THE INFLUENCE OF FINANCIAL MANAGEMENT POLICY TO COMPANY VALUE AND BUSINESS RISK AS INTERVENING VARIABLE

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Abstract

The company's main purpose is to optimize the value of the company, which will be achieved by implementing good management functions. The financial manager should be able in the financial decisions (investment decisions, financing decisions and dividend policy) effective for financial decisions taken will affect the other decisions and business risks. Objective: (1) To analyze the direct influence investment decisions, financing decisions, dividend policy against the risk of the business and the value of the company; (2) To analyze the effect of business risk on the value of the company; (3) To analyze the indirect influence investment decisions, financing decisions, dividend policy on firm value through business risk. The population of this research is the property and real estate company listed on the Stock Exchange in 2011 - 2015, with a sample of 14 companies. Methods of analysis used is path analysis. The results show that: (1) significant influence funding decision but investment decisions and dividend policy does not significantly influence the business risks. Funding decisions and dividend policy but investment decisions have a significant effect no significant effect on the value of the company. (2) The business risks no significant effect on the value of the company. (3) The investment decision, financing, dividend policy indirect effect on corporate value through business risk.

Keywords: Investment decisions, Funding decision, Dividend policy, The value of the company, The business risk.

1. Introduction

The company's goal is to optimize corporate value through increasing shareholders' prosperity. Increased shareholder prosperity is achieved by maximizing profits so as to increase investor interest to invest in the company. Corporate value can be measured through the value of market share price, which is a reflection of public assessment of the company's performance in real terms (Harmono, 2009: 50). The price of a stock as a proxy of the firm's value is the price to be paid by the prospective buyer if the investor wants to have proof of ownership of a company. The higher the stock price, the higher the shareholder's prosperity (Hasnawati, 2005).

The optimization of company value can be achieved through the implementation of the financial management function, whereby a financial decision taken will affect other financial decisions and affect the value of the company (Fama & French, 1998). The function of financial management consists of three forms of corporate policy, namely investment decisions, funding decisions, and dividend policy (Harmono, 2009: 6). Optimizing the combination of three financial policies if executed appropriately will maximize the value of the company which will further increase the wealth of the stockbrokers.

Investment decisions are important to the company, because the profits generated from those investments will have an impact in the future to maximize shareholder wealth. Investors in stock investing have the same objective of obtaining maximum returns with certain risks or obtaining certain returns with minimal risk, so there needs to be a careful evaluation process on profit and risk level predictions in investing. High gains accompanied by manageable risks, are expected to increase the value of the firm, which means raising shareholder wealth. Capital allocation decisions into investment proposals should be evaluated and linked to expected risks and outcomes.

The company's funding decision concerns the decision on the form and composition of funding to be used by the company (Husnan, 2006: 253). A funding decision or a decision on capital structure is an important issue for the company because the good of the capital structure will have a direct effect on the company's financial position that will ultimately affect the firm's value. A financial manager is required to be able to make funding decisions by considering the composition of debt and equity.

The dividend policy should be considered by the management of the company, since the dividend policy will involve the interests of shareholders with dividends and the interests of the company with its retained earnings. If the company chooses to share most of its net profit as dividend then retained earnings will be small so that funds for investment to the company will also be small, this will hamper the productivity of the company and affect the earnings and stock prices. Conversely, if the company chooses to hold most of its profits then the profit is distributed as a small dividend. Companies in making financial decisions in terms of dividend payout must be able to balance between the growth of the company and its shareholders.

Financial management decisions describe that managers must be able to make effective decisions with a long-term goal is to increase the value of the company. Business risk factors need attention in making financial decisions. Business risks arise due to the company's operations, if associated with the value of the company the higher the business risk of the company then the value of the company is also high means the company can work efficiently. According to Brigham & Houston (2013), business risk is an uncertainty about the projected return on assets in the future. The value of a company that has a high business risk because of the funding decision it chooses, will drop in the eyes of investors in the event of bankruptcy risk. Consequently, most of the company's assets will be sold to pay off large amounts of debt compared to returning the value of shares invested by investors.

