

## What Determines Corporate Sukuk Issuance in Indonesia?

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### Abstract

We empirically investigate the determinant of corporate sukuk issuance in Indonesia Islamic capital market. For doing so, we include Indonesia Corporate Sukuk Index (ICSIX), Capital Market Index (IHSG), Company Rating, and Financial Distress as the independent variable of this study. By studying 27 corporate sukuk issued by 17 companies between 2010 and 2018 this study finds that ICSIX and financial distress have a positive significant effect on corporate sukuk issuance. While the rest of variables, IHSG and company rating have a negative significant effect on corporate sukuk issuance.

*Key words:* Green Ecology, Sustainable Consumption and Production, Sharia Consumption and Production, Sustainable Development Goals, Maqasid Al ICSIX, IHSG, rating, financial distress, corporate sukuk issuance

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### Abstrak

Kami menyelidiki secara empiris faktor penentu penerbitan sukuk korporasi di pasar modal syariah Indonesia. Untuk itu, kami memasukkan Indeks Sukuk Korporat Indonesia (ICSIX), Indeks Pasar Modal (IHSG), Peringkat Perusahaan, dan Kesulitan Keuangan (Financial Distress) sebagai variabel independen dari penelitian ini. Dengan mempelajari 27 sukuk perusahaan yang dikeluarkan oleh 17 perusahaan antara 2010 dan 2018 studi ini menemukan bahwa ICSIX dan kesulitan keuangan memiliki pengaruh positif yang signifikan terhadap penerbitan sukuk perusahaan. Sedangkan variabel sisanya, IHSG dan peringkat perusahaan memiliki pengaruh negatif signifikan terhadap penerbitan sukuk perusahaan.

Kata kunci: ICSIX, IHSG, peringkat, kesulitan keuangan, penerbitan sukuk perusahaan

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### Introduction

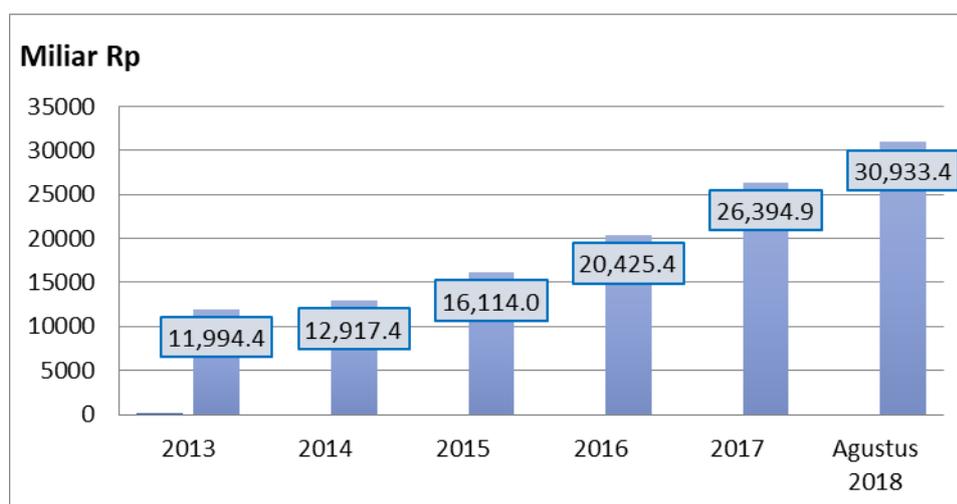
The capital market is a means that brings together the parties have excess funds (surplus fund) with those who lack funds (deficit fund), where funds traded are long-term funds long (Manan, 2009: 23). The capital market has a big role for the economy of a country because capital markets carry out two functions at once, economic and financial functions. With the existence of the capital market, it is expected that economic activity can increase because the capital market is a funding alternative for companies so that companies can operate on a larger scale and in turn will increase the company's income and the prosperity of the wider community (Darmaji & Hendy, 2008: 2).

