Proceeding International Conference on Economic Business Management, and Accounting (ICOEMA)-2024
Program Studi Doktor Ilmu Ekonomi
Universitas 17 Agustus 1945 Surabaya-2024

The Influence of Financial Resilience and Macroeconomics on Indonesian Sharia Stock Prices Registered on the Jakarta Islamic Index (JII) During Covid-19 Year 2020-2022

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Received: August, 2024; Accepted: August, 2024; Published: November, 2024
Permalink/DOI:

Abstract

This research aims to determine and analyze the influence of Financial Resilience and Macroeconomics on Indonesian Sharia Share Prices Registered on Jakarta Islamic Index (JII) During Covid-19 2020-2022. The approach used in this research is a quantitative approach. Data collection techniques used purposive sampling with 19 companies registered with JII during 2020-2022. Testing was carried out using the PLS-SEM approach software statistics namely Smart PLS 3.0. The research results show Financial Resilience has a positive and significant effect on share prices, while macroeconomics does not have a significant effect on share prices.

Keywords: *Financial Resilience, Macroeconomics, Stock Prices*

INTRODUCTION

Before the Covid-19 pandemic, global economic conditions were still showing positive growth. Not only that, even before the pandemic, the national economy was still quite good, judging by the IHSG at the beginning of January 2020, which touched 6300, this is a good and interesting achievement for Indonesia.

After the Covid-19 virus began to appear in Indonesia, the IHSG trend experienced a decline to below 4000 level. This decline could not be separated from various phenomena that occurred so that investors prefer to withdraw their funds from the capital market, resulting in a decline in share prices. The capital market plays a big role in developing a country's economy, where the capital market is an alternative source of financing activities.

The capital market can make it easier for companies to obtain funds and for investors to channel their funds in the hope of getting a profit share on the funds that have been distributed. Macroeconomic factors that are considered to influence the development of the stock price index are exchange rates, interest rates and inflation. If the exchange rate increases, it will cause the company's goods to become expensive, causing the share price index to fall.

Apart from macroeconomic factors, Financial Resilience is an important aspect that should not be ignored. By optimally managing the company's assets, equity and income, it will have an impact on the level of demand and supply of investment in the company, and will ultimately affect the company's share price.

LITERATURE REVIEW

Financial Resilience

Financial Resilience means the ability of financial conditions to maintain stability and adjustment and be able to recover from external shocks. According to different types of microeconomic individuals, they can be divided into family financial resilience, government financial resilience, and financial market financial resilience. Among them, the impact of external shocks on governments and households will play a role through financial markets and financial institutions (Chabot, 2019).

Macroeconomics

Macroeconomics is a branch of economics that studies the economy as a whole. Macroeconomics does not discuss the activities carried out by a producer, a consumer or an owner of production factors, but rather the overall actions of consumers, entrepreneurs, governments, financial institutions and other countries and how these actions influence the economy as a whole overall (Priyono, 2016).

Stock price

Shares are certificates that show proof of ownership of a company whose shareholders have the rights to the company's claims and assets (Yuliana, 2010). Sharia shares are certificates showing proof of ownership of a company issued by issuers whose business activities and management methods do not conflict with sharia principles. Shares are securities that represent capital investment in a company.

Meanwhile, according to sharia principles, capital participation is carried out in companies that do not violate sharia principles, such as gambling, usury, and producing prohibited goods. Capital participation in the form of shares can be carried out based on musyarakah and mudharabah contracts. Musyarakah contracts are generally carried out in private companies, while mudharabah contracts are generally carried out in shares of public companies (Soemitra, 2009: 138).

METHOD

The type of research used is a quantitative method that tests cause-and-effect relationships. This research tests the effect of Financial Resilience and Macroeconomics on Prices Indonesian Sharia Shares Listed on the Jakarta Islamic Index (JII) During Covid-19 2020-2022. The following is the Operational Variable Matrix Table to make it easier for researchers and readers to understand in general:

Table 1. Variable Operational Matrix

	Variabel	Initial	Indikator
Independent Variable	Financial Resilience (X1)	X11	Return On Equity (ROE)
		X12	Return On Asset (ROA)
		X13	Net Profit Margin (NPM)
	Macroeconomics (X2)	X21	Interest Rate
		X22	Inflation
		X23	Middle Rate
Dependent Variable	Stock Price (Y)	Y	Final Stock Price

Source: data processed by the author, 2024

The population in this study were 30 companies registered in Jakarta Islamic Index (JII) in 2020 - 2022. Due to the large population, the author could not collect all elements of the population, so the author took a sample from the population. Sampling was carried out using the method Purposive Sampling.