Research on investment decisions, funding decisions, dividend policies, business risk and corporate value has been widely practiced. As in Bakar & Isnurhadi (2013) research found that investment decisions and funding decisions have a significant effect on business risk, but dividend policy has no significant effect on business risk. Siregar et al (2014) found that investment decisions and dividend policies have no significant effect on business risks. The Noble Research (2015), Bakar & Isnurhadi (2013) and Sugiharto (2014) found that business risk had a significant effect on firm value. Prasetia et al (2013) found that business risk has no significant effect on firm value. The research of Rakhimsyah (2011), Wijaya (2011), Arifin (2012), Bakar & Isnurhadi (2013), Fitriana (2014) and Mulia (2015) found that investment decisions significantly influence the value of the company, unlike Ustiani (2015) and Siregar Et al (2014) which shows the opposite result of the investment decision has no significant effect on the value of the company. Research Wijaya (2011), Arifin (2012), Prihapsari (2015) and Fitriana (2014) found that funding decisions have an effect on firm value, while Bakar & Isnurhadi (2013), Mulia (2015) and Ustiani (2015) That funding decisions have no significant effect on firm value. Research from Wijaya (2011), Arifin (2012), Fitriana (2014), Ustiani (2014) and Rakhimsyah (2011) indicate that dividend policy has significant effect to company value, in contrast to Bakar & Isnurhadi (2013) and Afzal (2012) Dividend policy has no significant effect on company value. The Bakar & Isnurhadi (2013) study found that the role of business risk as mediating the effect of financing decisions on the value of full-fledged corporations and business risks does not play a role in mediating the influence of investment decisions and dividend policies on corporate value. In the study Siregar et al (2014) proves that business risk can not be a mediation between investment decisions and dividend policies with firm value. This research is interesting to investigate, given the absence of consistency of the results of previous studies.

Research purposes.

This study aims to: 1) Analyze the direct influence of investment decisions, funding decisions, and dividend policies on business risks. 2) Analyze the direct influence of business risk on firm value. 3) Analyze the direct influence of investment decisions, funding decisions, and dividend policy on corporate value. 4) Analyzing the indirect effect of investment decisions, funding decisions, and dividend policy on corporate value through business risk.

2. Theoretical Fremework and Hypothesis Development

The value of the firm is the present value of the expected cash flow and discount rate of return reflecting both the company's risk and the financing mix used. According to Gitman (2003: 15): "The goal of the firm, and therefore of all managers and employees, is to maximize the wealth of the owners for whom it is being operated". The purpose of maximizing the value of the company is related to financial decisions, so that every decision should be aimed to increase the company's stock price.

According to Brigham & Houston (2001) that the purpose of financial management is to maximize shareholder wealth and the main purpose of management decisions is to consider the risks and timing associated with forecasting earnings per share to maximize stock prices. The stock price is a reflection of the stock prosperity which is the goal of management in maximizing the value of the company.

Agency theory is often called the term principal and agent, which is referred to as the principal is a shareholder and the so-called agent is the management that manages the company. One important thing in financial management, that company's goal is to maximize shareholder wealth which is interpreted as maximizing share price (Sartono, 1996). It often means that the manager appointed by the shareholder must act in the interest of the shareholders. But often the relationship between shareholders and management is "poor" because of a conflict of interest or agency problem.

Jensen dan Makling (1976), manajemen merupakan agen dari pemegang saham, sebagai pemilik perusahaan, para pemegang saham berharap agen akan bentindak atas kepentingan mereka sehingga mendelegasikan wewenang kepada agen untuk dapat melakukan fungsinya dengan baik, manajemen harus diberikan intensif dan pengawasan yang memadai. Di perusahaan besar *agency ploblem* sangat potensial terjadi karena proporsi kepemilikan perusahaan oleh manajer relatif kecil. Konflik lain yang potensial terjadi dalam perusahaan besar adalah antara *stockholder* dan *debtholder*. Kreditur memiliki hak atas sebagian laba perusahaan dan sebagian asset perusahaan dalam kasus kebangkrutan. Sementara itu pemegang saham memegang pengendalian perusahaan yang mungkin akan menentukan profitabilitas dan risiko perusahaan.

Investation decision

Investment is an investment of one or more assets or certain things owned by the company within a certain period in the hope of bringing in future profits, the parties who invest the base of individual investors or institutional investors (investors from financial institutions such as banking and Investment company). In making investments, investors consider expected returns to a certain level and consider the presence of risk factors and the right time to invest. The purpose of investment decisions is to obtain a high level of profit with a certain level of risk. Investment decisions are often called capital budgeting problems, it is a matter of how managers should allocate funds into investment forms that will be profitable in the future (Gitosudarmo and Basri, 2000: 11). High gains accompanied by manageable risks are expected to increase the value of the company, which means increasing shareholder wealth. The growing company, in the consideration of making investment decisions becomes relatively difficult. Investments made by the company can be long-term or short-term, one form of short-term investments such as investments in cash, short-term securities, receivables, and inventories while long-term investments such as land, buildings, vehicles, machinery, production equipment, And other fixed assets.

Funding Decisions.