The capital market is divided into conventional capital markets and Islamic capital markets. The Islamic capital market can be interpreted as an activity in the capital market as stipulated in the Capital Market Law (Capital Market Law) that does not conflict with sharia principles. One of the sharia capital market instruments that can be used by companies to obtain

funds is sukuk. According to MUI DSN Fatwa No.32 / DSN-MUI / IX / 2002, Sukuk or sharia bonds are long-term securities based on sharia principles issued by issuers to sukuk holders that require issuers to pay income to sukuk holders in the form of profit sharing / margin / fee , and repay the bond funds at maturity.

The first asset-based asset securitization sukuk published by Shell MDS Malaysia in 1990 (Fadhil, 2018: 5). Then proceed with the issuance of sovereign sukuk by the Bahraini government (Central Bank of Bahrain) using the ijarah structure in September 2001 of 100 million USD. Then followed by publishing sovereign Sukuk by GCC Countries . Afterwards d dilanjutkan with the development of sukukissuance by private companies ( corporate sukuk ) that dominate the sukuk market global in 2008 amounted to 86 , 4 % (Fatimatu Zahra & Herlambang, 2014: 363).

In Indonesia the development of sukuk was first started from sukuk issuance by PT. Indosat Tbk at October 2002. Sukuk issued are mudharabah sukuk with a yield rate of 16 , 75 % , this yield is quite high compared to the average conventional bond return . With use the mudharabah structure worth Rp 100 milli-ar, this sukuk experience oversubscribed (oversubscribed) doubled to become Rp.175 billion (Endri, 2011) . The development of sukuk continues to increase from year to year.



**Picture 1.** Development of Corporate Sukuk in 2013-2018

**Source:** OJK Sukuk Statistics, 2018 (Data processed)

According to data obtained from the FSA, the value of issuance (emission) corporate sukuk in 2013 until August 2018 continued to rise. In 2013 the value of sukuk issuance was 11.994 trillion, then this value continued to increase until August 2018 the value of sukuk issuance had reached 30.933 trillion. During the last 5 years sukuk issuance has increased by 18.939 trillion.

Apart from the value of issuance, the development of sukuk can also be seen from the outstanding value . Based on OJK data in June 2018, there were 89 corporate sukuk circulating in the secondary market with an outstanding value of Rp. 16.34 trillion. However, Fund Manager of Capital Asset Management Desmond Silitonga say, the outstanding value of corporate sukuk is less than a quarter of the total outstanding obligas i corporation as a whole, since the total outstanding corporate bonds in June has reached 402 , 54 trillion . This happened because companies could not issue corporate sukuk. Companies that run their business without sharia principles, such as cigarette producers or general banking, cannot issue these instruments.

In addition, the development of corporate sukuk can also be caused by external and internal factors. Many studies have examined how external factors, especially macroeconomics and sukuk issuance (Ahmed, Hassan, dan Rayfield 2018); (Utami, Trinugroho, dan Sergi 2019) corporate governance and sukuk issuance (Azid, Alnodel, dan Qureshi 2019) sukuk and fundamental variables (El-Khatib 2017). According to our best knowledge, there is lack of study that discuss the relationship between sukuk market trend, stock market prospect and also the financial distress on the sukuk issuance motives for the company.

The rest of the chapter consists of several sections. Section 2 describes the theoretical framework and the hypothesis development. Section 3 explains the data, sample, and method. Empirical results, data analysis, and discussion are presented in Section 4. Section 5 presents the conclusion.

## **Theoretical Framework and Hypothesis Development**

### **Capital Structure**

Capital structure is a combination or mix of all posts that enter the right side of the company's capital account balance sheet. Definition of capital structure is distinguished by financial structure, where the capital structure is a permanent expenditure that reflects between long-term debt with own capital, while the financial structure reflects the balance between all debt (both short and long term) with own capital (Weston & Copeland, 2008).

Rodoni & Ali (2010) defines capital structure as a proportion in determining the fulfillment of company expenditure needs where funds are obtained using a combination or source of sources derived from long-term funds consisting of two main sources, namely those originating from within and outside the company. Capital structure is also a permanent expenditure in reflecting the balance between long-term debt and own capital (Riyanto, 2008).

