

The Effect of Inflation Rate and the Indonesian Sharia Stock Index (ISSI) on the Growth of Corporate Sukuk in Indonesia (2016-2021 Period)



Mahrus Sholeh¹, Vivin Maharani Ekowati²

^{1,2}Master of Sharia Economics, UIN Maulana Malik Ibrahim Malang, Indonesia

ABSTRACT: Long-term securities that are based on sharia principles are also called corporate tribes. This corporate sukuk is issued by issuers to sharia bondholders who then oblige the issuer to pay income to sharia bondholders in the form of profit sharing or margin and repay the bond funds when the time is due. One of the factors that can affect the growth of sukuk are macroeconomic variables, namely inflation and the Islamic stock index (ISSI). This study aims to determine how the influence of inflation and the Indonesian Islamic stock index (ISSI) on the growth of corporate sukuk in Indonesia partially or simultaneously. The type of research used is descriptive research. Then the data used in this study is secondary data obtained from the documentation of the financial services authority (OJK). Data analysis in this study used multiple linear regression using SPSS. The results of this study show that the inflation rate and the Islamic stock index (ISSI) simultaneously affect the growth of corporate sukuk. Partially the inflation rate has a significant effect on the growth of corporate sukuk, and the Indonesian Sharia Stock Index Variable (ISSI) has an insignificant effect on the growth of corporate sukuk.

KEYWORDS: Inflation, Indonesia Sharia Stock Index (ISSI), Corporate Sukuk.

I. INTRODUCTION

Indonesia has a Muslim-majority population with a massive market for developing the Islamic finance industry, especially sukuk. So that if a company issues sukuk, the company has a broader market potential because it has the opportunity to get Muslim and non-Muslim investors. With a large number of sukuk issued by the company, the company can increase productivity and expand its business which has an impact on increasing company income and the prosperity of the wider community. Therefore, economic growth will increase, and the market for the Islamic financial industry will be even more significant due to the increased issuance of sukuk (Pujiningsih & Dahruji, 2021). In Indonesia, sukuk is overgrowing. It was started by PT Indosat Tbk, which issued the sukuk for the first time in 2002 with an Ijarah contract and from this issuance (Hasanah, 2019), PT Indosat Tbk obtained Rp. 175 Billion. In addition, the issuance of sukuk was also followed by other companies such as PT Adhi Karya, PLN and others.

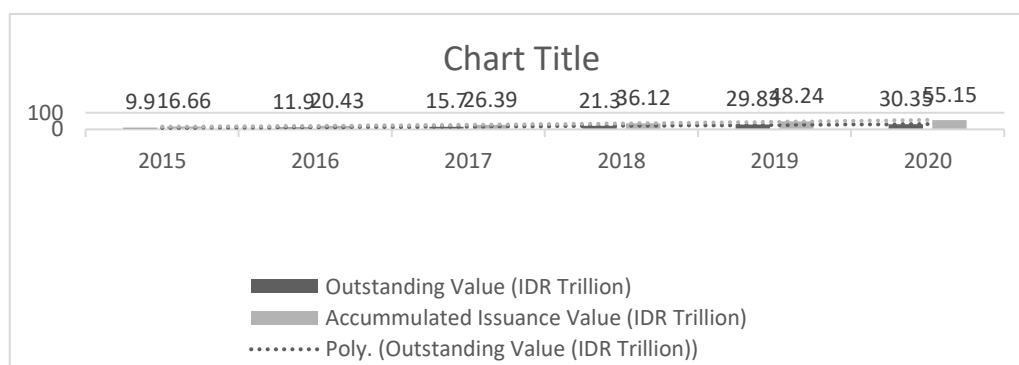


Figure 1. Growth of Corporate Sukuk Year Period 2016-2021

Source: OJK, 2021

The Effect of Inflation Rate and the Indonesian Sharia Stock Index (ISSI) on the Growth of Corporate Sukuk in Indonesia (2016-2021 Period)