Funding decisions describe the company in making funding decisions whether using short-term debt, term debt or equity. Financial managers are required to consider and analyze the combination of economically viable resources for the company to finance routine needs in its business activities (Gitosudarmo & Basri, 2000: 11). Each company expects an optimal funding structure in order to maximize company value and minimize capital costs. This is why a funding decision is needed that discusses the sources of funds divided into two types: external financing that will lead to decision-making on capital structure by determining the proportion between long-term debt and equity owned and internal funding applied under dividend policy. Capital structure is the consideration of the amount of short-term debt that is permanent, long-term debt, preferred stock and common stock (Sartono 2001: 225). In other words, that capital structure is part of the financial structure. A good capital structure has a proportional percentage between internal and external fund sources so that all liabilities can be settled and company objectives can be achieved. If the company uses more debt, it will lower the value of the company and directly increase the risk, because the company at that stage is burdened with the ability to pay obligations.

Dividend Policy.

Dividends are the share of profits paid by the company to shareholders (Gitosudarmo & Basri, 2000: 11). The amount of dividends paid depends on the profits earned by the company and the proportion of earnings distributed to shareholders, of course, affects the achievement of the purpose of maximizing shareholder welfare. The dividend policy is the percentage of earnings paid to the shareholders in the form of cash dividends, the maintenance of dividend stability over time, the distribution of stock dividends, and the purchase of shares again (Harmono,2009: 12). For dividend investors is a component of return other than capital again. Brigham & Houston (2001) states in the signaling theory that investors consider dividend changes as the terms and estimates of the management of earnings and in the tax preference theory assumes that low dividend payouts tend to be favored by investors, because the tax rate borne by investors in terms of dividends received is greater than the tariff Tax on long-term capital gains, taxes on profits will not be paid until the shares are sold, and the tax abolition due to shareholder's death.

Business Risk.

Risk is a situation in which the possibility of loss / hazard may be predicted by using reliable / relevant data / information available (Gitosudarmo & Basri, 2000: 16). Risk is a deviation of the results obtained from the expected outcome plan. Risk occurs due to uncertainty of the situation in the future. In the planning of its activities should take into account the uncertainty of the future, and perhaps unavailability as expected, the circumstances of the business environment may occur unfavorable changes and so forth (Gitosudarmo & Basri, 2000: 16). According to Bigham & Houston (2004) that risk is differentiated into business risk and financial risk. Business risk describes the level of risk of fixed assets if not using debt, while financial risk involves additional risk for common shareholders due to additional debt. A company engaged in a business environment at this time will not escape the competition. According to Yogi (2006: 209) said that managers in making decisions can be divided into three circumstances, namely the state of certainty, risk, and uncertainty. Certainty is a condition that produces only one possibility. Risk is a condition that produces more than one possibility (generally of disadvantage), but each possibility can be accounted for. Uncertainty is a condition that produces more than one possibility and can not be predicted or taken into account. Risk and return are the two keys that determine the value of a company. Therefore, financial managers are responsible for assessing the risk and return of all major decisions carefully in order to ensure that expected returns match certain risks.

2.1 The Influence of Investment Decisions Against Business Risk.

Investors in investing consider expected returns to a certain level and consider the risk factors. Company management in making investment decisions, will estimate the amount of investment, investment time, assess investment risk, and consider the impact of the investment on the company's earnings. The greater the dependence the company gains the less risk. Research conducted by Rini (2012), Riyanto (2001) and Siregar et al (2014) stated that investment decisions relate to determining the total amount of existing assets in the company, the composition of the assets and the risks of its business. The magnitude of risk in the assessment of investment will affect the amount of results expected by investors. Bakar & Isnurhadi (2013) found that investment decisions have a significant effect on business risks. Effective investment decisions should take account of business risks. From the above statement, the first hypothesis of this study are:

H1: Investment decisions have a significant effect on business risks.

2.2 Effect of Funding Decisions on Business Risk

The funding decision describes the company in making funding decisions whether using short-term debt, long-term debt or equity. The advantage of using debt for the company is the interest cost of the fixed debt, the interest cost reduces the tax burden and the lender has no voting rights at the time of decision making. The use of debt also has a disadvantage because the greater debt will increase the ratio of debt to the company's capital, so that the risk of the company becomes larger if the operations are funded by debt shows poor performance then the operating income becomes low and not enough to cover the cost of interest so that the owner's assets decreases. Bakar & Isnurhadi (2013) found that funding decisions have an effect on business risk. From the above statement, the second hypothesis of this study are:

H2: Funding decisions have a significant effect on business risks

2.3 Effect of Dividend Policy on Business Risk.

The dividend policy is the percentage of profit paid to the shareholders in the form of cash dividends, the maintenance of the dividend stability over time, the distribution of stock dividends, and the purchase of shares again (Harmono, 2009: 12). In the dividend distribution the company considers the proportion of shareholder and reinvestment in the company. The determination of the company's dividend policy affects the company's risk and ultimately affects the company's value. On the policy of high-paying dividends (Bird In The Hand Theory) in say that dividend payments reduce uncertainty which means reduce risk, further reducing the level of profit required by shareholders. Bakar & Isnurhadi (2013) and Siregar et al (2014) found that dividend policy has no significant effect on business risk. From the above statement, the third hypothesis of this study are:

H3: Dividend policy has no significant effect on business risk.

