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by Umsida Perpustakaan

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To cite this article: I. Dian Rahmawati *et al* 2021 *J. Phys.: Conf. Ser.* **1764** 012052

View the article online for updates and enhancements.

Analysis of the Impact of using Syariah Bonds (Sukuk) and Conventional Bonds on Stock Returns for Investors in Indonesia: Study of Manufacturing Companies Listed on the IDX in the year 2015-2017

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Abstract. The stock market is an integral part of economic activity in many countries. One of the stock market types is financial obligations. In Indonesia has developed two types of financial obligations are Sharia-based obligations called Sukuk, and non-Sharia ones called conventional obligation. This study aims to analyze the impact of Sukuk and conventional obligation issuance on stock returns. The company under review is a company that issues obligation. The study uses event studies to see the reaction of the stock market to the event of issuance of Sukuk and conventional obligation. The results of the study show that Sukuk and conventional obligation affect stock returns.

1. Introduction

Every company needs capital to carry out its operational activities. The capital used by the company can come from outside or from within the company itself. Internal capital can come from retained earnings, ordinary shares and preferred shares issued by the company. While capital from outside is a debt taken by the company. Where capital comes from debt in the long or medium term, it can be in the form of bonds. Shares, both ordinary shares and preferred shares, and bonds issued by the company are financial instruments that are traded on the Indonesia Stock Exchange. The company's efforts to obtain and increase capital have become an inseparable part of investing activities, especially in the capital market [1].

The bond issuing company, as a borrower of funds, is obliged to pay a certain amount of interest periodically in accordance with the predetermined maturity date and also repays the loan principal when the bond maturity date. Bond debts are generally issued by government private companies that require funds from outside the company. Bonds are products from the capital market, not products from financial   institutions   such   as   banks   or   financial   institutions   [2].

One form of funding for companies is the issuance of bonds. Bonds are a form of debt financing in the form of long-term debt instruments from issuers that issue securities as an alternative financing, in addition to financing from retained earnings and shares. Issuance of bonds will cause an increase in corporate leverage. On the one hand an increase in leverage will bring benefits to companies in the form of a tax shield where the company can reduce the share of earnings paid for taxes so that the company can increase the value of the company and provide benefits for shareholders. But at a certain point the use of debt can reduce the value of shares if there is an influence of bankruptcy costs d and interest costs

arising from the use of debt. Increased leverage will lead to higher financial risks for the company. If an issuer issuing a bond experiences financial distress, it is most likely that the issuer does not have the ability to pay off its obligations in the form of interest and principal debt [2].

Bond issuers (also known as issuers), bond debt is a source of funding at a lower cost than bank credit. For investors, bonds are investment instruments that provide higher investment returns than deposit rates or interest rates on Bank Indonesia Certificates (SBI). Therefore, funds raised from the sale of bonds must be invested by bonds issuers for long-term projects as well. In addition the investment must also be able to generate funds to pay for coupons plus the principal debt. The maturity period of the obligation must be balanced with the investment period which will generate funds for payment of coupons and principal debt, so that the payment liquidity will be guaranteed [3].

Bonds are letters of debt to creditors in the form of individuals, or institutions as stated in the bonds which include provisions on repayment of principal and loan installments at maturity. Bond performance is an important thing that investors always pay attention to because performance is a reflection of the company's ability to provide returns to investors. [4] Conventional bonds are debt recognition letters that the party issuing the debt promises to pay off the principal to the investor at maturity and pay interest coupons periodically [5].

Sharia bonds according to the National Sharia Board are long-term securities based on sharia principles issued by issuers to sharia bond holders requiring issuers to pay income to sharia bondholders in the form of proceeds to repay bond funds when they are due (Sharia Banking Book).

2. Research Methodology

2.1 Research Approach

This research was conducted using a quantitative approach. Quantitative approach according to (Arikunto, 2006) many are asked to use numbers, ranging from data collection, interpretation of the data and results.

Table 1. Interpretation of the data and results.

No	Variable	Indicator Variables	Formula	Source
1.	Sharia Bonds (Sukuk)	*Leverage*	$$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$$	Sutedi (2009)
2.	Conventional Bonds	*Yield To Maturity*	$$YTM = \frac{C + (F - Pbond)/n}{(F + Pbond)/2}$$	Tandellin (2010)
3.	Stock Return	Return Saham	$$RS = \frac{\text{Closing price t} - \text{Closing price t} - 1}{\text{Closing price t} - 1}$$	Yocelyn (2012)

2.2 Population and Samples

In this study, the population was financial sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2015 - 2017 period in a row. This population is 20 companies. The sample used in this study was selected by purposive sampling.

