

## Value Analysis and Rating of Sharia Bonds (Sukuk) on Stock Return (Survey of Indonesian Stock Exchange Issuers that Issued Sharia Bonds)

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**Abstract:** This study aims to determine (1) the effect of the issuance value of Sharia Bonds (Sukuk) and Rating of Sharia Bond Issuance (Sukuk) partially on Stock Returns on issuers issuing Sharia bonds (Sukuk) on the Indonesia Stock Exchange, (2) Effect of Bond Issuance Value Sharia (Sukuk) and Rating Issuance of Sharia Bonds (Sukuk) simultaneously on Stock Returns on issuers that issue sharia bonds (Sukuk) on the Indonesia Stock Exchange. The research method uses a survey method, with purposive sampling technique, the research sample obtained 15 issuances of Sharia bonds (Sukuk). Data analysis using classical assumption and multiple regression test. The results of the study: (1) The value of issuance of Sharia Bonds (Sukuk) and Rating of Sharia Bond Issuance (Sukuk) partially has no significant positive effect on Stock Returns and (2) Value of Issuance of Sharia Bonds (Sukuk) and Rating of Issuance of Sharia Bonds (Sukuk) simultaneously have no significant effect on Stock Returns.

**Keywords:** Value of Issuance of Sharia Bonds; Rating of Issuance of Sharia Bonds; Stock Returns, and Indonesia Stock Exchange.

### INTRUDOCION

In Indonesia, the development of the Sharia capital market began in 1997 with the issuance of the first Sharia mutual fund issued by PT Danareksa Investment Management.

For financial investment instruments that are traded in the Sharia capital market are not much different from those in the conventional capital market. The financial investment instruments consist of Sharia Securities namely Sharia Shares, Collective Investment Contracts (KIK) Sharia Mutual Funds, State Sharia Securities (SBSN / State Sukuk) and Sharia Bonds. Investments in sharia financial instruments that investors are interested in are Sharia bonds (Sukuk).

This can be seen from the development and growth of the issuance of Sharia bonds (Sukuk) which are increasing every year, can be seen in the Sharia bond issuance statistics (Sukuk) as of December 2017. It can be seen from the statistical data from 2012 to 2017, the issuance of Sharia bonds (Sukuk) continues to increase, this also means that investors who invest in Sharia bonds (Sukuk) continue to increase every year. From the accumulated value of sharia bond issuance (Sukuk) consists of 20 issuers listed on the Indonesia Stock Exchange (BEI) which issue Sharia bonds (Sukuk) with a total issuance of 79 publications. Every issuance of Sharia bonds or corporate Sukuk must be accompanied by a rating of securities. Every company listed in the capital market or an issuer that will issue Sharia bonds (Sukuk) must obtain a securities rating

from the securities rating company. The rating of this effect, in this case, is Sharia bonds (Sukuk) which are useful to provide guidance for investors about the quality of bond investments that they are interested in.

For other investors or for the market, the issuance of Sharia bonds (Sukuk) can mean both positive and negative. Both positive and negative information from the issuance of Sharia bonds (Sukuk), will have an impact on the company's stock returns. If investors look positively at the issuance of Sharia bonds (Sukuk), the company's stock returns will increase as the company's stock price rises. Conversely, if investors look negatively at the issuance of Sharia bonds (Sukuk), then the stock return will experience a decline as the stock price decreases.

### RESEARCH PURPOSES

- To know and analyze the influence of the value and rating of issuance of Sharia bonds (Sukuk) partially on stock returns in companies that issue Sharia bonds (Sukuk) in the Indonesia Stock Exchange.
- To know and analyze the influence of the value and rating of issuance of Sharia bonds (Sukuk) simultaneously on stock returns in companies that

issue Sharia bonds (Sukuk) in the Indonesia Stock Exchange.

