

A comparative analysis of factors determining the value of the Indonesian Sharia Stock Index (ISSI) before and after the Covid-19

Dwi Franadita¹, Aqwa Naser Daulay²  & Budi Dharma¹ 

Program Studi Manajemen (S1), Universitas Islam Negeri Sumatera Utara Medan, Medan, Indonesia
Program Studi Asuransi Syariah (S1), Universitas Islam Negeri Sumatera Utara Medan, Medan, Indonesia

ABSTRACT

Introduction

The Covid-19 pandemic had profound impacts on global financial markets, prompting extensive research to understand how various economic sectors, including sharia-compliant stocks, responded to the crisis.

Objectives

This study aims to compare the determinant factors affecting the ISS (Indonesian Sharia Stock Index) during the periods before and after Covid-19 in Indonesia.

Method

A descriptive and verificative quantitative research method was employed, validating collected data and examining the relationships between variables using statistical procedures to test research hypotheses. The data sources utilized were secondary data published by the Indonesia Stock Exchange (IDX). Data analysis techniques included Normality Tests and Paired Sample T-tests. Data processing was assisted by SPSS for Windows Version 22.00. The sample comprised data from the Indonesian Sharia Stock Index before and after Covid-19, covering the period from 2018 to 2022.

Results

The study's findings indicate an increase in the Indonesian Sharia Stock Index post-Covid-19, with a significant difference observed before and after Covid-19.

Implications

The significant increase in the Indonesian Sharia Stock Index post-Covid-19 implies that sharia-compliant investments demonstrated resilience and potential for recovery in the face of economic disruptions, highlighting their viability as a robust investment option during and after financial crises.

Originality/Novelty

This study provides a novel comparative analysis of the factors influencing the Indonesian Sharia Stock Index before and after Covid-19, offering new insights into the pandemic's differential impact on sharia-compliant financial instruments.

CITATION: Franadita, D., Daulay, A. N., & Dharma, B. (2024). A comparative analysis of factors determining the value of the Indonesian Sharia Stock Index (ISSI) before and after the Covid-19. *Journal of Islamic Economics Lariba*, 10(1), 271-286. <https://doi.org/10.20885/jielariba.vol10.iss1.art15>

JEL Classification:

D24, D31, L10, Z12

KAUJIE Classification:

H34, M42, I7

ARTICLE HISTORY:

Submitted: March 4, 2024

Revised: April 1, 2024

Accepted: April 2, 2024

Published: May 18, 2024

KEYWORDS:

Covid-19, Indonesian Sharia Stock Index, ISSI

COPYRIGHT © 2024 Dwi Franadita, Aqwa Naser Daulay, & Budi Dharma. Licensee Universitas Islam Indonesia, Yogyakarta, Indonesia.

Contact: Dwi Franadita ✉ dwifranadita19@gmail.com

This is an Open Access article distributed under the terms of the Creative Commons Attribution-ShareAlike 4.0 International (CC BY-SA 4.0) License (<https://creativecommons.org/licenses/by-sa/4.0/>).

PUBLISHER'S NOTE: Universitas Islam Indonesia stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.

INTRODUCTION

The spread of Covid-19 has caused disruptions in various sectors, including the economy. The Covid-19 pandemic has exacerbated the likelihood of an economic recession (Junaedi & Salistia, 2020; Nurlaila et al., 2022; Sari & Tambunan, 2021; Sugianto et al., 2022). The government is striving to slow down the rapid spread of the virus so that society can adopt new social patterns in the form of social distancing. These restrictions demand that society, as consumers, adapt, including in meeting daily needs. Similarly, producers, as business actors, must adjust to their customers' needs. Producers must innovate to survive economic uncertainty. The Indonesian capital market is one of the financial institutions that cannot avoid this pressure.

Ramadhani (2023) explains that the market is currently moving into a negative position due to low investor sentiment caused by the presence of Covid-19. There is a slowdown in capital market performance in line with the slowdown in national and global economies, particularly in sharia stocks and sharia mutual funds. The capital market is a financial institution that contributes to building the nation's economy. The economic role of the capital market is to provide a meeting place for capital owners and those in need of capital. In the financial world, the capital market provides capital to capital owners to gain returns in the form of dividends or capital gains (Ulhaqqi et al., 2023; Wijaya, 2022; Zaeni & Utama, 2022).

The sharia capital market is one source of funding and an investment vehicle for companies whose operational activities are based on sharia principles. The sharia capital market also influences a country's economic growth rate. The sharia capital market in Indonesia began with the issuance of the first sharia mutual fund in 1997 (Ammy & Soemitra, 2022), followed by the launch of the Jakarta Islamic Index (JII) as the first sharia stock index, consisting of 30 of the most liquid sharia stocks in Indonesia, in 2000. The first OJK regulation on the sharia capital market was issued in 2006, followed by the issuance of the Sharia Securities List (Daftar Efek Syariah abbreviated DES in Bahasa Indonesia) in 2007. DES serves as a guide for market participants in selecting stocks that meet sharia principles.

The resurgence of Indonesia's sharia capital market began in 2011 with the introduction of innovations such as the Indonesia Sharia Stock Index (ISSI), DSN MUI Fatwa No. 80 on the Application of Sharia Principles in Equity Securities Trading Mechanisms in the regular market of the Stock Exchange, and the Sharia Online Trading System (SOTS). SOTS is the world's first system developed to help sharia investors conduct stock transactions following Islamic principles. The Indonesia Sharia Stock Index (ISSI) is listed on the Indonesia Stock Exchange (IDX) and contains sharia stocks (Fathurrahman & Widiastuti, 2021).

Sharia stocks are grouped based on stock price movements according to specific criteria, with grouping done by the Financial Services Authority (OJK) through the Sharia Securities List as a reference. The Indonesia Sharia Stock Index (ISSI) constituents are re-selected twice a year, meaning that sharia stocks can enter or exit the ISSI calculation based on average market capitalization. There are two types of

sharia stock indices in Indonesia, JII and ISSI. The emergence of sharia stock indices was marked by the launch of the Sharia Mutual Fund on July 3, 1997, by PT. Danareksa Investment Management, later known as the Jakarta Islamic Index (JII), in collaboration with the Indonesia Stock Exchange. In 2011, the Indonesia Sharia Stock Index (ISSI) was launched by IDX, complementing the previously existing Jakarta Islamic Index (JII) (Alam et al., 2020; Mikrad et al., 2023).