2.3 Data Analysis Techniques

Data analysis in this study used the normality test, the multicollinearity test, the autokoleration test, and the heteroskidasticity test.

2.4 Hypothesis Testing

In this study the researchers used the multiple linear regression hypothesis test with the t test, F test, and the determinant coefficient R2. T test aims to test whether the independent variables partially have a significant effect on the dependent variable. The F statistical test is basically to show whether all independent variables or independent variables have a joint influence on the dependent variable. The

coefficient of determination is used to measure how far the model's ability to explain the variation of the dependent variable.

3. Results and Discussion

3.1 Results

Based on the explanation above, the writer uses data analysis with SPSS application. Before conducting the hypothesis test, the classical assumption must first be analyzed as a condition using multiple linear regression analysis as a data analysis technique.

3.1.1 Classical Assumption Test

3.1.1.1 Normality test

Normality Test aims to test whether the independent and dependent variables contained in the regression model, the residual variable has a normal distribution or not.

Tabel 2
Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		36
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,28907253
Most Extreme Differences	Absolute	,167
	Positive	,167
	Negative	-,112
Kolmogorov-Smirnov Z		,999
Asymp. Sig. (2-tailed)		,271

a. Test distribution is Normal.
b. Calculated from data.

The normality test results in the table above show that the Asymp value. Sig> 0.05. Therefore, the data is considered to be normally distributed as indicated by the Asymp value. Sig. (2-tailed), i.e. 0.271 or 0.271> 0.05.

3.1.1.2 Multicollinity Test

Multicollinearity test aims to test whether the regression model found a correlation between independent variables.

Tabel 3. Multicollinearity Test Results
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	,151	,153		,992	,328		
	Obligasi Syariah (Sukuk)	-,013	,018	-,124	-,732	,469	,975	1,026
	Obligasi Konvensional	,001	,000	,243	1,440	,159	,975	1,026

a. Dependent Variable: Return Saham

Based on table 4.3 above it can be seen that the tolerance value of each variable> 0.01 and the VIF value <10, it can be concluded that the test in this study is free from multicollinearity or multicollinearity does not occur.

- Autokoleration test
  Autokoleration test aims to test whether in the linear regression model there is a correlation between the error of the intruder in the t period with the error of the t-1 period (previous) if there is a correlation. To detect the presence or absence of autokoleration, a Durbin-Watson (DW) test is performed.

Tabel 4. Autokoleration Test Results

Model Summaryᵇ				
Model			Adjusted R	Std. Error of	Durbin-
	R	R Square	Square	the Estimate	Watson
1	,290ᵃ	,084	,028	,29770	2,155

a. Predictors: (Constant), Obligasi Konvensional, Obligasi Syariah (Sukuk)
b. Dependent Variable: Return Saham

The Durbin-Watson (DW test) value generated in this study is 2.155.

- Heteroskidasticity Test

Heteroscedasticity test aims to test whether in the regression model there is a difference in the variance in the residuals of one observation to another.

Tabel 5. Heteroskidastisitas tes Result

Coefficientsᵃ						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	,221	,106		2,087	,045
	Obligasi Syariah (Sukuk)	-,001	,012	-,017	-,100	,921
	Obligasi Konvensional	,000	,000	-,166	-,955	,347

a. Dependent Variable: ABS_RES

Based on table 4.6 above, it can be seen that the value of Sig. on that variable. Sig value it is above 5% or 0.05, it can be interpreted that these variables do not occur heteroscedasticity.

Multiple Linear Regression Analysis

- T test
  T test basically shows how much influence one independent variable individually in explaining the variation of the dependent variable.

Tabel 6. T test result

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	,151	,153		,992	,328		
	Obligasi Syariah (Sukuk)	-,013	,018	-,124	-,732	,469	,975	1,026
	Obligasi Konvensional	,001	,000	,243	1,440	,159	,975	1,026

a. Dependent Variable: Return Saham

From the results of the t test analysis it can be seen that statistically partial regression analysis can be explained as follows:

- Test the effect of Islamic bonds (sukuk) (X1) on stock returns (Y)
  From the results of the t test analysis showed that the significant value was greater than 0.45 or> 0.05, then H1 was rejected. This shows that the sharia bond variable (sukuk) partially has no effect on stock returns.
- Test the effect of conventional bonds (X2) on stock returns (Y)
  From the results of the t test showed that a significant value of 0.159 was greater than 0.05 or 0.159> 0.05, then H2 was rejected. This shows that the conventional bond variable partially has no effect on stock returns.

b. F test

The F statistical test is basically to show whether all independent variables or independent variables have a joint influence on the dependent variable.