### LITERATUR REVIEW

A company when issuing Sharia bonds (Sukuk) will clearly state how much funds are needed. Sharia bonds (Sukuk) are sharia securities in the form of certificates or proof of ownership that are of equal value and represent an inseparable part or are not divided into underlying assets [1-3]. Assets that are used as underlying can be tangible goods such as land, buildings, development projects, or intangible assets such as services, or benefits of assets. In issuing Sharia bonds (Sukuk), so that investors can invest in the company concerned, investors need information about the value of issuance of Sharia bonds (Sukuk) and the rating of issuance of Sharia bonds (Sukuk) for consideration.

The value of issuance of Sharia bonds (Sukuk) is calculated using an approach to ratios that measures the proportion of the use of Sharia bonds (Sukuk) in financing the company's operational activities, namely Sukuk to Equity Ratio (SER). Sukuk to Equity Ratio is a ratio that measures the proportion of funds sourced from Sukuk in a company's equity. The greater this ratio shows the large portion of Sukuk compared to the composition of other companies' own capital. The value of issuance of Sharia bonds (Sukuk) is needed to provide information to investors regarding the amount of value required by the company concerned. Sukuk issuance activities are part of corporate actions that can affect shareholders. By observing the value of issuance of Sharia bonds (Sukuk) as measured by the Sukuk Equity Ratio which compares the nominal value of Sukuk with total equity. Investors can get information about how many companies are funded by Sukuk and this can have a positive or negative impact on the share price of the issuer concerned. Some studies show that the value of issuance of Sukuk has no significant negative effect on stock returns [4-6]. However, the results of these studies are not consistent with other studies that the value of issuance of Sharia bonds (Sukuk) partially and significantly positive effect on stock returns [7-9].

In addition, other information needed by investors to invest in Sharia bonds is the rating of issuance of Sharia bonds (Sukuk). Bond ratings are made to provide information about financial performance, the company's business position that issues bonds (bonds) in the form of ratings to investors whether their investments are primarily in the form of bonds is a risky investment or not [10]. One information that can affect stock returns is the announcement of the bond rating and value of issuance [7]. If investors use information in the form of bond ratings in their activities, the bond rating announcement publication will have an impact on stock returns. The results

showed that the rating of issuance of Sharia bonds (Sukuk) had a positive effect on stock returns, [4, 7-9, 11].

Sharia bond issuance information, will provide a signal (signal) how the effect is for stock returns of companies that issue Sharia bonds while issuing shares on the stock exchange market. Signaling Theory applies here, that every action contains information. If a new relevant information enters the market related to an asset, this information will be used to analyze and interpret the value of the asset in question, [12]. The result is a possible shift to the new equilibrium price. In theory, by issuing Sharia bonds a company will get a profit, or the profits obtained by the company will increase.

The aim of investors in investing is to maximize returns, without forgetting factors in investing that must be faced, [13]. Return is one of the factors that motivate investors to invest and is also a reward for the courage of investors to bear the risk of investment. Return is the result obtained from investment, [12]. The source of investment return is yield and capital gain. In this study, the stock return indicator used is capital gain/loss, namely the difference between the current period's stock price minus the share price of the previous period divided by the share price of the last year.

### Hypothesis

- Partially the value of issuance of Sharia bonds (Sukuk) has a negative effect and the issuance rating of Sharia bonds (Sukuk) has a positive effect on stock returns in companies that issue Sharia bonds (Sukuk) and are listed on the Indonesia Stock Exchange (IDX).
- Simultaneously the value of the issuance of Sharia bonds (Sukuk) and the issuance of Sharia bonds (Sukuk) affects the stock return on companies that issue Sharia bonds (Sukuk) and are listed on the Indonesia Stock Exchange (IDX).