Changes in interest rates affect investors' willingness to invest, as interest rate changes impact deposit and loan interest rates. If deposit interest rates rise, investors will prefer to invest in high-return, low-risk deposits. According to Bank Indonesia, the BI Rate is a policy interest rate reflecting the monetary policy stance announced to the public (Paryudi, 2021). The BI interest rate serves as a reference for loan and deposit interest rates for banks and financial institutions in Indonesia. Interest rates can impact stock prices. An increase in the BI Rate negatively affects investors investing in companies with more debt than equity, as these companies will face higher interest burdens (Christianingrum, 2019).

The exchange rate plays a crucial role in trade, as companies engage in international transactions. The exchange rate records the market price of a foreign currency in domestic currency or, more simply, the domestic currency price in foreign currency. The trade activities of companies listed on the sharia capital market affect the movement of the Indonesia Sharia Stock Index (ISSI) (Kamalludin & Arief, 2018; Muslih et al., 2023; Nevada & Kusumaningtias, 2020). The exchange rate is related to inflation. When inflation rises, the rupiah's exchange rate against foreign currencies depreciates, indicating a permanent decline in asset value in the economy. Conversely, when inflation decreases/deflation occurs, the rupiah's exchange rate against foreign currencies appreciates, benefiting importing companies by increasing purchasing power (Pratama et al., 2022; Qarina, 2023).

Inflation is the tendency of prices to rise continuously. If only one or two goods' prices rise, it is not considered inflation unless it leads to widespread price increases in other goods or services. There are two sources of inflation: Demand-Pull Inflation occurs when demand for goods rises drastically, causing general price increases, e.g., due to increased government spending. Cost-Push Inflation occurs when production costs rise, reducing production volumes, e.g., due to raw material price hikes or fuel price increases (Barth & Bennett, 1975; Jain et al., 2022; Schwarzer, 2018; Selden, 1959).

Various instruments can serve as investment alternatives in the sharia capital market, such as sharia stocks, sharia asset-backed securities, sharia real estate investment funds, sukuk, sharia mutual funds, and more. Compared to other investment instruments, one familiar to the public is sharia stocks. Sharia stocks are certificates issued by issuers for ownership of a company whose business operations and finances comply with sharia principles (Citradewi, 2021).

Kamal et al. (2021) analyze the partial and simultaneous effects of inflation and the rupiah exchange rate on the Indonesia Sharia Stock Index (ISSI). The research shows that simultaneously, inflation and the rupiah exchange rate significantly impact ISSI. However, partially, only the rupiah exchange rate significantly affects ISSI, while

inflation does not. Agustina & Nugroho (2023) identify the determinants of the Indonesia Sharia Stock Index in the long and short term. The findings indicate that in the long term, inflation (INF), exchange rate (KURS), and policy interest rate (SKBI) have a negative and significant impact on the Indonesia Sharia Stock Index. In the short term, only the exchange rate (KURS) has a negative and significant impact on the Indonesia Sharia Stock Index.

This research aims to understand the correlation between macroeconomic variables, including inflation, BI Rate, and exchange rate, and the Indonesia Sharia Stock Index (ISSI) listed on JII from 2018–2022. The research period is relevant due to significant economic changes in Indonesia, especially during COVID-19, which impacted the financial sector. This study attempts to compare the Indonesia Sharia Stock Index (ISSI) before and during the implementation of PPKM policies. Compared to accounting profits, stock prices better reflect the value of companies in the Indonesia Stock Exchange's sharia stocks, thus using the sharia stock price index as an indicator of sharia stock performance. Previous research shows varied results, providing evidence that is considered more valid and reliable due to its objective and repeatable empirical data.

METHOD

This research employs a descriptive and verificative quantitative method to compare two observations of the Indonesia Sharia Stock Index (ISSI) before and after Covid-19 in Indonesia. The data sources for this research are secondary data, specifically all issuers included in the Indonesia Sharia Stock Index (ISSI). The dependent variable in this study is the Indonesia Sharia Stock Index (Y). The independent variables consist of Inflation (X1), the BI Rate (X2), and the Exchange Rate (X3).

The research data is obtained from several official websites. The BI Rate data is from Badan Pusat Statistik website, the Exchange Rate of Rupiah to Dollar is obtained through the One Data Trade Ministry (Kemendag) website, and Inflation data is directly cited from Bank Indonesia (BI). Meanwhile, the Indonesia Sharia Stock Index (ISSI) data is sourced from the monthly reports of the Indonesia Stock Exchange, published by the Financial Services Authority on the website www.idx.co.id, covering the period from January 2018 to August 2022.

This research consists of secondary data sources, which are information obtained indirectly from the source, but can be acquired from third parties (Marliyah et al., 2022; Nurbaiti et al., 2023). Secondary data sources can be obtained from various resources, such as books, company reports, mass media, and other references related to previous research. The data used in this study is a combination of time series data over a period of 5 years, from 2018 to 2022, and cross-sectional data obtained through the Indonesia Sharia Stock Index, BPS, BI, and One Data Trade Ministry. Data processing or data analysis techniques in this research are assisted by SPSS For Windows Version 24.00. The data analysis stages in this research begin with the Normality Test and the Paired-Sample T-test.