2.4 Effect of Business Risk on Corporate Value.

Risk and return are the two keys that determine the value of a company. Therefore, financial managers are responsible for assessing the risk and return of all major decisions carefully in order to ensure that expected returns match certain risks. Business risks arise due to the company's operations, if associated with the value of the company the higher the business risk of the company then the value of the company is also high means the company can work efficiently. Sugiharto (2014) and Mulia (2015) found that business risk had a significant effect on firm value. From the above statement, the hypothesis of this study are:

H4: Business risk has a significant effect on company value

2.5 Effect of Investment Decision on Corporate Value

According to Fama (1978), corporate value is solely determined by investment decisions. The opinion can be interpreted that investment decision is important, because in achieving company goal will only be generated through company investment activity. If in investing the company is able to generate profits by using the company's resources efficiently, then the company will gain the trust of potential investors to buy its shares. High value shares reflect good corporate value. The higher the growth rate of a company, the higher the assessment and the level of investor confidence in the company (Fitriana, 2014). The results of research from Rakhimsyah (2011), Wijaya (2011), Arifin (2012), Bakar & Isnurhadi (2013), Fitriana (2014) and Mulia (2015) found that investment decisions significantly affect the value of the company. From the above statement, the fifth hypothesis of this research are:

H5: Investment decisions have significant effect on firm value

2.6 Effect of Fund Decision on Corporate Value

The funding decision is defined as a decision concerning the company's financial structure. Each company expects an optimal funding structure in order to maximize company value and minimize capital costs (Rini, 2012). There are two views on funding decisions. The first view is known by the traditional view that capital structure affects firm value. A second view is proposed by Modigliani and Miller (1980) which suggests that capital structure does not affect firm value. The better the funding decisions made by the company will have a more positive impact on the improvement of company value.

The results of research from Wijaya (2011), Arifin (2012), Prihapsari (2014) and Fitriana (2014) found that funding decisions have significant effect on firm value. From the above statement, the hypothesis of this study are:

H6: Funding decisions have a significant effect on corporate value

2.7 Effect of Dividend Policy on Corporate Value.

The dividend policy is the percentage of profit paid to the shareholders in the form of cash dividends, the maintenance of the dividend stability over time, the distribution of stock dividends, and the purchase of shares again (Harmono, 2009: 12). The determination of the amount of dividends distributed to shareholders becomes very important and it is the duty of the financial manager to take the optimal policy. This means that financial managers must be able to determine the policy that will balance the current dividend with the level of dividend growth in the future, so that the value of the company can be improved. The results of research from Wijaya (2011), Rakhimsyah (2011), Arifin (2012), Fitriana (2014), and Ustiani (2014) found that dividend policy had a significant effect on company value. From the above statement, the hypothesis of this study are:

H7: Dividend decisions have a significant effect on firm value.

2.8 Effect of Investment Decision on Corporate Value through Business Risk

Investors in investing consider expected returns to a certain level and consider the right risk factor and time to invest. The purpose of investment decisions is to obtain a high level of profit with a certain level of risk. High gains accompanied by manageable risks are expected to increase the value of the firm, which means raising shareholder wealth (Bakar & Isnurhadi, 2013). An investor buys a number of current stocks in the hope of gaining a share price increase or a dividend in the future, in return for the time and associated risks. Bakar & Isnurhadi (2013) and Siregar (2014) found that business risk does not play a role as mediating the influence of investment decisions on corporate value. From the above statement, the eighth hypothesis of this study are:

H8: Investment decisions do not indirectly affect company value through business risk.