In Islamic economics, the use of total sources of funds in the company is restricted in matters permitted in accordance with sharia criteria. The use of interest-based debt is not allowed in too high a number and restrictions that are in accordance with other sharia rules. Islam encourages the use of equity rather than debt. Therefore that, the optimal capital structure in a company is approaching 100% equity (Rais, 2016).

However, if the company still wants to use debt in its capital structure but still in accordance with Islamic rules, the company can use sukuk as an alternative. Sukuk as one of the Sharia Securities has characteristics that are different from bonds (long-term debt instruments). Sukuk is proof joint ownership of an asset / project. Each issued sukuk must have assets to be used as an underlying asset (Fadhil, 2018: 7).

#### **a. Pecking Order Theory**

Pecking order theory refers to company theory that aims to maximize the prosperity of the owner of the company. The pecking order of the theory predicts that external debt funding is based on internal funding deficits (Aji, 2015: 20).

1. Companies prefer to use internal sources of funds or internal funding rather than external funding. The internal funds are obtained from retained earnings resulting from the company's operational activities.
2. If external funding is needed, the company will first choose from the safest securities, namely debt the lowest risk, down to riskier debt, hybrid securities such as convertible bonds, preferred shares, and the last common stock.

This theory assumes that companies are profitable use less debt and vice versa companies that don't more profitable use of debt. If the company has used all internal funding sources , but the company still needs additional funds or the company has a deficit, based on the pecking theory, the company must issue debt, and as large deficits, the additional debt will increase ( Radjamin & Sudana, 2014: 459).

b. Trade off Theory

Trade off theory indicates that there is an optimal level of leverage in finding the relationship between capital structure and firm value. In a situation, the company will try to optimize leverage to a certain level. Trade off theory assumes that companies will use debt to a certain extent to maximize company value by utilizing taxes due to the use of debt (Mahardika & Aisjah, 2014) .

The implications of the trade-off theory according to Brealey and Myers (1991) are: (1) Companies with big business risks must use less debt than companies that have low business risk, because the greater the business risk, the greater use of debt will increase interest expense, so that it will further complicate the company's finances, (2) Companies that are subject to high taxes to a certain extent should use a lot of debt because of the tax shield , (3) The debt ratio target will differ from company to company. Companies that profitable, and tangible assets have a higher debt ratio target. Anunprofitable company with high risk and intangible assets has a lower debt ratio and relies more on equity (Mutamimah & Rita, 2009: 243) .

### **Previous Research**

There are several studies that examine the sukuk issuance. Study conducted by (Hasan, Ahmad, dan Parveen 2019) which has focused on the literature review find that sukuk can be good alternatives for conventional bond. In term of risk, Nasir dan Farooq (2017), find that sukuk are less risky than conventional bond. Hence, according to this study, sukuk is compatible for the company when they need fund to finance their investment activities.

In addition, El-Khatib (2017) discussed on the compatibility of bond determinant to predict the sukuk issuance. From this study he found that determinant fo bond issuance are differs with sukuk issuance. Whereas, Utami, Trinugroho, and Sergi (2019) who concern on the firm characteristics and its impact on sukuk issuance find that firm profitability and the sharia compliance level have a significant effect on the probability of issuing mudharabah sukuk. Some other factors' characteristics including sukuk yield, firm age, and inflation rate are also found to have a significant effect. Another study also focus on the raltion between sukuk issuance and corporate governance. According to Azid, there is positive relationship between sukuk issuance and corporate governance. In the view of company sukuk issuance will provide better benefit for the firm, In case of they have governed their company properly.

Research carried out by Singh and Hamid (1992) in " Corporate Financial Structures in Developing Countries", and Singh (1995) in "Corporate Financial Patterns In Industrializing Economies: A Comparative International Study " states that companies in developing countries prefer to issue equity rather than debt in financing their companies . Then research from Iryuvita Januarizka and I Made (2014) in " The Application of Pecking Order Theory and its Relation to the Selection of Company Capital Structure in the Manufacturing Sector in the Countries of Australia and Australia" found that Indonesia used debt more than its own capital, whereas in Australia more use own capital rather than debt.