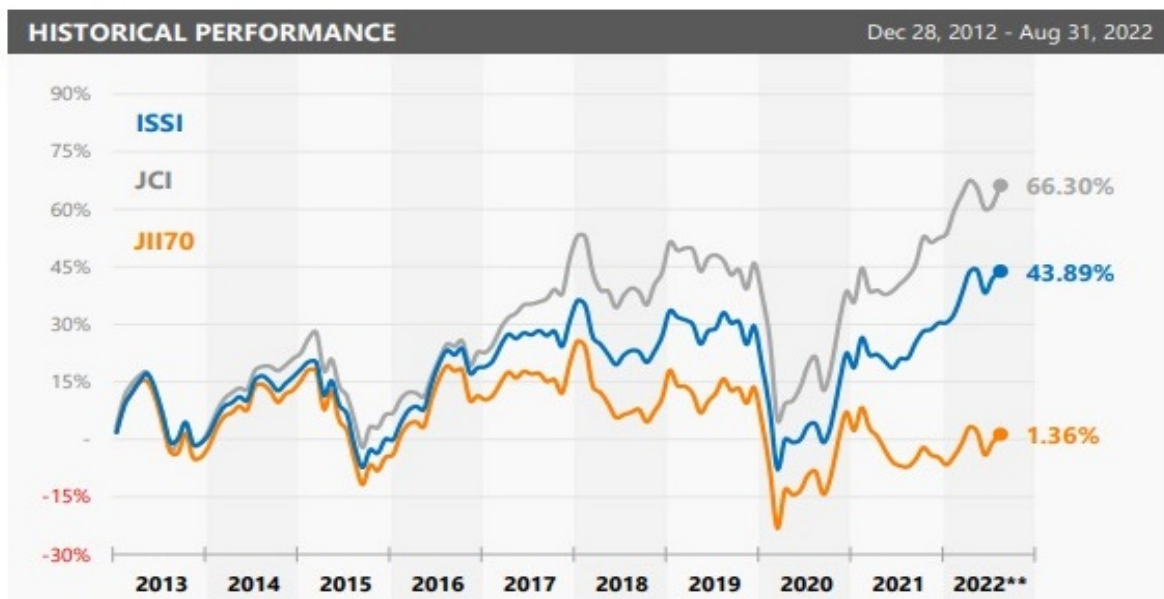
RESULTS AND DISCUSSION

Overview of the Indonesian Sharia Stock Index

The sharia stock index is a statistical measure that illustrates the price movements of a selected group of sharia-compliant stocks based on specific criteria. According to the official website of the Sharia Stock Index in Indonesia, the growth trajectory from 2011 to 2022 is outlined. This study focuses on the period from 2018 to 2022, relating to the condition of the Sharia Stock Index before and after Covid-19. Based on Figure 1, the data for the Indonesia Sharia Stock Index before the Covid-19 pandemic moved stably during the 2018-2019 period. However, after the Covid-19 pandemic was declared at the beginning of 2020, the Indonesia Sharia Stock Index experienced a significant decline. The year 2020 is referred to as the pre-vaccination period, before the government implemented vaccination programs to prevent the spread of the virus. The government also restricted all activities conducted by the public.

Figure 1

Historical performance of ISSI, JCI, and JII70, December 28, 2013–August 31, 2022



Source: Bursa Efek Indonesia.

With macroeconomic conditions still unstable in 2019, investors sought defensive stocks with strong balance sheets and low debt levels due to demand and supply shocks, as well as decreased household consumption in strongly affected sectors. Comparing to the early pandemic period in March 2020, fundraising from the capital market has continuously grown year by year. According to the above graph, the movement of the Sharia Stock Market in Indonesia stabilized and increased from 2021 to 2022. Overall, the sharia stock index began to experience positive growth compared to the lowest level at the end of March 2020, although there was a year-to-date decline in both the index and market capitalization value. The ISSI index increased by 43.89%.

Based on previous research, there are significant differences when testing ISSI data. Some studies indicate significant effects, while others do not. The research by Yusuf & Anthoni (2020) compares the movements of the IHSG (conventional) and ISSI (sharia) stocks, while Pratitis & Setiyono's (2021) study examines ISSI movements before and after the Covid-19 pandemic, showing different movement data based on field observations.

Descriptive Analysis

Descriptive analysis is conducted to provide a depiction or description of the data as seen from the lowest, highest, and average values of each variable before and after Covid-19. Table 1 shows the SPSS output results indicating that the minimum values before Covid-19 are equivalent to the values after Covid-19. The maximum values before Covid-19 are lower compared to the values after Covid-19, as are the average values obtained. This indicates that Covid-19 impacted the development of the Indonesia Sharia Stock Index. During the pandemic, ISSI experienced an increase even though the global economy declined during the pandemic period. Furthermore, the processed data shows that the BI rate before Covid-19 was higher than after Covid-19, as seen in the Min, Max, Mean, and Std. Deviation values. Therefore, the decrease in the BI rate had a positive effect on investors who invested in companies with less debt than equity. This shows that Covid-19 did not impact the BI Rate level. The processed data for the Exchange Rate and Inflation show an increase after Covid-19, as seen from the Min, Max, Mean, and Std. Deviation values.

Table 1

Descriptive statistics of research variables

Variable	Period	N	Min	Max	Mean	Std. Deviation
ISSI	Before	24	-4,52	5.16	0.4846	2.83586
	After	24	-4.52	6.47	0.6012	2.81416
BI Rate	Before	24	4.25	6.00	5.3646	0.64260
	After	24	3.50	5.25	3.7708	0.59398
Exchange Rate	Before	24	13,413.00	15,227.00	14.198.95	390.20067
	After	24	14,062.00	15,737.00	14,592.25	510.40770
Inflation	Before	24	2.48	3.49	3.1133	0.26797
	After	24	1.33	4.94	2.4517	1.12032

Source: Authors' estimation.

Normality Test

The Normality Test is conducted to determine whether the data to be studied is normally distributed or not. This study uses the One Sample Kolmogorov-Smirnov test for normality testing. After obtaining normality results, the hypothesis test to be used will be determined. If the data is normally distributed, the hypothesis test used is the Paired Sample t-test. If the data is not normal, the Wilcoxon Signed Rank Test will be used. The conditions for the normality test are:

- a. If the significance value from the Kolmogorov-Smirnov test is greater (>) than 0.05, the normality assumption is met,

- b. If the significance value from the Kolmogorov-Smirnov test is less (<) than 0.05, the normality assumption is not met.

The normality test results using the Kolmogorov-Smirnov statistical test show that all variables used as determinants of the Indonesia Sharia Stock Index (ISSI), both before and after Covid-19, have a probability or significance value greater than the significant level (α) of 0.05 (Asymp.sig (2-tailed) > 0.05). Therefore, it can be concluded that all data is normally distributed, and the scores in the sample can be considered from the study population. Since the data is normally distributed, the Indonesia Sharia Stock Index testing can proceed using the parametric test, the Paired Sample T-Test.