2.9 Effect of Fund Decision on Corporate Value through Business Risk

The funding decision is a decision of the use of funds to engage in investment activities derived from foreign capital or equity. If the company uses too much debt, it will lower the value of the company and directly increase the risk, because the company is burdened with the ability to pay obligations. Properly considered bind risk will avoid the company from possible bankruptcy. This is because the higher the debt the greater the interest that is paid then the possibility of not paying higher interest will be greater. The higher the business risk faced, the company's value will decrease. Each company expects an optimal funding structure in order to maximize company value and minimize capital costs. Bakar & Isnurhadi (2013) found that the role of business risk as a mediator of funding decision makers to the value of companies that are full mediation. From the above statement, the hypothesis of this study are:

H9: Funding decisions have an indirect effect on corporate value Through business risk

2.10 Effect of Dividend Policy on Corporate Value through Business Risk

Dividends are the share of profits paid by the company to shareholders (Gitosudarmo & Basri, 2000: 11). High dividend payments will reduce the risk of uncertainty which will further reduce the level of profit implied by shareholders. Because the uncertainty factor is reduced, investors are willing to pay high prices for stocks with high dividends. The uncertainty factor poses a business risk to the company because of the ability to pay dividends into the spotlight for investors. Bakar & Isnurhadi (2013) & Siregar et al (2014) found that business risk can not be a mediation between dividend policy and firm value. From the above statement, the hypothesis of this study are:

H10: The dividend policy has no direct effect on the value of the company through Business risk.

3. Research Method

3.1 Research Design

Based on the research objectives above, this research includes explanatory or confirmatory research that is done by explaining the symptoms caused by an object of research, test and give a causal explanation or relationship between variables through hypothesis testing.

3.2 Types and Data Sources

The type of data used is secondary data and data source used in this study is Indonesia Capital Market Directory (ICMD) in 2011 - 2015.

3.3 Population and Sample

Population in this research is all property company and real estate listed (listing) at Indonesia Stock Exchange (BEI) that is as many as 59 companies. In the research sample selection using purposive sampling method with criteria as berigut: 1) Property and real estate companies have complete financial report data in the period 2011-2015 (mainly items of financial statements used to calculate the ratios listed in this study) . 2) Companies that make financial statements with units of rupiah currency. 3) The Company obtains positive business results or profits continuously during the 2011-2015 research year. 4) Companies paying dividends continuously during the period of observation (2011-2015). The results of the sample in this study are 14 companies of property and real estate industries listed (listing) on Indonesia Stock Exchange (IDX) period 2011-2015.

3..4 Data Analysis Method

Path analysis (path analysis) is a technique for analyzing the causal relationships that occur in multiple regression if the independent variables affect the dependent variable not only directly but also indirectly. (D. Rutherford, 1993 in sarwono, 2007). The reason for the use of path analysis in this study is because: (1). Relationships between variables are linear, adaptive and normal. (2). Only a causal flow system in one direction means no inverted causal direction. (3). The dependent variable is minimal in the interval and ratio scale. (4). The model analyzed is correctly identified based on relevant theories and concepts. The equation can be seen as follows:

$$Z = PZX_1+PZX_2+PZX_3+€_1$$

$$Y = PYX_1+PYX_2+PYX_3+PZY+€_2$$

Caption:

Y: The value of the company

Z: Business risk

X1: Investment Decision

X2: Funding decision

X3: Dividend policy

€ 1, € 2: Error

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	1,421	,393		3,612	,001
	PPE/BVA	,934	1,025	,117	,911	,365
	DER	,257	,152	, 222	1,692	,095
	DPR	,734	,370	,236	1,982	,052
	DOL	,199	,256	,095	,779	,439

4. Result

4.1 path Analysist

Analysis technique used in this research is path analysis or path analysis. Path analysis is used to determine the direct and indirect effects of investment decision variables (X1), funding decisions (X2), dividend policy (X3), to business risk (Z) and firm value (Y), and influence between business risk variables (Z) against company value (Y). In this research, anlaysis path is done by using software SPSS for windows versions 22, with the following results:

Tabel 4.1

Result of regression analysis

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	,710	,168		4,228	,000
	PPE/BVA	,122	,493	,032	,247	,805
	DER	-,148	,071	-,268	-2,097	,040
	DPR	-,047	,178	-,032	-,264	,792

a. Dependent Variable: DOL

Coefficients[a]

a. Dependent Variable:PBV

From the results of the analysis that has been done to measure the regression coefficients of investment decisions (X1), Funding Decision (X2), Dividend Policy (X3), Business Risk (Z) and Corporate Value (Y). The equation, as follows:

$$Z = 0{,}122\ (X_1) - 0{,}148\ (X_2) - 0{,}047\ (X_3) + e$$
$$Y = 0{,}934\ (X_1) + 0{,}257\ (X_2) + 0{,}734\ (X_3) + 0{,}199\ (Z) + e$$

4.2 Test of Hipotesis

Hypothesis test is used to know the significance of the influence of independent variables to the dependent variable. To see the magnitude of the influence of investment decision variables (PPE / BVA), funding decisions (DER), and dividend policy on business risks (DOL) and the influence of investment decision variables (PPE / BVA), funding decisions (DER), and policies Dividend (parliament) on par value of company (PBV), t test is used, while to see the magnitude of influence, use Beta number or Standardized Coeffecient. To know the significance of path analysis compare between probability value 0,05 and probability value 0,10 with Sig probability value and decision making base. The result of the calculation as follows:

Table 4.2
Calculation results from each path

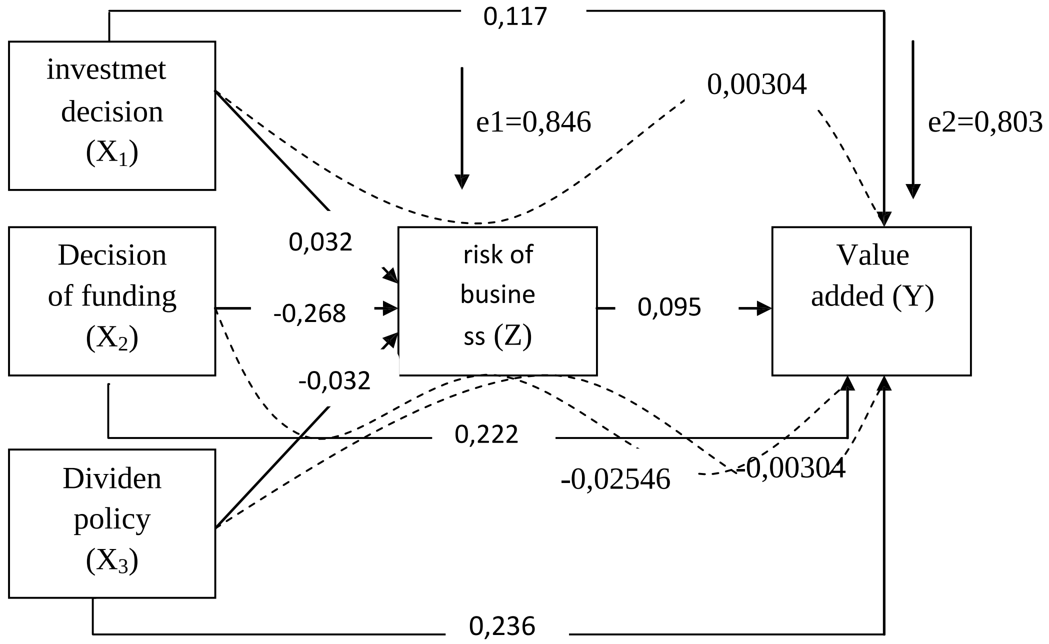
Path	**Sig.**	**T research**	**T table**	**Explanation**
X_1 to Z	0,805	0,247	1,996	no sig.
X_2 to Z	0,040*	-2,097	1,996	Sig.
X_3 to Z	0,792	-0,264	1,996	no sig.
X_1 to Y	0,365	0,911	1,996	no sig
X_2 to Y	0,095**	1,692	1,668	sig.
X_3 to Y	0,052**	1,982	1,668	Sig.
Z to Y	0,439	0,779	1,996	no sig.

* probabilitas value 0,05
** probabilitas value 0,10

4.4 Calculation of Influence

Based on the table of t test results, it can be known the beta coefficients into the value of each path, to facilitate the process of calculating the path then the following will be presented images containing the size of beta of each path.

Figure 4.1
Result of path coeficient



Caption :

.... : indirect influence
——— : direct influence

4.5 Discussion

4.5.1 The Influence of Investment Decisions Against Business Risk

Based on the results of the study, investment decisions have no significant effect on business risk. The results of this study contradict the hypothesis (H1). These results can be interpreted that investment decisions on property and real estate companies invest more long term, such as land, buildings, etc. are experiencing risks in the long run. According to the theory of risk and return proposed by Markowits (1995) that companies or investors are willing to invest when generating a certain return (return) with the least extreme risk close to zero. Investors will invest in the company if the investment has a small risk and generate returns for investors, so if business risks are increasingly controlled then investment decisions have no effect on business risks. In making investments, investors consider expected returns to a certain level. The results support the research of Siregar et al. (2014) which states that investment decisions have no significant effect on business risks for firms in manufacturing industries of miscellaneous industries but are not in line with research from Bakar & Isnurhadi (2013), which states that investment decisions have significant effect Of business risk to companies listed on the Stock Exchange. The bigger the investment, the greater the risk of business, because the magnitude of risk in the assessment of investment will affect the amount of results expected by investors. With the rapid business competition, the right investment decisions will predict the risks that will be experienced by the company.