Studies examining the bond index, namely, Nurul Karimah (2013) in his research entitled "Analysis of Factors Affecting the Spread Price (Market Value da n Intrinsic Value) at Retail Sukuk in Indonesia (Case Study SR 002)" by using the method of analysis Multiple linear

regression found that SBIX had a significant positive effect on the value of retail sukuk price spread.

For research related to the influence of the JCI on sukuk / bonds , namely , Auliya Nur Triwibowo (2017) in his research entitled "Macroeconomic Factors Influence on the Emission Value of Corporate Sukuk in Indonesia in 2007: 1-2016: 4" using the Vector Error Correction Model (VECM) method found that the JCI was responded positively by the value of corporate sukuk emissions. Ancient Gesron (2011) in his research entitled " The Influence of SBI, JCI, GDP and Inflation Expectations on Demand for Conventional Bonds in the Capital Market (Period 2001-2008) " found that the JCI had a negative effect on bond demand.

Then research that examines the influence of rating on sukuk / bonds, namely, Akhmad Syaifudin (2015) in his research on " The Effect of Price, Rating , Yield, SBIS and GDP Against the Demand for Corporate Sukuk in the Capital Market in Indonesia " by using the Multiple Linear Regression Analysis method, the rating has a positive effect on the demand for corporate sukuk. Habibullah Ritonga (2013)in the research entitled " The Influence of Inflation Rate , Rating , Yield, Tenor, Size and Deposits of Profit Sharing Levels for Corporate Sukuk Requests in the Sharia Capital Market "using the Multiple Linear Regression Analysis method show that only the size of sukuk affects the demand for sukuk in the secondary capital market of sharia.

### **Hypothesis**

H1: ICSIX has a positive effect on the issuance of corporate sukuk in Indonesia .

H2: The JCI has a negative influence on the issuance of corporate sukuk in Indonesia .

H3: Rating has a positive effect on the issuance of corporate sukuk in Indonesia .

H4: Financial distress has a positive effect on the issuance of corporate sukuk in Indonesia .

### **Research Methodology**

The type of research used in this study is quantitative research with secondary data types . The data in this study were obtained from the financial statements of the companies studied and also from official sites such as IBPA ( Indonesia Bond Price Agency ) and Yahoo Finance.

The population of this study are all companies that issue sukuk of the year 2010 -2018. And for the sample is 17 Companies that issue sukuk of the year 2010 -2018. The sampling technique used purposive sampling with the following criteria: Companies listed on JII and issued certificates from 2010 to 2018; The company that publishes financial statements during the year of observation; and Companies that have and include data needed in research.

### **Operational Definition Variables**

The dependent variable in this study is the issuance of corporate sukuk which can be seen from the value of issuance or the value of sukuk emissions. While its independent variable, namely:

- a. ICSIX, is a series of Indonesian sukuk and bond indices obtained from IBPA Bond Indices .
- b. IHSG, is one of the main indicators that reflect the performance of the capital market whether it is experiencing a bullish ( bullish ) or is experiencing a decline ( bearish ).
- c. Rating , is a standardized assessment of a country or company in paying its debts . In this study the rating used is from Pefindo and also Fitch.
- b. Financial distress , is a financial difficulty that is the initial stage of business bankruptcy that occurs within the company. Financial distr ess calculated using the Altman formula (1995) as follows:

$$Z = 6,56 X1 + 3,26 X2 + 6,72 X3 + 1,05 X4$$

Where; Z : financial distress index; X1 : working capital/total asset; X2 : retained earnings/total asset; X3 : earning before interest and taxes/total asset; and X4 : book value of equity/book value of total liabilities

## Methods

Model analysis of the data used in this study is panel data (combined time series and cross section) with a data type Unbalanced Panel or unbalanced panel data. The equation of the panel data regression model in this study are:

$$Y = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + e$$

Where, Y is the Value of issuance,  $\alpha$  is the Intercept,  $\beta_1 - \beta_4$  is the Regression coefficient, X1 = ICSIX, X2 = CSPI, X3 = Rating, X4 = Financial distress, i = Company, t = Time, e = Error term