Table 2

Normality test results

Variable	Period	Sig.	Statistics	α	Conclusion
ISSI	Before	0.581	0.777	0.05	Normally distributed
	After	0.797	0.647	0.05	Normally distributed
BI Rate	Before	0.381	0.901	0.05	Normally distributed
	After	0.100	2.290	0.05	Normally distributed
Exchange Rate	Before	0.848	0.612	0.05	Normally distributed
	After	0.179	1.098	0.05	Normally distributed
Inflation	Before	0.203	1.069	0.05	Normally distributed
	After	0.302	0.971	0.05	Normally distributed

Source: Authors' estimation.

Paired Sample T-Test

The Paired Sample T-Test is used to test the average difference between two related samples. The paired samples can be interpreted as a sample where the subjects are the same but undergo two different treatments or measurements, i.e., measurements before and after the treatment (Palimbong et al., 2022). The Paired Sample T-Test is part of parametric statistics, so following applicable rules, the research data must be normally distributed. If the probability $\alpha > 0.05$, there is a significant difference between the data before and after (H0 is accepted, H1 is rejected). If the probability $\alpha < 0.05$, there is no significant difference between the data before and after (H0 is rejected, H1 is accepted). The hypothesis testing results for financial performance in this study are explained in the following passages.

Indonesian Sharia Stock Index

Table 3

Paired Sample T test results for Indonesian Sharia Stock Index

Variable	Mean	N	Std. Deviation	Sig. (2-tailed)
ISSI Before Covid-19	0.7070	20	2.73249	0.887
ISSI After Covid-19	0.8470	20	2.69240	0.887

Source: Authors' estimation.

Based on the SPSS output for the Sample Statistics Test in [Table 3](#), the average value of the Indonesia Sharia Stock Index before Covid-19 was 0.7070 (70%), lower than the average value of the Indonesia Sharia Stock Index after Covid-19, which was 0.8470 (84%). The Sig.2-tailed result is greater than the significance level (0.05), or $0.887 > 0.05$. Therefore, H_0 is accepted, and H_a is rejected. This indicates a significant difference in the average value of the Indonesia Sharia Stock Index before and after Covid-19.

Based on the above SPSS test results, it can be seen that before Covid-19, from 2018–2019, as shown in the attached graph, the stock movement was stable until 2019, and when Covid-19 entered Indonesia in 2020, it had a negative impact on Indonesia's economic growth, causing the stock market to plummet drastically, also negatively impacting the sharia stock index in Indonesia. However, ISSI had better stability because of strict criteria applied to stocks included in the sharia stock list. One criterion is that interest-based debt should not exceed 45% of the company's total assets, ensuring that these stock issuers can survive various economic uncertainties, such as the ongoing Covid-19 pandemic ([Andriansyah, 2023](#); [Hartanto, 2022](#); [Jalari et al., 2023](#); [Muin et al., 2020](#)).

After Covid-19 began to subside in 2021–2022, the Sharia Stock Index started experiencing positive growth and increased compared to 2018–2019. This happened because the Indonesian government implemented various policies and strategies to strengthen the health and economic sectors synergistically. For example, through Law No. 2 of 2020 as a step to accelerate pandemic handling and strengthen financial system stability. All government strategies and policies successfully improved Indonesia's economic condition ([Anggraini & Putri, 2020](#); [Maharani & Marheni, 2022](#); [Samsul et al., 2021](#)). The improvement was supported by increased public purchasing power, production activities, and public confidence in conducting economic activities following the 3M health protocols.

BI Rate

Table 4

Paired Sample T test results for BI Rate

Variable	Mean	N	Std. Deviation	Sig. (2-tailed)
BI Rate Before Covid-19	5.4250	20	0.68872	0.000
BI Rate After Covid-19	3.5125	20	0.05590	0.000

Source: Authors' estimation.

The SPSS output for the Samples Statistics Test in [Table 4](#) indicates that the average BI Rate before the Covid-19 pandemic in 2018–2019 was 5.4250, which is higher compared to the average BI Rate after the Covid-19 pandemic in 2021–2022, which was 3.5125. The Sig. 2-tailed result is smaller than the significance level (0.05), specifically $0.000 < 0.05$. Therefore, H_0 is rejected, and H_a is accepted. This shows a significant difference in the average BI Rate before and after Covid-19. This suggests that there is no significant difference in the average BI Rate before and after Covid-19.

Widyarto (2019) explains that a lower interest rate can reduce the cost of capital for businesses, which can drive corporate investment and attract consumer spending as well as the housing market. The BI rate can be influenced by several factors, including the inflation rate, the demand for goods and services, economic conditions, and money circulation. If the BI Rate decreases, leading to a decline in banking interest rates, this can increase asset prices, such as stocks and other securities (Jabar & Cahyadi, 2020; Wulan, 2020). Therefore, based on the above Samples Statistics Test, the decline in the BI Rate post-Covid-19 aims to increase production capacity and economic growth, with the hope of stabilizing Indonesia's economy.

Exchange Rate

Table 5

Paired Sample T test results for Exchange Rate

Variable	Mean	N	Std. Deviation	Sig. (2-tailed)
Exchange Rate Before Covid-19	14.2091	20	0.42690	0.010
Exchange Rate After Covid-19	14.6811	20	0.51395	0.010

Source: Authors' estimation.

The SPSS output for the Samples Statistics Test in Table 5 indicates that the average Exchange Rate before the Covid-19 pandemic in 2018–2019 was 14.2091, which is lower compared to the average Exchange Rate after the Covid-19 pandemic in 2021–2022, which was 14.6811. The Sig. 2-tailed result is greater than the significance level (0.05), specifically $0.010 > 0.05$. Therefore, H_0 is accepted, and H_a is rejected. This shows a significant difference in the average Exchange Rate before and after Covid-19.