### RESEARCH METHODS

The research method used is the survey method. The research population is a company that issues Sharia bonds (Sukuk) for the 2012-2016 period and is rated by PT. PEFINDO, [14]. There is 44 issuance of Sharia bonds (Sukuk) issued by 13 companies. The sampling technique used in this study was purposive sampling, with the following criteria: (a). issuers that consistently issue Sharia bonds (Sukuk) which are rated by PT. PEFINDO and listing on the Indonesia Stock Exchange in 2012-2016; (b). issuers that carry out complete Publications for the needs of the 2012-2016 research data. Based on these criteria there is 15 issuance of Sharia bonds (Sukuk) issued by 5 companies that meet the criteria. The type of data used is secondary data. Research variables consist of: a)

Value of Issuance of Sharia Bonds (Sukuk) as X1 with indicators of Sukuk Equity Ratio (SER), namely the ratio between total Sukuk and total equity; b) Rating of Issuance of Sharia Bonds (Sukuk) as X2 with the indicator is the value of conversion rating in letters into numbers; and c) Stock Return (Y) as measured by Capital Gain (Loss). The analytical tool used is the classic assumption (normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test), and multiple regression.

**EMPIRICAL RESULTS**

Classic assumption test uses several tests, namely: normality test, autocorrelation test, multicollinearity test, and heteroscedastic test. Normality test based on the calculation results in the One-Sample Kolmogorov-Smirnov table (table.1), the three variables are normally distributed, seen from the Asymp. Sig. (2-tailed) that is in the Kolmogorov Smirnov test in the Unstandardized Residual column shows that  $\alpha = 5\%$  (0.05). These three variables produce a value of 0.27 or 27% because the value is more than 5%, the data is said to be normally distributed.

**Table-1: Normality Test Results**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		15
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	,61456673
Most Extreme Differences	Absolute	,234
	Positive	,234
	Negative	-,119
Test Statistic		,234
Asymp. Sig. (2-tailed)		,27 <sup>c</sup>
a. Test distribution is Normal.		
b. Calculated from data.		

Autocorrelation test can be seen from the Durbin-Watson value (table 2). The results of the analysis showed that the Durbin-Watson value generated from the regression model was 2,250.

Because the Durbin-Watson value is at  $1.5 < DW < 2.5$ , the test can be concluded that there is no autocorrelation in this research regression model.

**Table-2: Autocorrelation Test Results**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	,372 <sup>a</sup>	,139	-,005	,66380794	2,250
a. Predictors: (Constant), Sukuk Issuance Rating, Value of Sukuk Issuance					
b. Dependent Variable: Stock returns					

Multicollinearity test can be seen from the Variance Inflation Factor (VIF) value. Based on the results of the coefficients table (Table-3), the results show that the independent variable value and rating of

issuance of Sharia bonds (Sukuk) has a VIF value of 2.972. Because the VIF value of the two variables is  $< 10$ , meaning that this regression model does not occur multicollinearity.

**Table-3: Multicollinierity Test Results**

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-,362	1,072		-,338	,741		
	Value of Sukuk Issuance	4,600	4,076	,521	1,129	,281	,336	2,972
	Sukuk Issuance Rating	,151	,337	,207	,449	,662	,336	2,972
a. Dependent Variable: Stock returns								

Heteroscedasticity test can be seen in scatterplot images (fig-1). Based on the calculation results it can be seen that the points do not form a clear

pattern, and the points spread above and below the number 0 on the Y-axis. So it can be concluded that the regression model does not occur heteroscedasticity.