Sukuk is part of sharia securities issued on the Indonesian capital market. According to data published by OJK on the Indonesian Sharia Capital Market Road Map 2015-2019, it stated that since the issuance of the first Indonesian corporate sukuk in 2002 until the end of 2014, corporate sukuk continued to experience growth even though the market share of the sukuk value to the bond market and new sukuk reached 3.18% (Rimbawan et al., 2019). Sukuk, in its development, cannot be separated from the influence of other variables. Macroeconomic variables significantly affect the growth of sukuk in Indonesia. One of the macroeconomic variables that affect corporate sukuk is inflation. Apart from inflation, the influence of the growth of corporate sukuk lies in the stock index. Currently, IDX has 36 stock indices, one of which is the Indonesian Sharia Stock Index (ISSI). The Indonesian Sharia Stock Index (ISSI) is an Islamic stock index that can be used to determine the growth of Islamic stocks in Indonesia. It serves as a benchmark for the rise and fall of stock prices (Firdausi et al., 2016). In addition, ISSI is also an indicator of the performance of the Indonesian sharia stock market. Stock price index can increase or decrease. The occurrence of a decrease or increase in this index is a material consideration for investors to make decisions when investing. The Indonesian Sharia Stock Index (ISSI) is a composite index of Islamic stocks listed on the IDX. ISSI constituents are all sharia shares listed on the IDX and included in the Sharia Securities List or DES issued by the OJK. Suppose the stock price index in the Indonesian Sharia Stock Index (ISSI) decreases. In that case, it will result in a minimum interest of Islamic investors in investing in stocks, which has the potential for investors to invest in sukuk instruments.

Based on previous research, it is necessary to conduct further research with the detailed case study by simultaneously testing the Inflation Rate variable with the Indonesian Sharia Stock Index (ISSI) on the growth of Corporate sukuk in Indonesia to support significant or insignificant results. From the description of the background above, the author wants to examine the effect of inflation, ISSI with the formula "Effect of Inflation, Indonesian Sharia Stock Index (ISSI) on the Growth of Corporate Sukuk in Indonesia for the 2016-2021 Period."

II. LITERATURE REVIEWS

A. Definition of Sukuk

The word of sukuk, the plural form of a pocket, is an Arabic term which can be interpreted as a certificate. According to the Sharia Study Team in the Capital Market, sukuk or Islamic bonds are long-term securities based on sharia principles issued by issuers to sharia bondholders, which require the issuer to pay income to sharia bondholders in the form of profit sharing/margin/fees, as well as repaying funds bonds at maturity (Burhanuddin, 2009). Sharia bonds, following the Fatwa of the National Sharia Council No.32/DSN-MUI/IX/2002, are long-term securities based on sharia principles issued by issuers to holders of Islamic bonds, which require the issuer to pay income to holders of Islamic bonds in the form of profit sharing or margin/ fee (Leli, 2017). Meanwhile, investment income distributed by issuers to sharia bondholders must be clean of non-halal elements. Regarding the profit sharing (nisbah) between issuers and sharia bondholders, it is regulated that the profit-sharing ratio in mudharabah sharia bonds is determined according to the agreement with the provisions that, at maturity, will be calculated as a whole (Aziz & Ulfah, 2010).

Sukuk are principle similar to conventional bonds, with the main differences being the use of the concept of compensation and profit sharing as a substitute for interest, the existence of an underlying transaction in the form of a certain number of assets which is the basis for the issuance of the sukuk, and the existence of a contract or agreement between the parties—prepared based on sharia principles. In addition, sukuk must also be structured according to sharia so that these financial instruments are safe and free from usury, gharar and maysir (Purnamawati et al., 2015). Sharia bonds are better known as sukuk, which are sharia securities in the form of certificates or proof of ownership that are of the same value and represent an integral or inseparable part of the ownership of certain tangible assets, the value of benefits and services for certain project assets or certain investment activities, as well as ownership on certain project assets or certain investment activities (Nasrifah, 2019). So far, sharia bonds are regulated in the DSN MUI Fatwa, including the DSN MUI Fatwa No. 32/DSN-MUI/IX/2002 concerning Sharia Bonds, No. 33/DSN-MUI/III/2004 concerning convertible sharia mudharabah bonds. In general, the provisions of the mechanism regarding sharia bonds are as follows (Asih & Irawan, 2021):