The decline in the exchange rate of the rupiah can reduce the role of the national economy or result from increased demand for foreign currency as a means of national payment. A higher exchange rate indicates improved performance in the money market. Based on the Samples Statistics Test, the exchange rate increased after the Covid-19 pandemic (Beckmann & Czudaj, 2022; Hoshikawa & Yoshimi, 2021; Jamal & Bhat, 2022).

Inflation Rate

Table 6

Paired Sample T test results for Inflation Rate

Variable	Mean	N	Std. Deviation	Sig. (2-tailed)
Inflation Rate Before Covid-19	3.1240	20	0.27192	0.007
Inflation Rate After Covid-19	2.3300	20	1.18894	0.007

Source: Authors' estimation.

The SPSS output for the Samples Statistics Test in Table indicates that the average Inflation Rate before the Covid-19 pandemic was 3.1240, which is higher compared to the average Inflation Rate after the Covid-19 pandemic, which was 2.3300. The Sig. 2-tailed result is greater than the significance level (0.05), specifically $0.007 < 0.05$.

Therefore, H₀ is rejected, and H_a is accepted. This shows no significant difference in the average Inflation Rate before and after Covid-19. Inflation occurs due to a continuous increase in the prices of all goods within a particular economy. Hence, after Covid-19, the inflation rate began to decline and stabilize, with the hope of creating a conducive economic climate characterized by business certainty and maintained production costs, which will encourage investment growth. Inflation can reduce the value of currency, thereby lowering people's purchasing power (Aklin et al., 2022; Egilsson, 2020; Yanescha, 2022).

Significance Testing

F-Test

The F-test is conducted to observe the simultaneous effect of independent variables on the dependent variable. The method used is by looking at the level of significance, which is 0.05. If the significance value is less than 0.05, then H₀ is rejected, and H_a is accepted; if otherwise, then H₀ is accepted, and H_a is rejected. Table 7 and Table 8 describe the results of F-test before and after Covid-19

Table 7

F-test Results Before Covid-19

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.055	3	2.352	.264	.850 ^a
	Residual	177.914	20	8.896		
	Total	184.969	23			

a. Predictors: (Constant), INFLASI, KURS, BI_RATE

b. Dependent Variable: ISSI

Source: Authors' estimation.

Table 8

F-test Results After Covid-19

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.038	3	7.346	.918	.450 ^a
	Residual	160.110	20	8.005		
	Total	182.148	23			

a. Predictors: (Constant), INFLASI, KURS, BI_RATE

b. Dependent Variable: ISSI

Source: Authors' estimation.

Based on the tables above, the F-statistic result before the Covid-19 pandemic is 0.624 with a Prob(F-statistic) of 0.850, which is greater than 5%. After the pandemic, the F-statistic is 0.918 with a Prob(F-statistic) of 0.450, which is also greater than 5%. Therefore, it can be concluded that the independent variables collectively do not have

an effect on the dependent variable, which is the Indonesia Sharia Stock Index (ISSI). This finding contradicts the previous study indicating that Meanwhile, the variables of Inflation, BI Rate, exchange rate, JCI, SBIS and world gold prices have an effect on ISSI simultaneously (Andni & Said, 2022).

Coefficient of Determination (R2)

The coefficient of determination analysis is used to determine the percentage of the variation in the dependent variable that can be explained by the independent variables. This test aims to measure the percentage of the total variation in the independent variables that can be explained by the regression model.

Table 9

Coefficient of Determination Test Results Before Covid-19

Model Summary^a

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.195 ^a	.038	-.106	2.98256	2.293

a. Predictors: (Constant), INFLASI, KURS, BI_RATE

b. Dependent Variable: ISSI

Source: Authors' estimation.

Table 10

Coefficient of Determination Test Results Before Covid-19

Model Summary^a

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.275 ^a	.075	-.011	2.82940	2.643

a. Predictors: (Constant), INFLASI, KURS, BI_RATE

b. Dependent Variable: ISSI

Source: Authors' estimation.

The coefficient of determination (R2) can be seen from the Adjusted R-Squared value, which is 0.038 before Covid-19 and 0.075 after Covid-19. This shows that the independent variables in this study before the Covid-19 pandemic could explain 3.8% of the variation in the dependent variable, while the remaining 62% is explained by other variables. After the Covid-19 pandemic, they could explain 7.5% of the variation, while the remaining 25% is explained by other variables.

CONCLUSION

In 2020, Indonesia's economy experienced a significant deflation due to unstable economic activity. The changes were influenced by the Covid-19 pandemic. However, the impact did not significantly affect the Sharia Stock Index (ISSI) as the BI Rate, Exchange Rate, and Inflation improved quickly after the pandemic. Fundamentally, the

stocks in ISSI have a strong foundation to withstand future challenges. This study shows a negative relationship between the BI Rate and the Indonesia Sharia Stock Index (ISSI). This means that as the BI Rate rises or falls, the ISSI follows its own movement. The ISSI might rise with the BI Rate or not follow the trend at other times. The research indicates that the Exchange Rate does not have a significant impact on ISSI. This could be because companies listed on ISSI do not engage in international transactions, so changes in the Exchange Rate do not affect ISSI, and its fluctuations do not impact investors. This study shows that the inflation rate's fluctuations do not influence investors to invest in the sharia capital market. According to the investors, even though inflation causes a general rise in commodity prices, the Indonesia Sharia Stock Index remains stable. This stability is because companies listed on ISSI are not heavily impacted by inflation, as shown in the previously provided data tables.

Author Contributions

Conceptualization	D.F., A.N.D., & B.D.	Resources	D.F., A.N.D., & B.D.
Data curation	D.F., A.N.D., & B.D.	Software	D.F., A.N.D., & B.D.
Formal analysis	D.F., A.N.D., & B.D.	Supervision	D.F., A.N.D., & B.D.
Funding acquisition	D.F., A.N.D., & B.D.	Validation	D.F., A.N.D., & B.D.
Investigation	D.F., A.N.D., & B.D.	Visualization	D.F., A.N.D., & B.D.
Methodology	D.F., A.N.D., & B.D.	Writing – original draft	D.F., A.N.D., & B.D.
Project administration	D.F., A.N.D., & B.D.	Writing – review & editing	D.F., A.N.D., & B.D.