## Finding and Discussion

### Lagrange Multiplier Test

**Tabel 1.** Hasil Uji *Lagrange*

Null (no rand. effect)	Cross-section	Time	Both
Alternative	Two-sided		
Breusch-Pagan	0.210943 (0.6460)	0.011642 (0.9141)	0.222584 (0.6371)

The results of the output above show a cross section Breusch-Pagan at 0.6460, p value (0.6460) > 0.05. This shows that H0 is accepted and H1 is rejected, so the more appropriate model is the Common Effect

### The coefficient of determination (R<sup>2</sup>)

**Table 2.** Results Derterminasi coefficient (R<sup>2</sup>)

R-squared	0.523979
Adjusted R-squared	0.437430

The test results in the table above shows the adjusted R<sup>2</sup> value of 0.437430. This shows that the ability of the independent variables namely ICSIX, IHSG, rating and financial distress in explaining the dependent variable is the value of emissions is 43.7430%, while the remaining 56.257% is explained by other variables not included in this study.

**F Test**

**Table 3.** F-Statistics Test Results

F-statistic	6.054118
Prob(F-statistic)	0.001923

The results of the F-statistic test in the table above show that the probability value of significance is 0.001923. The value is  $0.001923 < 0.05$ , so  $H_0$  is rejected and  $H_a$  is accepted. This shows that the independent variables (ICSIX, IHSG, rating and financial distress) simultaneously or jointly have a significant effect on the dependent variable (Emission Value).

**Uji t-Statistik**

**Tabel 4.** Hasil Uji t-statistik

Variable	t-Statistic	Prob.
C	2.728964	0.0123
ICSIX	3.418750	0.0025
IHSG	-3.176604	0.0044
Rating	-2.734872	0.0121
Financial distress	2.677719	0.0137

- a. The test results in table 4.6 show that regression coefficient value ICSIX variable is 3.418750 with a significant value of  $0.0025 < 0.05$ , so  $H_0$  is rejected and  $H_a$  is accepted. From these results it can be concluded that the variables in partial or individual ICSIX positive effect on Emission Value.
- b. In the IHSG variable the regression coefficient value is -3.176604 with a significant value of  $0.0044 < 0.05$ , so  $H_0$  is rejected and  $H_a$  is accepted. From these results it can be concluded that the IHSG variables partially or individually have a negative effect on emission value.
- c. P value of rating variable is indicating that the regression coefficient value obtained is -2.734872 with a significant value of  $0.0121 < 0.05$ , so  $H_0$  is rejected and  $H_a$  is accepted. From these results it can be concluded that the rating variable partially or individually has a negative effect on emission value.
- d. The regression coefficient value of the financial distress variable is 2.677719, with a significant value of  $0.0137 < 0.05$ , so  $H_0$  is rejected and  $H_a$  is accepted. This shows that financial distress variables partially or individually have a positive effect on emission value.

**Discussion**

***ICSIX's influence on corporate sukuk issuance in Indonesia***

Based on the results of testing the hypothesis, it can be seen that the ICSIX variable has a positive and significant effect on the value of emissions. Thus it can be concluded that  $H_1$  in this study is accepted. This shows that the higher the ICSIX, the issuance of corporate sukuk has increased.

These results are in accordance with the hypothesis proposed in the study based on the understanding of ICSIX. ICSIX (Indonesia Corporate Sukuk Index) is an index that reflects the benefits of investment in corporate sukuk. When the ICSIX value increases, it indicates that corporate sukuk is feasible and has good prospects to be used as a place to invest and will provide high profits for investors. Thus the high ICSIX value will make the demand for

corporate sukuk increase because investors will be interested in investing in investment instruments that provide high profits.

### ***The effect of the JCI on corporate sukuk issuance in Indonesia***

Based on the results of testing the hypothesis, it can be seen that the IHSG variable has a negative and significant effect on the value of emissions. Thus it can be concluded that H 2 in this study accepted. This shows that the higher the JCI, the issuance of corporate sukuk will decline. The results of this study are in accordance with the hypothesis proposed in the study based on the understanding of the CSPI. The stock price index is one of the guidelines for investors to invest in the capital market, especially stocks (Samsul, 2006). Through the JCI, investors can see market conditions, whether they are experiencing an increase or decrease, to determine their investment strategy. The high JCI shows a good stock market situation, and vice versa when the JCI movement has decreased, it shows the condition of the stock market in a bad condition (Nurdianti, 2010).