4.5.2 The Influence of Funding Decisions Against Business Risk.

The results showed that the decision of funding decision has significant effect to business risk. The results of this study are in accordance with the hypothesis (H2) which states that funding decisions have a significant effect on business risk, where the use of large debt will increase the risk of large business. Property and real estate companies require substantial funding on a project, so companies need short-term debt and long-term debt. The use of debt has a disadvantage because the larger debt will increase the ratio of debt to the company's capital, so the risk of the company becomes larger and if the operations are funded by debt shows poor performance then the operating income becomes lower and not enough to cover the interest cost so that the owner's assets decreases . With a large debt the company is burdened with the ability to pay the obligations / debt. Financial managers are required to consider and analyze the combination of economically viable resources for the company to finance routine needs in its business activities (Gitosudarmo & Basri, 2000: 11). The results of this study support previous research from Bakar & Isnurhadi (2013), which states that the direct influence of funding decisions on business risks is significant in companies listed on the BEI.

4.5.3 Effect of Dividend Policy on Business Risk

The results show that dividend policy has no significant effect on business risk. The results of this study in accordance with the hypothesis (H3), where the greater the company pay dividends will not affect the level of business risk on the company. This result can mean that investors in property and real estate companies already trust companies in the company's operations to generate profits and distribute dividends to shareholders, so that trust and good policy will not happen business risk. On the policy of high-paying dividends (Bird In The Hand Theory) in say that dividend payments reduce uncertainty which means reduce risk, further reducing the level of profit required by shareholders. Risk will increase if the company can not pay dividends. The results of this study support previous research conducted by Bakar & Isnurhadi (2013) and Siregar et al (2014).

4.5.4 Effects of Business Risk on Corporate Value.

The result of business risk research has no significant effect on firm value, this is contrary to hypothesis (H4). Means that business risks that occur in the company does not cause increase or decrease the value of the company. Property and real estate firms business risks arising from growing corporate debt do not affect the value of firms, as property and real estate firms are very sensitive to the economic ups and downs, as evidenced by more and more expanded property and real estate developments Landbank (land assets) to expand business. Based on the theory of business risk relation with firm value is not explicitly exist in risk and return theory which is said that high risk will cause expected return of high investor next company value low. This result is not in accordance with the theory of trade offs that the greater the debt the greater the risk of bankruptcy borne so as to cause the value of the company to be down. This result supports the research of Prasetia et al (2013), but the results do not support from Siregar et al (2014) study which stated that business risk has significant effect to company value.

4.5.5 Effect of Investment Decision on Corporate Value.

The results showed that investment decision has no significant effect on firm value, this is not in accordance with hypothesis (H5). These results can be interpreted These results can be interpreted the value of corporate property and real estate companies in a weak condition is not influenced by investment. Investing in property and real estate companies is more about long-term investments. The occurrence of insignificant investment decisions on the value of this company dikarekan capital issued for small investment. The small amount of capital spent to invest makes investment companies less developed so that the results do not give a good signal, without a good signal for investors then the stock price is relatively fixed and certainly does not affect the value of the company. The results of this study are consistent with research from Ustiani (2015) and Siregar et al (2014), but this research is not in line with Rakhimsyah (2011), Arifin (2012), Bakar & Isnurhadi (2013), Fitriana (2014) and Mulia (2015), Which found that investment decisions have a significant effect on firm value. It is this that maximizing the value of the firm will be obtained through the selection of investment that gives a positive net present value. According to Chan et al (1990) and Fama French (1998) that investment spending gives a positive signal about the growth of the company and the growth of stock capitalization in the future so that there is an increase in overall value of the company.

4.5.6 The Influence of Funding Decisions on Corporate Value.

The results showed that the decision of funding decision has significant effect to firm value. The results of this study are in accordance with the hypothesis (H6), whereby the greater the amount of debt measured by DER contributes to the increase in the value of the company reflected in the PBV. This result can be interpreted that property company and real estate more use debt in company's operation, if company able to pay obligation / debt, company is considered good, so can increase company value. Increased debt can also be interpreted by outsiders about the company's ability to pay its future obligations or low business risk, so that the addition of debt has given a positive signal (Brigham and Houston, 2001). According to the MM theory with taxes and trade off theory that Donaldson said that the greater the debt to finance the company's operations is increasing the value of the company. De Angelo and Masulis (1980) argue that if funding is financed through debt, then the increase in corporate value is due to the tax deductible effect, ie the company that has the debt will pay interest on the loan that can reduce the taxable income, which can provide benefits to shareholders. If the increase of company funding through retained earnings or issuance of new shares, then the financial risk of the company is getting smaller. The results of this study are in line with research from Wijaya (2011), Arifin (2012), Prihapsari (2014) and Fitriana (2014) found that funding decisions have a significant effect on firm value.