- 1) Sharia bonds must be based on the concept of sharia which only provides income to bondholders in the form of revenue sharing and payment of the principal debt at maturity;
- 2) Sharia mudharabah bonds issued must be based on the previously agreed profit-sharing form, and the income received must be clean from non-halal elements;
- 3) Nisbah (profit sharing ratio) must be determined following the agreement prior to the issuance of the bonds;
- 4) Revenue sharing can be carried out periodically or according to joint provisions, and at maturity, it is calculated as a whole;

The Effect of Inflation Rate and the Indonesian Sharia Stock Index (ISSI) on the Growth of Corporate Sukuk in Indonesia (2016-2021 Period)

- 5) The Sharia Supervisory Board carries out the supervision system for sharia aspects by a Team of Sharia Experts appointed by the MUI National Sharia Council;
- 6) If the bond issuer company commits negligence or violates the terms of the agreement, the investor's funds must be returned, and a debt acknowledgement letter must be made;
- 7) If the issuer commits negligence or defaults, the investor can withdraw the funds;
- 8) Ownership rights of sharia mudharabah bonds can be transferred to other parties according to the agreement in the contract agreement.

C. Corporate Sukuk

Corporate Sukuk is a type of sharia bond issued by a company that complies with sharia principles. To regulate this type of sukuk, OJK has issued POJK Number 18/POJK.04/2015 concerning the issuance and requirements of sukuk (replacing the issuance of sukuk in regulation Number IX.A.13). In the issuance of corporate sukuk, and there are several parties involved, namely (Nasrifah, 2019):

- 1) Obligor, is the issuer who is responsible for the payment of compensation and the nominal value of the sukuk issued until the maturity of the sukuk,
- 2) Trustee (trustee) to represent the interests of investors.
- 3) Investors, namely sukuk holders who have rights to compensation, margin, and the nominal value of the sukuk according to their respective participations.

Issuers conducting mandatory public offerings of sukuk (Previanti, 2021):

- 1) Following the general provisions for filing a registration statement as well as provisions regarding other related public offerings;
- 2) Submitting to OJK the results of the rating and trusteeship agreements for the sukuk and sharia contracts related to the issuance of the said sukuk;
- 3) Deliver a statement to the OJK that the business activities underlying the issuance of the sukuk are not in conflict with the provisions, and guarantee that during the period of the sukuk the business activities underlying the issuance of the sukuk will not conflict with the provisions;
- 4) Delivering a statement from the trustee of the sukuk that the trustee of the sukuk has a person in charge of implementing trustee activities who understands activities that are contrary to sharia principles in the capital market;
- 5) Disclose information in the prospectus which at least includes:
 - a) The business activities underlying the issuance of the sukuk do not conflict with sharia provisions, and the issuer guarantees that during the sukuk period the business activities underlying the issuance of the sukuk will not conflict with sharia provisions;
 - b) The trustee of the sukuk has a person in charge of implementing trustee activities who understands activities that are contrary to sharia principles in the capital market;
 - c) Types of sharia contracts and sharia transaction schemes used in the issuance of sukuk;
 - d) Summary of sharia contracts or agreements based on sharia carried out by the parties;
 - e) The source of income which is the basis for calculating profit sharing, margin or fee payments;
 - f) The amount of profit sharing, margin or fee payment ratio;
 - g) Schedule plans and procedures for distribution and/or payment of profit sharing, margins or fees;
 - h) Issuer's ability to disclose to the public the results of the sukuk rating every year until the expiration of the sukuk (Soemitra, 2018).

D. Definition of Inflation

Inflation is a condition or condition where there is a continuous increase in prices for all goods that apply to a particular economy. High inflation will threaten the economy. Inflation is one of the economic problems that is always experienced by almost all countries. Discussion of inflation is always associated with rising prices because prices are an important indicator of inflation. Inflation is a crucial economic problem and is often faced by every country. However, this problem will vary from time to time and country to country. The inflation rate is usually a good measure of the poor economic conditions in a country (Alie, 2018).