Purposive sampling is the process of determining the sample for a study which requires certain criteria so that the sample taken is in accordance with the research objectives. Some sampling of research objects must meet the following criteria: 1) Companies that have gone public registered in the Jakarta Islamic Index (JII) in 2020 – 2022; 2) Companies registered in Jakarta Islamic Index (JII) which publishes annual reports for the 2020-2022 period. Based on these criteria, from the population of 30 companies registered on the Jakarta Islamic Index (JII) in 2020 - 2022, 19 companies have fulfilled these criteria for 3 (three) consecutive years, with the following details:

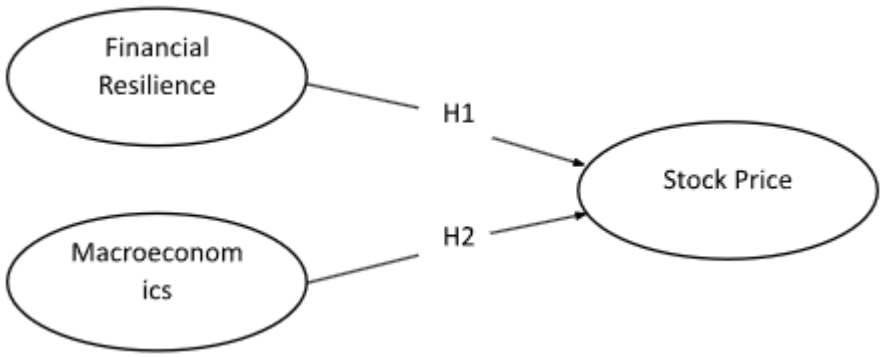
Table 2. List of Sample Company Names

No.	Kode	Nama Saham	No.	Kode	Nama Saham
1	ADRO	Adaro Energy Tbk.	11	KLBF	Kalbe Farma Tbk.
2	ANTM	Aneka Tambang Tbk.	12	MIKA	Mitra Keluarga Karyasehat Tbk.
3	BRPT	Barito Pacific Tbk.	13	PGAS	Perusahaan Gas Negara Tbk.
4	CPIN	Charoen Pokphand Indonesia Tbk.	14	PTBA	Bukit Asam Tbk.
5	EXCL	XL Axiata Tbk.	15	SMGR	Semen Indonesia (Persero) Tbk.
6	ICBP	Indofood CBP Sukses Makmur Tbk.	16	TLKM	Telekomunikasi Indonesia (Persero) Tbk.
7	INCO	Vale Indonesia Tbk.	17	TPIA	Chandra Asri Petrochemical Tbk.
8	INDF	Indofood Sukses Makmur Tbk.	18	UNTR	United Tractors Tbk.
9	INKP	Indah Kiat Pulp & Paper Tbk.	19	UNVR	Unilever Indonesia Tbk.
10	INTP	Indocement Tunggal Prakarsa Tbk.			

Source: data processed by the author, 2024

Data analysis in this research uses SEM (Structural Equation Modelling) with the PLS program application (Partial Least Square) version 3.0 PLS (Partial Least Square).

CONCEPTUAL FRAMEWORK



HYPOTHESIS

H1: Financial Resilience has a significant positive effect on stock prices
H2: Macroeconomics has a significant positive effect on stock prices

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RESULTS AND DISCUSSION

Outer Model Test

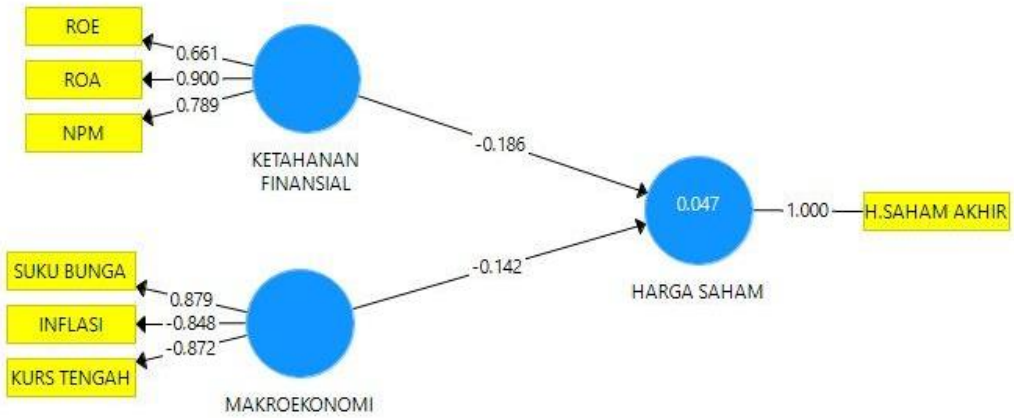

Figure 1. Outer Model Test

Convergent Validity Test

The indicator is declared to meet Convergent Validity in the Valid category if the test results have an Outer Loading value > 0.7