4.5.7. Effect of Dividend Policy on Corporate Value.

The result of research shows that dividend policy has significant effect to company value. This result is in accordance with the hypothesis (H7), where the amount of dividend given by the company to the investor influences the increase of firm value. These results indicate that property and real estate companies are able to generate maximum profit / profit, so they can distribute dividends as per expectations from investors. The results of this study supported the theory of relevance Theory MM and Bird on the hand Theory which in Gordon (1961) relevance theory says that dividend payout will increase the value of the company with the following explanation: firms paying dividends create a positive impression for investors about the prospects of corporate earnings in the future which will come. Positive impression of the company responded by the market with rising stock prices which also means increasing the value of the company. The results of this study are in line with research from Wijaya (2011), Rakhimsyah (2011), Arifin (2012), Fitriana (2014), and Ustiani (2014).

4.5.8 The Influence of Investment Decisions on Corporate Value Through Investment Risks.

The result of path calculation that there is no indirect influence of investment decision to firm value through business risk. These results are in accordance with the hypothesis (H8), meaning that investment decisions do not have a large effect on the small business risks of a company. The small amount of capital spent on investment makes the investment company less developed, so the result is less and does not give a good signal, without a signal for investors then the stock price is relatively fixed and certainly does not affect the value of the company, so there is no relatively big risk. It can be concluded that if the risk is more manageable then the investment decision does not affect the risk. The results of this study support the results of research from Bakar & Isnurhadi (2013), Siregar et al (2014), and Eni (2012).

4.5.9 The Influence of Funding Decisions on Corporate Value through Business Risk

The result of path calculation is known that there is no indirect effect of funding decision to company value through business risk. This result conflicts with the hypothesis (H9) which states that funding decisions have an indirect effect on firm value through business risk. This means that funding decisions have no significant effect on the small business risks of a firm. This result means that property and real estate firms use more of their own capital than debt for the company's operations and for the purchase of corporate assets, so that small-company debt does not affect corporate risk and firm value. Companies that do funding for the company's operations will not be hampered by business risks in increasing corporate value. Funding decisions related to external funding sources to companies face business risks on the use of some funds from outside the company. Does not support the trade-off theory of more debt-financed companies, the higher the business risks faced by the greater the interest expense that must be paid and the possibility of not paying more. The company will focus on its debt obligations. The results of this study are not in line with the research of Bakar & Isnurhadi (2013) and Efni (2012).

4.5.10 Effect of Dividend Policy on Corporate Value through Business Risk.

The result of path calculation is known that there is no indirect effect of dividend policy toward company value through business risk. This result is in accordance with the hypothesis (H10) which states that dividend policy does not indirectly affect the value of the company through business risk, meaning that dividend policy does not have a big influence the small business risks of a company. This result means that property and real estate firms have different policies in distributing company profits, more firms share as retained earnings rather than dividends. Signaling theory plays a role in dividend policy because the signaling theory states that dividend payouts are used as a signal for the company to inform future prospects. If the company feels a good future prospect then the company warns the dividends paid and preferably if future prospects decrease then the company will lower the dividend payout. The results of this study do not reinforce the signaling theory which is also in dividend policy because the signaling theory states that dividend payout is used as a signal for the company to inform the prospect of the company in the future. If the company feels the prospects of the company in the future will be good then the company increases the dividend paid and vice versa if the future prospects decreased then the company will reduce the payment of dividends. Increasing and decreasing dividend payout will have an impact on company risk. The results of this study are different from theories because when the dividend payout leads to investor behavior that is more concerned with the future growth prospects of the company (long term) compared to the current dividend payout. Therefore, the amount of dividend given does not directly or indirectly affect the value of the company. The results of this study support the results of research Bakar & Isnurhadi (2013) and Siregar et al (2014) which the results show that the risk can not be a mediation between investment decisions with the value of the company.

5. Conclution, Implication, and Recomendition

5.1 Conclution.

The results can be concluded as follows:

1. Funding decisions have a significant effect on business risks, but not with investment decisions and dividend policies that have no significant effect on business risks.
2. Business risk has no significant effect on firm value.
3. Investment decisions have no significant effect on firm value, but funding decisions and dividend policies have a significant effect on firm value.
4. Investment decisions, funding decisions and dividend policies have no direct effect on the value of the firm through business risks.

5.2 Implications.

The implications of this research are:

1. Companies should use long-term debt because this type of company is engaged in property that invest more in land, housing.
2. Companies should be able to maintain the good name of the company, and can control business risks to remain small so that will result in high returns.
3. The company should consider dividend distribution.

5.3 Recomendition

Suggestion given from result of this research are:

1. The researcher further adds to the study period (more than 5 years), and other research objects.
2. The next researcher should use other measures / proxies for investment decisions, funding decisions, and dividend policies.

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