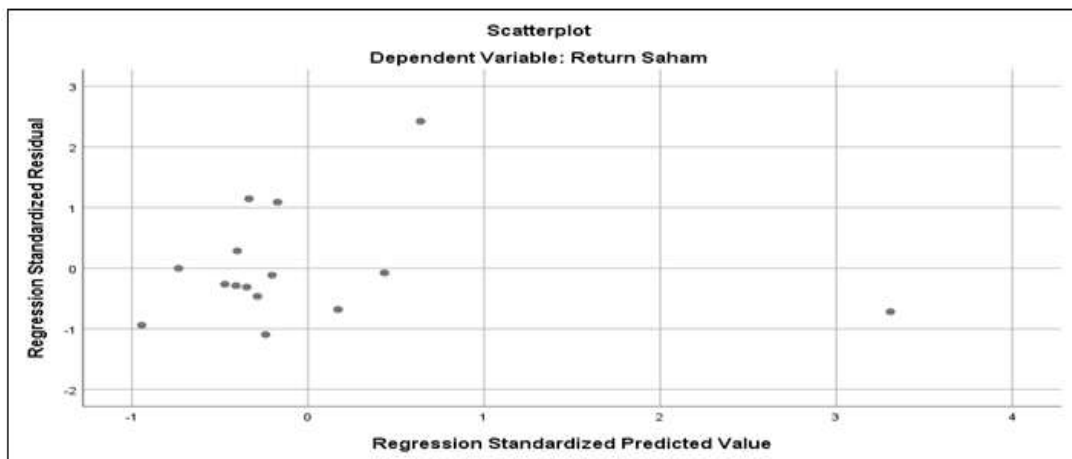


Fig-1: Heteroscedasticity Test Results

**Effect of Value and Rating of Issuance of Sharia Bonds (Sukuk) Partially on Stock Returns**

Table-4 shows that the variable value of issuance of Sharia bonds (Sukuk) with a regression coefficient of 4,600, then the hypothesis proposed by the value of issuance of Sharia bonds (Sukuk) has a negative effect on unproven stock returns (Ha rejected). This finding shows that in the Indonesian Stock Exchange Sharia Sharia issuers, the increase in the value of Sharia bonds (Sukuk) issuance as measured by Sukuk equity ratio was responded positively by market

participants, which will have an impact on increasing stock returns. Judging from the significance value of  $0.281 > 0.05$ , meaning that the value of issuance of Sharia bonds partially has a non-significant positive effect on stock returns. Issuance of Sharia bonds can affect the investment activities of investors. Investors will analyze information on the issuance of sharia bonds whether they have a positive or negative impact on the company. In other words, the value of issuance of Sharia bonds (Sukuk) has sufficient information on the decisions taken by investors.

Table-4: T Test Results

Model	Coefficients <sup>a</sup>									
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	-,362	1,072		-,338	,741					
Value of Sukuk Issuance	4,600	4,076	,521	1,129	,281	,353	,310	,302	,336	2,972
Sukuk Issuance Rating	,151	,337	,207	,449	,662	-,217	,128	,120	,336	2,972

a. Dependent Variable: Stock returns

The results of this study are consistent with previous research that the value of issuance of Sharia bonds partially has a positive effect on stock returns [7-9]. But it is not consistent with other previous studies that the value of issuance of Sharia bonds partially negatively affects stock returns [4-6].

The magnitude of the effect of the value of the issuance value of Sharia bonds (Sukuk) on the stock return variable is  $0.096 (0.310)^2$ , which means that 0.096 variable value of the issuance of Sharia bonds (Sukuk) affects stock returns (table 4). While the rest of 0.904 is the influence of other factors (residues) which are suspected to include the issuance of Sharia bonds, leverage, macroeconomic factors such as inflation rates, non-economic factors such as domestic and foreign political events and micro factors in the company itself

such as profit net per share. The value of issuance of Sharia bonds (Sukuk) is quite instrumental in influencing investors' decisions in making investment decisions. But investors also pay attention to companies that issue Sharia bonds (Sukuk) in consideration of their investment decisions. Investors consider whether the company is good in terms of business conditions and company performance.