All authors have read and agreed to the published version of the manuscript.

Funding

This study received no direct funding from any institution.

Institutional Review Board Statement

The study was approved by Prodi Studi Manajemen (S1), Universitas Islam Negeri Sumatera Utara Medan, Medan, Indonesia.

Informed Consent Statement

Informed consent was not required for this study.

Data Availability Statement

The data presented in this study are available on request from the corresponding author.

Acknowledgments

The authors thank Prodi Studi Manajemen (S1), Universitas Islam Negeri Sumatera Utara Medan, Medan, Indonesia, for administrative support for the research on which this article was based.

Conflicts of Interest

The authors declare no conflicts of interest.

REFERENCES

- Agustina, V., & Nugroho, R. (2023). Determinan Indeks Saham Syariah di Indonesia [Determinants of the Islamic Stock Index in Indonesia]. *BISEI: Jurnal Bisnis Dan Ekonomi Islam*, 7(2), 83–94. <https://doi.org/10.33752/bisei.v7i2.3672>

- Aklin, M., Arias, E., & Gray, J. (2022). Inflation concerns and mass preferences over exchange-rate policy. *Economics & Politics*, 34(1), 5–40. <https://doi.org/10.1111/ecpo.12176>
- Alam, A., Anggraeni, G. T., & Anas, M. (2020). The influence of determining factors on Islamic stock index in Indonesia. *International Journal of Management, Entrepreneurship, Social Science and Humanities*, 3(1), 1–15. <https://doi.org/10.31098/ijmesh.v3i1.120>
- Ammy, B., & Soemitra, A. (2022). Studi literatur perilaku investor muslim dalam pemilihan dan pengambilan keputusan investasi antara saham syariah dibandingkan dengan saham konvensional [Literature study of Muslim investors' behavior in selecting and making investment decisions between sharia shares compared to conventional shares]. *Studia Economica: Jurnal Ekonomi Islam*, 8(1), 66–87. <https://doi.org/10.30821/se.v8i1.12409>
- Andni, R., & Said, M. (2022). Determinant of Islamic Stock Index in Indonesia pre and post pandemic era vaccine. *Journal of Islamic Economics Lariba*, 8(1), 85–100. <https://doi.org/10.20885/jielariba.vol8.iss1.art6>
- Andriansyah, Y. (2023). Analysis of fatwas by the National Sharia Board-Indonesian Council of Ulama on the stock market. *Millah: Journal of Religious Studies*, 22(2), 525–552. <https://doi.org/10.20885/millah.vol22.iss2.art9>
- Anggraini, R., & Putri, D. A. (2020). Kajian kritis ekonomi syariah dalam menelisik kebijakan moneter sebagai upaya penyelamatan perekonomian ditengah pandemi Covid-19 [Critical study of sharia economics in examining monetary policy as an effort to save the economy amidst the Covid-19 pandemic]. *Jurnal BONANZA: Manajemen dan Bisnis*, 1(2), 80–97. <https://doi.org/10.47896/mb.v1i2.295>
- Barth, J. R., & Bennett, J. T. (1975). Cost-push versus demand-pull inflation: Some empirical evidence: Comment. *Journal of Money, Credit and Banking*, 7(3), 391–397. <https://doi.org/10.2307/1991632>
- Beckmann, J., & Czudaj, R. L. (2022). Exchange rate expectation, abnormal returns, and the Covid-19 pandemic. *Journal of Economic Behavior & Organization*, 196, 1–25. <https://doi.org/10.1016/j.jebo.2022.02.002>
- Christianingrum, R. (2019). Pengaruh variabel ekonomi makro terhadap nilai tukar rupiah [The effect of macroeconomic variables on the rupiah exchange rate]. *Jurnal Budget: Isu dan Masalah Keuangan Negara*, 4(1), 43–63. <https://doi.org/10.22212/jbudget.v4i1.28>
- Citradewi, A. (2021). Analisis komparatif Indeks Saham Syariah Indonesia (ISSI) sebelum dan saat implementasi Kebijakan Pemberlakuan Pembatasan Kegiatan Masyarakat (PPKM) di Indonesia [Comparative analysis of the Indonesian Sharia Stock Index (ISSI) before and during the implementation of the Policy on the Enforcement of Restrictions on Community Activities in Indonesia]. *AKTSAR: Jurnal Akuntansi Syariah*, 4(2), 204–214. <https://doi.org/10.21043/aktsar.v4i2.12317>
- Egilsson, J. H. (2020). How raising interest rates can cause inflation and currency depreciation. *Journal of Applied Economics*, 23(1), 450–468. <https://doi.org/10.1080/15140326.2020.1795526>
- Fathurrahman, A., & Widiastuti, R. A. (2021). Determinan Indeks Saham Syariah Indonesia (Pendekatan Error Correction Model) [Determinants of the Indonesian Sharia Stock Index (Error Correction Model approach)]. *Islamic Banking: Jurnal Pemikiran Dan Pengembangan Perbankan Syariah*, 7(1), 179–194. <https://doi.org/10.36908/isbank.v7i1.309>
- Hartanto, B. (2022). Analisis prediksi Indeks Saham Syariah Indonesia (ISSI) menggunakan metode GARCH [Analysis of predictions for the Indonesian Sharia Stock Index (ISSI) using the GARCH method]. *EKONOMIKA45: Jurnal Ilmiah Manajemen, Ekonomi Bisnis, Kewirausahaan*, 10(1), 281–288. <https://doi.org/10.30640/ekonomika45.v10i1.893>

