are the primary determinant of company value in the transportation sector.

G. Mediating Role of Business Risk on the Effect of Financial Decisions to the Company Value.

This study examined the mediating role of business risk in the relationship between financing decisions and company

value, as investment decisions and dividend policies were found to have no significant effect on company value. Business risk, defined as the uncertainty in generating sufficient revenue to cover operating expenses, is assessed using the Degree of Operating Leverage (DOL), which measures how sensitive a company's operating income is to changes in sales. A higher DOL indicates greater sensitivity and potentially higher risk due to fixed costs.

Table VII
Effect of Financing Decision on Business Risk

Business Risk	B	Std. Error	t-value	p-value	Decision on Ho	Interpretation
Constant	-7.173	4.624	-1.551	0.125	Failed to Reject	Not Significant
Financing Decision	0.051	0.069	0.736	0.464	Failed to Reject	No Significant Effect

Model Summary: $R = 0.083$; $R^2 = 0.007$
Regression Model: $F = 0.542$ $p = 0.464$

Table VIII
Effect of Business Risk on Company Value

Company Value	B	Std. Error	t-value	p-value	Decision on Ho	Interpretation
Constant	5.187	2.032	2.552	0.013	Reject	Significant
Business Risk	0.072	0.049	1.469	0.146	Failed to Reject	No Significant Effect

Model Summary: $R = 0.164$; $R^2 = 0.027$
Regression Model: $F = 2.158$; $p = 0.146$

Note: Since conditions (a) and (b) are not satisfied, business risk does not mediate the effect of financing decision to company value

The analysis of financing decisions and business risk reveals that the financing decision variable has a coefficient of 0.051, indicating a positive relationship with business risk. However, its p-value of 0.464 exceeds the 0.05 threshold, meaning the effect is not statistically significant. The R-value of 0.083 suggests a weak correlation, and an R^2 value of 0.007 shows that only 0.7% of the variation in business risk is explained by financing decisions. This suggests that financing decisions have little to no direct impact on business risk in the transportation industry.

The study aligns with Hayes (2024), which highlights that DOL reflects how sales fluctuations impact operating income. High operating leverage can lead to significant profit increases with sales growth but also increases risk if sales

decline. Similarly, Fernando (2024) emphasizes that the Debt-toEquity Ratio (DER) assesses financial leverage and risk, with high DERs indicating both greater risk and potential growth from debt-financed expansion. While DER relates to financial risk, DOL is associated with operational risk.

Comparing findings with Suharti et al. (2022), who identified a positive impact of financing decisions on business risk in the hotel industry, this study finds no such effect in the transportation sector. This aligns with Sihwahjoeni (2020), who found that financing decisions do not significantly impact company value when business risk is used as a mediating variable.

Further analysis of the relationship between business risk and company value (Table 3) also found no statistically significant effect, as the p-value (0.146) exceeded 0.05. The R^2 value of 0.027 indicates that business risk accounts for only 2.7% of the variation in company value, and the F-test p-value (0.146) confirms that business risk does not significantly explain differences in company value.

These findings are consistent with Digidowiseiso and Winarsih (2022), who found that while DOL has a positive effect on firm value, the effect is statistically insignificant. Similarly, Sihwahjoeni (2020) found that business risk does not directly impact company value, suggesting that variability in earnings before interest and taxes (EBIT) is not a strong determinant of firm value, particularly for companies that do not heavily rely on debt financing.

However, the findings contrast with those of Pangestuti et al. (2022), who found that business risk significantly impacts firm value in the mining industry. Their study showed a negative relationship, where higher business risk decreased firm value, aligning with

signaling theory. According to this theory, negative performance signals deter investment, leading to lower market valuation. Similarly, Bandanuji and Khoiruddin (2020) found that high business risk negatively affects firm value, as greater income variability signals instability and increases bankruptcy risk, driving down stock prices.

In conclusion, the impact of business risk on company value appears to vary by industry. In the transportation services sector, neither financing decisions nor business risk significantly influence company value. However, previous studies suggest that in other industries, such as mining or hospitality, business risk plays a more critical role in shaping firm value. These variations highlight the need for industry-specific financial strategies and risk management approaches.

V. CONCLUSION

From the findings obtained from the study, the following conclusion are drawn:

1. The investment decisions of transportation services companies listed on the Philippine Stock Exchange from 2013 to 2022 show an average of 3.53, while financing decisions average 8.45, exceeding the preferred range of 2.5:1 to 4:1, and the dividend policy has a mean of 0.65.
2. The Price-to-Book Value (PBV) ratios for transportation companies listed on the Philippine Stock Exchange exhibited a mean of 4.70 over the 10-year period, indicating that investors hold high growth expectations.
3. The business risk (DOL) in the Philippine transportation industry has shown a -6.74 mean over a 10-year period, indicating varying levels of profitability responsiveness to changes in sales.
4. This study investigates the impact of investment, financing, and dividend

policy decisions on the company value of publicly listed transportation services firms, revealing that only financing decisions significantly affect company value.

5. The findings reveal that financing decisions, measured by the debt-to-equity ratio, have no statistically significant impact on business risk or company value.
6. The researcher created a booklet that presents the study's findings, covering the relationships of key variables and providing visual representations of trends from 2013 to 2022, which will be beneficial to investors, especially beginners.

VI. RECOMMENDATIONS

Based on the conclusion and findings, the researcher recommends the following for beginner investors:

1. It is crucial to understand the standard ratios specific to each industry and analyze their financial performance. This involves examining where companies allocate their funds and the outcomes of those investments over the year. Additionally, it's important to consider your preferences as an investor— whether you prioritize receiving cash dividends or prefer seeing the company reinvest its earnings into expansion and growth.
2. To better understand these fluctuations, it would be useful to examine external factors like market sentiment, macroeconomic trends, or industry-specific developments. Investors should be cautious with high PBV ratios, as they may signal growth potential but also the risk of overvaluation, especially if not supported by strong fundamentals.
3. It is also important to examine their degree of operating leverage, which shows how the company's revenue

covers its expenses, how these expenses are allocated, and how the company's income fluctuates in response to changes in sales.

4. Future researchers and investors may explore the same topic across different industries or within the same industry, using alternative measures to validate, expand, or confirm the findings of this study, depending on their areas of interest. For researcher, if the results are consistent, the findings could be expanded on a larger scale and compared across different capital markets to verify the accuracy of capital structure and asset utilization.

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