Inflation is a condition in which there is a tendency for prices to rise in general and continuously. Thus, if in society there is an increase in one or several people and it is temporary, then such a condition is not considered inflation. Therefore, such a

The Effect of Inflation Rate and the Indonesian Sharia Stock Index (ISSI) on the Growth of Corporate Sukuk in Indonesia (2016-2021 Period)

condition is not considered a problem. Moreover, no particular policy is needed to overcome them. Although inflation does not automatically lower living standards, it is still a problem for three reasons (Priyono & Candra, 2016):

- 1) Inflation can result in a redistribution of income among members of society.
- 2) Inflation can cause a decrease in economic efficiency
- 3) Inflation can cause changes in output and opportunities in society.

E. Indonesian Sharia Stock Index (ISSI)

The stock price index is an indicator that shows stock price movements (Puspitasari et al., 2012). In the capital market, an index is expected to have a function:

- 1) As an indicator of stock trends
- 2) As an indicator of the level of profit
- 3) As a benchmark for the performance of a portfolio
- 4) Facilitate the formation of a portfolio with a passive strategy.

The index functions as an indicator of market trends, meaning that the movement of the index describes market conditions at one time, whether the market is active or sluggish. The stock price index shows the market where there are active transactions, which has increased, and this condition is what is desired. Stable conditions are indicated by the stock price index, which has decreased. With an index, you can find out the trend of current stock price movements. Is it rising, stable, or falling Index movement is an essential indicator for investors to determine whether they will sell, hold, or buy one or several stocks, because stock prices move in seconds and minutes, the index value also fluctuates in a matter of seconds (Soemitra, 2018). The Indonesian Sharia Stock Index (ISSI), launched on 12 May 2011, is a composite index of Islamic stocks listed on the IDX. ISSI is an indicator of the performance of the Indonesian sharia stock market. ISSI constituents are all sharia shares listed on the IDX and included in the Sharia Securities List or DES issued by the OJK. The meaning of IDX is not to select sharia stocks that are included in ISSI (Utami, 2019). ISSI constituents are re-selected twice a year, every May and November, following the DES review schedule. Therefore, in every election period, Islamic stocks always come out or enter to become ISSI constituents. The ISSI calculation method follows other IDX stock index calculation methods, namely the weighted average of market capitalization using December 2007 as the base year for ISSI calculations.

III. RESEARCH METHOD

This type of research is quantitative research, which tests specific theories by examining the relationship between variables. In this study, researchers researched the Effect of Inflation, the Indonesian Sharia Stock Index (ISSI), on Corporate Sukuk in Indonesia in 2016-2021. The sample in this study reports on the development of the last five years of inflation, the Indonesian Sharia Stock Index (ISSI) and Corporate Sukuk based on data from January 2016 to December 2021. With a total of 72 inflation data, the Indonesian Sharia Stock Index (ISSI) and Corporate Sukuk are to be used as data. Secondary data tracking is a data collection technique that aims to obtain information by copying available data into a structured form. The data source used is secondary data in the form of reports on inflation developments, the Indonesian Sharia Stock Index (ISSI) and Corporate Sukuk from January 2016 to December 2021. Data analysis used in this study uses classical assumption testing, multiple linear tests, determination tests, tests F (simultaneous), and T-test (partial).

IV. RESEARCH RESULT

A. Simultaneous Test (Test F)

F-test (simultaneous) is used to determine whether all the independent variables included in the model have a combined effect on the dependent variable. As for concluding this analysis by looking at the sig. With a significance level <0.05 . Furthermore, the results of the F-value in the F-count table can also be seen. The following results of the analysis of the F test (simultaneous) in this study can be seen as follows:

Table 1. The Simultaneous Test Results (Test-F)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2472130196.252	2	1236065098.126	34.274	.000 ^b
	Residual	2488465150.638	69	36064712.328		
	Total	4960595346.890	71			

a. Dependent Variable: Sukuk
b. Predictors: (Constant), ISSI, Inflation

The Effect of Inflation Rate and the Indonesian Sharia Stock Index (ISSI) on the Growth of Corporate Sukuk in Indonesia (2016-2021 Period)

Based on the results of the F test or hypothesis in table 1 above with a Significance value of $0.000 < 0.05$. While the calculated F value is 34.74, more significant than the F-table of 2.64, it can be concluded that the inflation and ISSI variables have a combined effect on the growth of cooperative sukuk.