- Hoshikawa, T., & Yoshimi, T. (2021). The effect of the Covid-19 pandemic on South Korea's stock market and exchange rate. *The Developing Economies*, 59(2), 206–222. <https://doi.org/10.1111/deve.12276>
- Jabar, A. K. A., & Cahyadi, I. F. (2020). Pengaruh exchange rate, inflasi, risiko sistematis dan BI Rate terhadap return saham syariah di Jakarta Islamic Index (JII) periode 2015–2018 [The influence of exchange rate, inflation, systematic risk and BI Rate on sharia stock returns in the Jakarta Islamic Index (JII) 2015–2018]. *MALIA: Journal of Islamic Banking and Finance*, 4(1), 12–39. <https://doi.org/10.21043/malia.v4i1.8409>
- Jain, M. P., Sharma, D. A., & Kumar, D. M. (2022). Recapitulation of demand-pull inflation & cost-push inflation in an economy. *Journal of Positive School Psychology*, 2980–2983. <https://journalppw.com/index.php/jpsp/article/view/3775>
- Jalari, J., Anwar, S., & Ardiansyah, M. (2023). Determinants of hybrid investor behavior: Selecting stock in the Islamic capital market with maqasid of sharia as moderation. *Millah: Journal of Religious Studies*, 22(2), 701–732. <https://doi.org/10.20885/millah.vol22.iss2.art15>
- Jamal, A., & Bhat, M. A. (2022). Covid-19 pandemic and the exchange rate movements: Evidence from six major Covid-19 hot spots. *Future Business Journal*, 8(1), 17. <https://doi.org/10.1186/s43093-022-00126-8>
- Junaedi, D., & Salistia, F. (2020). Dampak pandemi Covid-19 terhadap pertumbuhan ekonomi negara-negara terdampak [The impact of Covid-19 pandemic on economic growth of affected countries]. *Simposium Nasional Keuangan Negara*, 2(1), 995–1013. <https://jurnal.bppk.kemenkeu.go.id/snkn/article/view/600>
- Kamal, M., Kasmawati, Rodi, Thamrin, H., & Iskandar. (2021). Pengaruh tingkat inflasi dan nilai tukar (KURS) Rupiah terhadap Indeks Saham Syariah Indonesia (ISSI) [The effect of inflation rate and Rupiah exchange rate on the Indonesian Sharia Stock Index]. *Jurnal Tabarru': Islamic Banking and Finance*, 4(2), 521–531. [https://doi.org/10.25299/jtb.2021.vol4\(2\).8310](https://doi.org/10.25299/jtb.2021.vol4(2).8310)
- Kamalludin, I., & Arief, B. N. (2018). Kebijakan reformasi maqâshid al-syariah dan kontribusinya dalam formulasi alternatif keringanan pidana penjara [Maqâshid al-syariah reform policy and its contribution to the formulation of alternative prison sentence reductions]. *Al-Adalah*, 15(1), 182–218. <https://doi.org/10.24042/adalah.v15i1.2931>
- Maharani, Y., & Marheni, M. (2022). Strategi kebijakan dalam mengatasi krisis ekonomi di masa pandemi Covid-19: (Studi kasus Indonesia) [Policy strategies for overcoming the economic crisis during the Covid-19 pandemic: (Indonesian case study)]. *Jemasi: Jurnal Ekonomi Manajemen Dan Akuntansi*, 17(02), 234–244. <https://doi.org/10.35449/jemasi.v17i02.532>
- Marliyah, Yafiz, M., Dharma, B., & Syarbaini, A. M. B. (2022). 'Amid: Islamic integrative approach as survey model. *Indonesian Journal of Islamic Literature and Muslim Society*, 7(1). <https://doi.org/10.22515/islimus.v7i1.5406>
- Mikrad, M., Budi, A., & Febrianto, H. G. (2023). Comparative analysis of the performance of the Composite Stock Price Index (IHSG) with the Indonesian Sharia Stock Index (ISSI) during the Covid-19 pandemic. *International Journal of Management Science and Information Technology*, 3(1), 93–100. <https://doi.org/10.35870/ijmsit.v3i1.1107>
- Muin, R., Awaluddin, M., & Islah, I. (2020). Tinjauan metode screening saham syariah pada Bursa Efek Indonesia [Review of sharia stock screening methods on the Indonesian Stock Exchange]. *LAA MAISYIR: Jurnal Ekonomi Islam*, 7(1), 115–128. <https://doi.org/10.24252/lamaisyir.v7i1.13496>
- Muslih, A. K., Taufiki, M. A., & Sujianto, A. E. (2023). Peran pertumbuhan pasar modal syariah dalam peningkatan perekonomian Indonesia [The role of the growth of the Islamic capital market in