Mandagi et al (2015) said that the increase in the value of the JCI was in line with the increase in stock prices. The company will choose to issue shares when the stock price increases. This is in accordance with Pagano's research (1998) which states that a company will take advantage of the moment of increasing share prices to increase investment. Then, the results of this study are also in accordance with the capital structure theory used in this study, namely the pecking order theory. This theory states that companies prefer the use of internal rather than external funds in financing the development of their business. In accordance with this theory, investment will be financed with internal funds first (retained earnings), then followed by the issuance of new debt (bonds), and finally by the issuance of new equity or shares (Husnan & Pudjiastuti, 2004: 276). From this theory it can be concluded that the rising value of the JCI will encourage companies to prefer to use equity (issuing shares) rather than debt (bonds) as an external source of funding for their subsequent investments.

In addition, the results of this study are also in line with the research conducted by Gesron Purba (2011) which said that the increase in the JCI showed an increased interest in investing in stocks so that it would affect the level of investment in other products, namely reducing investment in bonds. Then the research from Nugroho et al (2015), Rivai (2011) and Darajati & Hartomo (2015) also states that the JCI has a negative effect on the capital structure (debt issuance) of a company.

### ***Effect of rating on corporate sukuk issuance in Indonesia***

Based on the results of testing the hypothesis, it can be seen that the Rating variable has a negative and significant effect on the value of emissions. Thus it can be concluded that H 3 in this study was rejected. This shows that the higher the rating, the issuance of corporate sukuk will decline.

The results of this study are not compatible with the hypothesis proposed in the study. Companies with low ratings illustrate that the company has a high risk of default, so the company will automatically avoid using large debts because it will risk the occurrence of difficulties in payment (default) in the future. This also has the opportunity to worsen the rating bonds to be obtained by the company (Fauziah, 2014: 3). Whereas companies that have high profits (low risk of default) will prefer financing through debt to benefit from a tax shield (Turkey, 2014).

Then the results of this study are also not in accordance with the capital structure theory used in this study, namely the trade off theory. This theory states that the optimal capital structure will be achieved when the firm's value is maximized at a certain level of debt usage (Radjamin & Sudana, 2014: 455). In determining capital structure, Trade off theory considers

several factors, including taxes, agency costs, and financial distress costs, but retains the assumption of market efficiency and symmetrical information as a balance and benefit of using debt. The optimal debt level is achieved when the tax savings (tax shields) reaches the highest amount against the cost of financial difficulties (Darmayanti & Suryantini, 2017: 98). Mandagi et al. (2015) said that business risk would increase if using high debt. This matter will increase the likelihood of bankruptcy (financial distress), so that business risks will complicate the company. In accordance with the trade off theory, companies with high risk (low rating) are better off using less debt to avoid financial distress.

In addition, this study is also not in line with the research of Maisyaroh (2017) which shows a rating that has a significant positive effect on capital structure (measured from DER). This shows that companies with high ratings use more debt for funding sources. Then Sajjad & Zakaria (2018) in his study also found that companies with ratings that medium had dared to issue debt, they can benefit from the tax shield. Krichene & Khoufi (2016) also stated that the company experiencing a downgrade in its rating would reduce debt use in order to regain investment-grade. After the company's rating has been upgraded, the company will increase the use of debt to maintain its investment-grade.

But the results of this study are in accordance with the pecking order theory which states that companies prefer internal funding compared to external funding, debt that is safe compared to risky debt and the last is ordinary shares (Sugiarto, 2009). This suggests that higher corporate profits then it is likely the company to choose external funding will become increasingly smaller. Companies with high ratings tend to have high profitability, so companies can fund their capital structure by using retained earnings. This is in accordance with the research from Hasan & Dana (2018) and Karlina & Negara (2014) which state that high ratings are influenced by high profitability. Then Ti Jow et al (2018) and Angelya & Arilyn (2017) states that companies with high rating tend to use internal rather than external funds to finance its capital structure.