Table 3. Convergent Validity

VARIABEL	INDIKATOR	OUTER LOADING	RESULT
Financial Resilience (X1)	X11	0.661	*Invalid*
	X12	0.900	*Valid*
	X13	0.789	*Valid*
Macroeconomics (X2)	X21	0.879	*Valid*
	X22	-0.848	*Invalid*
	X23	-0.872	*Invalid*
Stock Price (Y)	Y	1000	*Valid*

Source: Processed using SmartPLS 3.0

Discriminant Validity Test

The indicator must be > 0.5 for a good model, and the test results show that each variable produces a value > 0.5

Table 4. Average Variant Extracted (AVE)

VARIABEL	*Average Variant Extracted (AVE)*
Financial Resilience (X1)	0.768
Macroeconomics (X2)	1000
Stock Price (Y)	1000

Source: Processed using SmartPLS 3.0

It is declared to meet composite reliability if it has a composite reliability value > 0.6. The test results show that each variable has met composite reliability and it can be said that these variables have a high level of reliability.

Table 5. *Composite Reliability*

VARIABEL	*Composite Reliability*
Financial Resilience (X1)	0.869
Macroeconomics (X2)	1000
Stock Price (Y)	1000

Source: Processed using SmartPLS 3.0

The Cronbach alpha value for each research variable is > 0.7. The test results show that the Cronbach Alpha value meets the requirements and it can be concluded that each variable has a high level of reliability..

Table 6. ***Cronbach Alpha***

VARIABEL	*Cronbach Alpha*
Financial Resilience (X1)	0.700
Macroeconomics (X2)	1000
Stock Price (Y)	1000

Source: Processed using SmartPLS 3.0

Inner Model Test

Collinearity Analysis

Collinearity can be measured by the value of Variance Inflation Factor or VIF. Collinearity is considered high if it has a value tolerance smaller than 0.2 and the VIF value is above 5.0 (Hairet al., 2017:158).

Table 7. **Inner VIF Values**

Construct	Inner VIF Values on Stock Prices (Y)
Financial Resilience (X1)	1,033
Macroeconomics (X2)	1,033

Source: Processed using SmartPLS 3.0

R Square Test

The R-Square for the Stock Price variable is 0.055. This value explains that the percentage of the Stock Price that can be explained byFinancial Resilienceand Macroeconomics

Table 8. ***R-Square***

VARIABLE	*Cronbach Alpha*
Stoxk Price (Y)	0,055

Source: Processed using SmartPLS 3.0

HYPOTHESIS TEST

Hypothesis testing in this research was carried out by looking at the Original Sample (O), T-Statistics, and P-Values. The research hypothesis can be declared accepted if the P-Values value is <0.05

Table 9. Hypothesis Testing

VARIABLE	Original Sample (O)	Mean (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	P Values	Information
Financial Resilience (X1) - > Stock Price (Y)	-0.196	-0.209	0.083	2.369	0.018	Accepted
Macroeconomics (X2) - > Stock Price (Y)	-0.168	-0.147	0.098	1.713	0.087	Rejected

Source: Processed using SmartPLS 3.0

Influence of Financial Resilience on Stock Price

From table 9, the values obtained from Original Sample (O) of -0.196 with P -Values amounting to 0.018 is below 0.05 and is significant as shown by the T-statistic value of 2.369 (greater than 1.96). Based on the results of the analysis it can be concluded that Influence Financial Resilience on Stock Prices is acceptable and significant. This means that the higher the company's ability to maintain its ability to generate profits, the company's share price will also increase. The results above are in accordance with research by Aryanti, et.al. (2020) which states that Profitability (Return on Equity) has a positive and significant effect on stock prices. Return On Equity A high level indicates that the company can generate profits from its own capital which benefits investors so that investors are interested in investing in stock.

Influence of Macroeconomics om Stock Price

From table 9, the values obtained from Original Sample (O) of -0.168 with P –Values 0.087 is above 0.05 with no significance as indicated by the value T-statistic of 1.713 (smaller than 1.96). Based on the results of the analysis, it can be concluded that the influence of macroeconomics on share prices is rejected and is not significant, meaning that changes in exchange rate conditions, inflation and reference interest rates do not have a big impact on changes in company share prices. This is supported by research by Agestiani, et.al. (2019) which states that macroeconomic indicators have no effect on share prices. The inflation that occurs in Indonesia is still classified as low inflation, namely the annual inflation rate is shown in single digits, so investors are willing to write long-term contracts in the form of shares because investors believe that the purchase or sale price will not be too far out of line.

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