- improving the Indonesian economy]. *Populer: Jurnal Penelitian Mahasiswa*, 2(2), 155–166. <https://doi.org/10.58192/populer.v2i2.869>
- Nevada, S., & Kusumaningtias, R. (2020). Pengaruh Dow Jones Islamic Market Index dan dampak makroekonomi terhadap Indeks Saham Syariah Indonesia [The influence of the Dow Jones Islamic Market Index and the macroeconomic impact on the Indonesian Sharia Stock Index]. *At-Tijarah: Jurnal Ilmu Manajemen dan Bisnis Islam*, 6(2), 147–160. <https://doi.org/10.24952/tijarah.v6i2.2453>
- Nurbaiti, N., Asmuni, A., Soemitra, A., Imsar, I., & Aisyah, S. (2023). Behavior analysis of MSMEs in Indonesia using fintech lending comparative study between sharia fintech lending and conventional fintech lending. *JPPi (Jurnal Penelitian Pendidikan Indonesia)*, 9(4), 92–99. <https://doi.org/10.29210/020232273>
- Nurlaila, Nurbaiti, & Nasution, M. L. I. (2022). The impact of Covid-19 pandemic on the income of traditional market traders in Indonesia. *Journal of Positive School Psychology*, 6(9), 2141–2150. <https://journalppw.com/index.php/jjpsp/article/view/12638>
- Palimbong, S. M., Pompeng, O. D. Y., & Widia, W. (2022). Pengaruh penerapan surat pemberitahuan elektronik (e-SPT) masa pajak pertambahan nilai (PPN) terhadap kepatuhan wajib pajak [The effect of implementation of electronic notification letter (e-SPT) for value added tax (VAT) period on taxpayer compliance]. *AKUNTABEL: Jurnal Ekonomi Dan Keuangan*, 19(2), 475–481. <https://journal.feb.unmul.ac.id/index.php/AKUNTABEL/article/view/11169>
- Paryudi, P. (2021). Pengaruh nilai tukar, suku bunga dan inflasi terhadap Indeks Harga Saham Gabungan [The effect of exchange rate, interest rate and inflation on the Composite Stock Price Index]. *Jurnal Ilmiah Manajemen Kesatuan*, 9(2), 11–20. <https://doi.org/10.37641/jimkes.v9i2.448>
- Pratama, M. R. A., Putra, A., & Hasibuan, A. W. (2022). Pengaruh nilai tukar domestik pada masa Covid-19 terhadap pertumbuhan perekonomian di Indonesia [The influence of the domestic exchange rate during Covid-19 on economic growth in Indonesia]. *IDEI: Jurnal Ekonomi & Bisnis*, 3(1), 22–27. <https://doi.org/10.38076/ideijeb.v3i1.104>
- Pratitis, F. A., & Setiyono, T. A. (2021). Komparasi Indeks Saham Syariah Indonesia (ISSI) Sebelum dan Saat Pandemi Covid-19. *JIEF Journal of Islamic Economics and Finance*, 1(1), 68–79. <https://doi.org/10.28918/jief.v1i1.3730>
- Qarina, Q. (2023). Analisis determinan nilai tukar di Indonesia [Analysis of the determinants of exchange rates in Indonesia]. *SIBATIK JOURNAL: Jurnal Ilmiah Bidang Sosial, Ekonomi, Budaya, Teknologi, Dan Pendidikan*, 2(2), 369–380. <https://doi.org/10.54443/sibatik.v2i2.562>
- Ramadhani, Y. C. (2023). Dampak pandemi Covid-19 terhadap perekonomian Indonesia [The impact of Covid-19 pandemic on Indonesia's economy]. *Jurnal Samudra Ekonomi Dan Bisnis*, 14(2), 200–212. <https://doi.org/10.33059/jseb.v14i2.4395>
- Samsul, E. M., Nur'aeni, N., Indriani, A., & Necayanti, N. (2021). Kebijakan fiskal dan moneter Indonesia serta pengaruhnya terhadap pasar domestik di masa pandemi Covid-19 [Indonesia's fiscal and monetary policies and their impact on the domestic market during the Covid-19 pandemic]. *Jurnal Accounting Information System (AIMS)*, 4(2), 46–57. <https://doi.org/10.32627/aims.v4i2.179>
- Sari, E. P., & Tambunan, K. (2021). Kondisi pasar uang pada masa pandemi Covid 19 [Money market conditions during the Covid 19 pandemic]. *Jurnal Ilmiah Ekonomi Dan Bisnis Triangle*, 2(4). <https://trianglesains.makarioz.org/index.php/JTS/issue/view/8>

- Schwarzer, J. A. (2018). Retrospectives: Cost-push and demand-pull inflation: Milton Friedman and the "cruel dilemma." *Journal of Economic Perspectives*, 32(1), 195–210. <https://doi.org/10.1257/jep.32.1.195>
- Selden, R. T. (1959). Cost-push versus demand-pull inflation, 1955–57. *Journal of Political Economy*, 67(1), 1–20. <https://doi.org/10.1086/258126>
- Sugianto, S., Soemitra, A., Yafiz, M., Dalimunthe, A. A., & Ichsan, R. N. (2022). The implementation of waqf planning and development through Islamic financial institutions in Indonesia. *JPPi (Jurnal Penelitian Pendidikan Indonesia)*, 8(2), 275–288. <https://doi.org/10.29210/020221430>
- Ulhaqqi, D. U. D., Amamilah, S., Raharjo, L., & Hidayaty, D. E. (2023). Aktivitas pasar modal Indonesia selama era pandemi dan pasca pandemi [Indonesian capital market activities during the pandemic and post-pandemic era]. *Jurnal Ilmiah Wahana Pendidikan*, 9(5), 149–154. <https://doi.org/10.5281/zenodo.7728790>
- Widyarto, M. P. (2019). Pengaruh BI Rate, inflasi, nilai tukar Rupiah terhadap USD, dan Indeks Dow Jones terhadap Indeks Harga Saham Gabungan di Bursa Efek Indonesia [The influence of the BI Rate, inflation, the Rupiah exchange rate against the USD, and the Dow Jones Index on the Composite Stock Price Index on the Indonesian Stock Exchange]. *Jurnal Ilmiah Mahasiswa FEB*, 7(2), Article 2. <https://jimfeb.ub.ac.id/index.php/jimfeb/article/view/5839>
- Wijaya, E. (2022). Analisis kinerja reksadana pasar uang selama pandemi Covid 19 [Analysis of the performance of money market mutual funds during the Covid 19 pandemic]. *MDP Student Conference*, 1(1), 628–637. <https://jurnal.mdp.ac.id/index.php/msc/article/view/1721>
- Wulan, A. N. (2020). Analisis pengaruh indikator makroekonomi terhadap indeks harga saham syariah di Indonesia tahun 2011–2020 [Analysis of the influence of macroeconomic indicators on the sharia stock price index in Indonesia 2011–2020]. *Syiar Iqtishadi: Journal of Islamic Economics, Finance and Banking*, 4(2), 59–84. <https://doi.org/10.35448/jiec.v4i2.9844>
- Yanescha, N. Y. P. (2022). Analysis of factors affecting inflation in Indonesia 2015–2020. *Research Horizon*, 2(2), Article 2. <https://doi.org/10.54518/rh.2.2.2022.330-344>
- Yusuf, Y., & Anthoni, L. (2020). Perbandingan pergerakan Indeks Harga Saham Gabungan (IHSG) dengan Indeks Saham Syariah Indonesia (ISSI) selama pandemi Covid 19 [Comparison of the movement of the Composite Stock Price Index (IHSG) with the Indonesian Sharia Stock Index (ISSI) during the Covid 19 pandemic]. *Prosiding Seminar Nasional Akuntansi*, 3(1), 401–410. <https://openjournal.unpam.ac.id/index.php/SNU/article/view/7747>
- Zaeni, L. R., & Utama, D. P. (2022). Dampak pandemi Covid-19 terhadap pergerakan pasar modal di Indonesia [The impact of the Covid-19 pandemic on capital market movements in Indonesia]. *Journal of Applied Accounting and Taxation*, 7(1), 25–34. <https://doi.org/10.30871/jaat.v7i1.3939>