### ***The influence of financial distress on corporate sukuk issuance in Indonesia***

Based on the results of hypothesis testing, it can be seen that the Financial Distress variable has a positive and significant effect on the value of emissions. Thus it can be concluded that H 4 in this study was accepted. This shows that Financial distress the high will make corporate sukuk issuance increase.

The results of this study are in accordance with the hypothesis proposed in the study based on the relationship between Financial distress and pecking order theory. Financial distress is a situation where operating cash flows are not sufficient to meet its current obligations such as trade payables or interest costs. The inability to pay off debt shows a negative performance and indicates a liquidity problem. This kind of warning allows the company's management to take preventive and countermeasures in the event of financial distress in the company (Wruck, 1990). High financial distress indicates that companies have serious financial problems. This is the initial symptom of the bankruptcy of a company, therefore the company must be able to immediately find a way to maintain the company. This state of financial distress is related to capital structure theory. Because in this condition the company must be able to make funding for the survival of the company. Companies can look for funding sources from internal and external sources. According to Myers & Majluf (1984) The pecking order theory states that companies prefer internal funding compared to external funding, debt that is safe compared to risky debt and the last is ordinary shares (Sugiarto, 2009). This suggests that higher corporate profits then it is likely the company to choose external funding will become increasingly smaller.

But when a company experiences financial distress, internal funding will be difficult because the company is in a condition that is close to bankruptcy so that external funding will be preferred. For external funding in accordance with the pecking order theory, companies will

prefer to issue debt or bonds rather than equity because according to Baskin (1989) the cost of debt emission transactions is lower than the cost of stock emission transactions. That's why companies are more interested in getting external funds from debt than equity.

Then, pecking order theory assumes that profitable companies use less debt and vice versa, unprofitable companies use more debt. If the company has used all internal funding sources, but the company still needs additional funds or the company has a deficit, based on the pecking theory, the company must issue debt, and as large deficits, the additional debt will increase ( Radjamin & Sudana, 2014: 459).

## **Conclusion**

Based on the results of testing and hypothesis analysis on the influence of ICSIX, IHSG, rating and financial distress on corporate sukuk issuance in Indonesia, it can be concluded that all independent variables (ICSIX, IHSG, Rating and Financial distress) jointly influence the dependent variable (Value Emissions) as much as 43.7430% while the remaining 56.257% is influenced by other factors outside of this study. The results of the common effect equation show that ICSIX variables have a positive and significant effect on corporate sukuk issuance in Indonesia. So that the increase in ICSIX will result in increased corporate sukuk issuance. This result is in accordance with ICSIX data and the value of sukuk emissions which continues to increase from 2010-2018. The IHSG V variable has a negative and significant effect on corporate sukuk issuance in Indonesia, so that the IHSG increase will result in a decrease in sukuk issuance because the shares are more in demand. This result is in accordance with the data available at the OJK that the rise and fall of the IHSG affects stock trading. When the IHSG rises, stock trading increases and vice versa.

Variables rating a significant negative effect on the issuance of sukuk corporation in Indonesia. The increase in rating will result in lower corporate sukuk issuance. This can occur because companies with high ratings prefer to use internal funds to fund their capital structure because the company has high profitability. This result can be seen from the data of companies that have a high retained earnings average issuing fewer sukuk than companies that have low retained earnings. Financial distress variables also have a positive and significant influence on corporate sukuk issuance in Indonesia. High financial distress in the company will result in increased sukuk issuance. These results are in accordance with the data studied that companies with Z score <2.6 on average have higher sukuk issuance values than companies with a Z score > 2.6.

Referring to the results of the discussion and conclusions of the research above, there are some research limitations, such as this study only uses two types of sukuk from each company. So that it is expected that further research can use more types of sukuk so that the level of accuracy gets better. In addition, this study uses the period 2010 to 2018 and produces a sample of 17 companies with 27 types of sukuk. It is expected that further research uses a longer period of time for more research samples and better results obtained.

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