B. Partial Test (t-test)

This T-test was conducted to determine whether the independent variables partially influence the independent variables. To conclude this T-test by comparing the probability value with the level value < 0.05 . if the probability < 0.05 , the independent variable influences the dependent variable. Meanwhile, if the probability value > 0.05 , the independent variable does not influence the dependent variable. The following results of the calculation of the t-test can be seen as follows:

Table 2. The Partial Test Results (t-test)

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35579.029	7860.355		4.526	.000
	Inflation	-4039.786	492.788	-.711	-8.198	.000
	ISSI	-15.477	42.668	-.031	-.363	.718

a. **Dependent Variable:** Sukuk

Based on table 2. it can be seen from the hypothesis analysis that the Inflation variable has a significant value. $0.000 < 0.05$. meaning that it can be said that the inflation variable has a significant effect on the growth of cooperative sukuk. While the ISSI variable has a significant value $0.718 > 0.05$. meaning that it can be said that the ISS variable has no significant effect on the growth of cooperative sukuk.

C. The Coefficient Determination Test (R²)

This determination test sowed to measure how far the ability of an independent variable was used to explain the variation of the dependent variable. The following is the result of calculating the coefficient of determination:

Table 3. The Coefficient Determination Results (R²)

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.706 ^a	.498	.484		6005.390273

a. Predictors: (Constant), ISSI, Inflation

The determination test showed how far the independent variables' ability could explain the dependent variable (Evita, 2018, p. 32). The results of the coefficient of determination test (R-Square) Based on table 3 above, it can be seen that the value of the coefficient of determination expressed by R Square has a value of 0.498 or 49%. It means that the influence of the inflation variable (X1) and the ISSI variable (X2) on the dependent variable of the sukuk (Y) is 49%, and the remaining 51% is influenced by other variables not used in the study.

V. DISCUSSION

Based on the results of the T-test, the inflation variable has a significant value of $0.000 < 0.05$. It means that the inflation variable significantly affects the growth of cooperative sukuk. From the results of this study, if the inflation rate increases, the corporate sukuk will decrease. If inflation increases, it will reduce the actual income and returns earned by investors, and therefore investors will reconsider when investing in sukuk instruments. The results of this study are the same as those of Mohamad Arif Wahyudi and Atina Shofawati, (2017) with the title "The Influence of Macroeconomic Factors on the Total Emission Value of Corporate Sukuk in Indonesia (January 2013 - December 2017 Period)". The results of this study state that inflation has a significant negative effect.

The ISSI variable has a significant value of $0.718 > 0.05$. It means that the ISS variable has no significant effect on the growth of cooperative sukuk in Indonesia for the 2016-2022 period. The negative effect is seen from the coefficient value of -363 . So the results of this study are the same as the research conducted by Pujiningsih & Dahruji, (2021). The results of this study state that ISSI has no significant effect on the growth of cooperative sukuk. When the movement of the Indonesian Sharia Stock Index (ISSI) increases, investors tend to choose to invest in Islamic stocks because the rising stock movement indicates that the stock is

The Effect of Inflation Rate and the Indonesian Sharia Stock Index (ISSI) on the Growth of Corporate Sukuk in Indonesia (2016-2021 Period)

liquid. The potential for capital gains will be more. Therefore, corporate sukuk will experience a decline but, based on the results of this study, have no significant effect, as evidenced by the probability value on the T-test of 0.718, where the value is more than 0.05.

VI. CONCLUSIONS

Based on the results that have been carried out using statistical tests in research on the effect of the inflation rate and the Indonesian Sharia Stock Index (ISSI) on the growth value of Corporate Sukuk in Indonesia for the 2016-2021 period using multiple linear regression analysis that simultaneously, the variable Inflation and the Indonesian Sharia Stock Index (ISSI) have a significant influence on the growth of corporate sukuk as evidenced by the F (Simultaneous) Test or hypothesis which is carried out with the results of calculating data analysis by showing that F tables and F are calculated, and the Probability value is with a standard <0.05 . Partially, the inflation variable on the T-test shows a significant influence on the growth of corporate sukuk. Based on the calculation results of data analysis with a probability value. <0.05 , then there is a significant effect, so the variable Indonesian Sharia Stock Index (ISSI) shows no significant effect on corporate growth. Based on the results of the calculation of the probability value data analysis. >0.05 , then there is no significant effect.