Tabel 7. F test result

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	,268	2	,134	1,509	,236[a]
	Residual	2,925	33	,089		
	Total	3,192	35			

a. Predictors: (Constant), Obligasi Konvensional, Obligasi Syariah (Sukuk)

b. Dependent Variable: Return Saham

Based on table 4.8 above, it can be seen that the value of Fcount> Ftable or 1.509> 4.12 and a significant value> 0.05 or 0.236> 0.05 then H0 is rejected and H1 is rejected. Then it can be concluded that Islamic bonds (sukuk) and conventional bonds have no effect on stock returns.

c. Determinant Coefficient R2

The coefficient of determination is used to measure how far the model's ability to explain the variation of the dependent variable.

Tabel 8. Deteminan R^2

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,290^a	,084	,028	,29770	2,155

a. Predictors: (Constant), Obligasi Konvensional, Obligasi Syariah (Sukuk)
b. Dependent Variable: Return Saham

Based on table above that the results of data management obtained by the determinant coefficient R2 of 0.084. R2 value of 0.084 is derived from the squaring of the coefficient of correlation or "R". The magnitude of the determinant coefficient R2 is 0.084 or equal to 8.4%. This figure implies that the variable sharia bonds (sukuk) (X1) and conventional bonds (X2) simultaneously have no effect on the stock return variable (Y) that is equal to 8.4%. While the remaining 91.6% is influenced by other variables outside this regression equation or variables not examined.

4. Discussion

4.1 The Effect of Issuing Sharia Bonds (Tribes) on Stock Returns.
From the results of the data analysis above, the study shows that the issuance of sharia bonds (sukuk) has no effect on stock returns. This is evidenced by the significant value> 0.05. In this research, the significant value is 0.469, which means 0.469> 0.05, so Islamic bonds (sukuk) have no effect on stock returns. The results of this study are consistent with the results of research conducted by Nur Indah Hardianti and Agus (2017) with the title Impact of Issuance of Sukuk and Conventional Bonds on Company Stock Returns in Indonesia. He concluded that the value of bond issuance, total debt, and the size of the company together do not significantly influence the abnormal return on companies that issue conventional and sharia bonds listed on the IDX. However, only the maturity variable of conventional bonds and sukuk that affect stock abnormal returns. The results are arranged with the following regression equation $Y = 0.719135 - 0.0397948X1 - 0.043645X2 + 0.100976X3 - 0.146336X4$.

4.2 Effects of Issuance of Conventional Bonds on Stock Returns.
From the results of the data analysis above, the study shows that the issuance of conventional bonds affects stock returns. This is evidenced by the significant value> 0.05. In this research, the significant value is 0.159, which means 0.159> 0.05, so conventional bonds affect stock returns. The results of this study are consistent with the results of research conducted by Nur Indah Hardianti and Agus (2017) with the title Impact of Issuance of Sukuk and Conventional Bonds on Company Stock Returns in Indonesia. He concluded that the value of bond issuance, total debt, and the size of the company together do not significantly influence the abnormal return on companies that issue conventional and sharia bonds listed on the IDX. However, only the maturity variable of conventional bonds and sukuk that affect stock abnormal returns. The results are arranged with the following regression equation $Y = 0.577340 - 0.169319X1 - 0.042996X2 + 0.094165X3 - 0.128963X4$.

4.3 The Effect of Issuance of Sharia Bonds (Sukuk) and Conventional Bonds on Stock Returns.
From the results of the data analysis above, hypothesis testing using the F test concluded that Islamic bonds (sukuk) and conventional bonds simultaneously had no effect on stock returns. This is evidenced by the results of tests that show that the value of Fcount> Ftable (1.509> 4.12) and a significant value> 0.05 (0.236> 0.05). Then it can be concluded that the variables of Islamic bonds (sukuk) and conventional bonds do not have a simultaneous effect on stock returns.

5. Conclusion

The results of this study can be concluded as follows:

- Islamic bonds (sukuk) partially have no effect on stock returns. Because this research shows that the issuance of Islamic bonds (sukuk) does not have enough information content on the decisions taken by investors.

- Conventional bonds have no partial effect on stock returns. Because this research shows that the issuance of conventional bond information does not have enough information content on the decisions taken by investors.
- Sharia bonds (sukuk) and conventional bonds simultaneously have no effect on stock returns. Because information in the issuance of sharia bonds (sukuk) and conventional bonds separately is not the main consideration by investors in making investment decisions.

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