When viewed from the Rating of Issuance of Sharia Bonds (Sukuk) Table-4, obtained a regression coefficient of 0.151 (positive), the hypothesis proposed by the issuance of Sharia bonds (Sukuk) has a positive effect on tested stock returns (Ha accepted). That is, information on the issuance of Sharia bonds (Sukuk) rating provides information on decisions that investors will take. The higher the issuance rating of Sharia bonds

(Sukuk), the higher the stock return, because the issuance of Sharia bonds (Sukuk) rating can show the level of liquidity and solvency of the company which is beneficial for investors as information in making investment decisions. The main objective of the rating is to provide accurate information about financial performance, the company's business position which issues bonds (bonds) in the form of ratings to prospective investors. Judging from the significance of the influence shows that the significance value is  $0.662 > 0.05$ , meaning that the rating of the issuance of Sharia bonds has no significant positive effect.

The findings of this study are consistent with previous studies that the issuance rating of Sharia bonds partially has a positive effect on stock returns, [4, 7-9,

11]. When viewed from the magnitude of the effect of the Sharia bond issuance rating variable (Sukuk) on the stock return variable of 0.016 (0.128) 2, which means that 0.016 rating variables for the issuance of Sharia bonds (Sukuk) affect stock returns. Whereas the rest of 0.984 is the influence of other factors (residues) which are suspected to include the value of Sharia bond issuance, leverage, macroeconomic factors such as domestic general interest rates, non-economic factors such as warfare and demonstration and micro factors that are in the company itself such as book value net per share.

**Effect of Value of Issuance of Sharia Bonds (Sukuk) and Rating of Issuance of Sharia Bonds (Sukuk) Simultaneously Against Stock Returns**

**Table-5: F Test Results**

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	,852	2	,426	,966	,408 <sup>b</sup>
Residual	5,288	12	,441		
Total	6,139	14			

Referring to the results of the analysis (table 5) shows that the calculated F value is 0.966 with a significance value of 0.408 greater than the critical value of 0.05. Based on these results, the hypothesis proposed that the value of issuance of Sharia bonds and the issuance of Sharia bonds issuance simultaneously affect the tested stock returns (Ha accepted). Judging from the degree of influence it shows the significance value (F) of  $0.966 > 0.05$ , meaning that the value of the issuance of Sharia bonds and the issuance rating of Sharia bonds simultaneously have no significant effect on stock returns.

Judging from the magnitude of the effect of the variable value of the issuance of sharia bonds (Sukuk) and the rating of issuance of sharia bonds (Sukuk) simultaneously obtained a value of 13.9% (table 6), meaning that stock return variability is influenced simultaneously by the value and rating of Sharia bonds issuance (Sukuk) of 0.139 or 13.9%. The other factors that were not examined (residual factors) were 0.861 or 86.1%, presumably from variables such as domestic general interest rates, inflation rates, foreign exchange rates, international economic conditions, domestic and foreign political events, as well as internal factors such as profits. net per share, book value per share, debt ratio to equity, profitability and company liquidity.

**Table-6: Coefficient Determination Test Results**

Model Summary <sup>b</sup>						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	,372 <sup>a</sup>	,139	-,005	,66380794	,139	,966

This finding is relevant to the theory that the information on the issuance of Sharia bonds (Sukuk) will provide a signal (signal) of the effect on the stock returns of companies that issue Sharia bonds (Sukuk) [12]. The general benefit of the bond rating is to provide objective and independent information regarding the ability to repay debt, the level of investment risk that may arise, and the type and level of debt. This information is certainly needed by investors as a consideration to make investments and see the risks that will be obtained from the investment. If investors feel they have enough information from the bond rating, investors will view the bond issuance as good information and with the response. The investor will

affect the stock price which will have an impact on stock returns. The results of this study are consistent with the previous research that the simultaneous value and rating of issuance of Sharia bonds (Sukuk) affects stock returns [7, 15].

**CONCLUSION**

Partially the variable value of the issuance of Sharia bonds (Sukuk) and the rating of issuance of Sharia bonds (Sukuk) has a positive effect on stock returns, and simultaneously the variable value of the issuance of Sharia bonds (Sukuk) and the issuance rating of Sharia bonds (Sukuk) have no significant effect on stock returns.



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