REFERENCES

- 1) alie, U. B. Dan M. S. (2018). Pengaruh Inflasi Dan Suku Bunga Terhadap Investasi Di Provinsi Lampung Periode 1980-2015. *Jurnal Ekonomi*, 20(3), 275–285.
- 2) Asih, S., & Irawan, I. (2021). Pengaruh ROA, CAR dan LDR Terhadap Harga Sukuk Pada Bank Syariah Di Indonesia. *Jumant*, 13(1), 132–142.
- 3) Aziz, A., & Ulfah, M. (2010). *Kapita Selektta Ekonomi Islam Kontemporer*. Alfabeta.
- 4) Burhanuddin. (2009). *Pasar Modal Syariah (Tinjauan Hukum)*. Uii Press.
- 5) Firdausi, A. N., Fahmi, I., & Saptono, I. T. (2016). Pengaruh Indeks Harga Saham Regional Asean dan Variabel Makroekonomi Terhadap Indeks Harga Saham Syariah Indonesia (Issi). *Al-Muzara'ah*, 4(2), 76–96.
- 6) Hasanah, M. (2019). Dinamika Penerbitan Sukuk Di Indonesia. *At-Tasharruf "Jurnal Kajian Ekonomi Dan Bisnis Syariah,"* 1(1), 29–36.
- 7) Leli, M. (Maisarah). (2017). Transaksi Obligasi Syariah (Tinjauan Transaksi Obligasi Menurut Prinsip-Prinsip Syariah). *Juris*, 16(1), 53–63.
- 8) Nasrifah, M. (2019). Sukuk (Obligasi Syariah) Dalam Perspektif Keuangan Islam. *Asy-Syari'ah : Jurnal Hukum Islam*, 5(2), 165–179.
- 9) Previanti, N. (2021). Aspek Hukum Penawaran Umum Efek Secara Elektronik. *Veritas Et Justitia*, 7(1), 162–187.
- 10) Priyono, & Candra, T. (2016). Esensi Ekonomi Makro. *Journal Of Chemical Information And Modeling*, 201.
- 11) Pujiningsih, Y., & Dahruji, D. (2021). Pengaruh Tingkat Inflasi Dan Indeks Saham Syariah Indonesia (Issi) Terhadap Pertumbuhan Sukuk Korporasi Di Indonesia (Periode Tahun 2015-2020). *Kaffa : Jurnal Fakultas Keislaman*, 2(4), 105–120.
- 12) Purnamawati, I., Akuntansi, J., & Ekonomi, F. (2015). Perbandingan Sukuk dan Obligasi (Telaah Dari Perspektif Keuangan Dan Akuntansi). *Jurnal Akuntansi Universitas Jember*, 11(1), 62–71.
- 13) Puspitasari, I., Suparti, S., & Wilandari, Y. (2012). Analisis Indeks Harga Saham Gabungan (Ihsg) Dengan Menggunakan Model Regresi Kernel. *Jurnal Gaussian*, 1(1), 93–102.
- 14) Rimbawan, T., Kencono Putri, N., Maghfiroh, S., Tegal, P. M., Soedirman, U. J., & Penulis, K. (2019). Pengaruh Sukuk Terhadap Nilai Perusahaan Dan Implikasinya Terhadap Kesejahteraan Pemegang Saham. *Monex: Journal Of Accounting Research*, 8(2).
- 15) Soemitra, A. (2018). Bank & Lembaga Keuangan Syariah. In *Kencana*.
- 16) Utami, Y. (2019). Indeks Saham Syariah Indonesia: Pergerakan Harga Dari Perspektif Asimetri Informasi. *Jurnal Inovasi Ekonomi*, 4(02), 41–48.



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.