Check for updates

# The Impact of Fundamental Micro Factors on Sharia Stock Prices of Companies Listed in The Jakarta Islamic Index 2019-2021

Puloh[1], Rully Trihantana[1]*, Tubagus Rifqy Thantawi[1], Ria Kusumaningrum[1]

[1] Institut Agama Islam Sahid Bogor, Indonesia

**Abstract**

The growth of sharia stock is increasingly showing its development in Indonesia. Fundamental analysis is needed to determine the performance conditions of the companies listed in the Sharia stock index. This study aims to determine how the micro fundamental factors affect the sharia stock prices. This study uses quantitative research methods and uses secondary data. The analytical method used in this study is a regression of the data panel using a random effect model with the GLS approach. The research finds that the EPS, PER, and ROA variables do not partially affect the Sharia Stock Price, while the BVPS and PBV variables partially affect the Sharia Stock Price. Fundamental micro factors simultaneously affect Sharia stock prices in companies listed on the Jakarta Islamic Index in 2019-2021. EPS, PER, BPVPS, PBV, and ROA simultaneously have a 75.55% impact on sharia stock prices.

**Keywords** *Sharia Stock Prices, Fundamental Analysis, Jakarta Islamic Index*

## INTRODUCTION

Since 2020, Indonesia's economy has grown under some unavoidable circumstances. Naturally, the COVID-19 pandemic—a worldwide calamity that has spread over the entire world—is what started this. The challenge of adjusting to prevent the pandemic threat has caused this pandemic state even to affect some economic sectors. It is recorded in the official statistical news released by the Badan Pusat Statistik (BPS) Indonesia, based on the measurement of Gross Domestic Product (GDP), that Indonesia's economic growth during 2020 experienced a contraction of 2.07%, a drastic decrease compared to Indonesia's economic growth in 2020 (Badan Pusat Statistik, 2020).

According to the Indonesian Islamic Financial Development Report 2020, there has been a consistent upward trend in Islamic financial conditions, including Islamic banking and the Islamic capital market (Otoritas Jasa Keuangan, 2021). The improving state of assets in the Islamic capital market may encourage investors to invest. Islamic stock is the Islamic capital market's most widely used financial instrument. Numerous listed organizations fulfill the requirements for Islamic stocks; these include the 30 companies with the most liquid Sharia stocks, as listed in the Jakarta Islamic Index (JII). This study aims to analyze and elucidate the company's fundamental micro-analysis variables, which include Earning Per Share, Price Earning Ratio, Book Value Per Share, Price to Book Value, and Return of Assets on sharia stock prices in companies listed in the Jakarta Islamic Index (JII) 2019-2021.

**Framework Research**



Analysis of Micro Fundamental Factors Affecting Sharia Stock Prices
(Study of Companies Listed In Jakarta Islamic Index 2019-2021)

Fundamental Analysis Indicator

Companies Listed In Jakarta Islamic Index 2019-2021

Research Model Parameter Estimation
- *Common Effect Model*
- *Fixed Effect Model*
- *Random Effect Model*

Selection of the Best Panel Data Model
- *Chow Test*
- *Hausman Test*
- *Lagrange Multiplier Test*

Selected Best Panel Data Model

Panel Data Regression Analysis

Variable of Earning Per Share (EPS)

Variable of Price Earning Ratio (PER)

Variable of Book Value Per Share (BVPS)

Variabel of Price to Book Value (PBV)

Variable of Return on Assets (ROA)

Variable of Sharia Stock Prices (Pt)

Implications of Fundamental Analysis Indicator Variables on Sharia Stock Price Variables in Companies Listed in the Jakarta Islamic Index 2019-2021
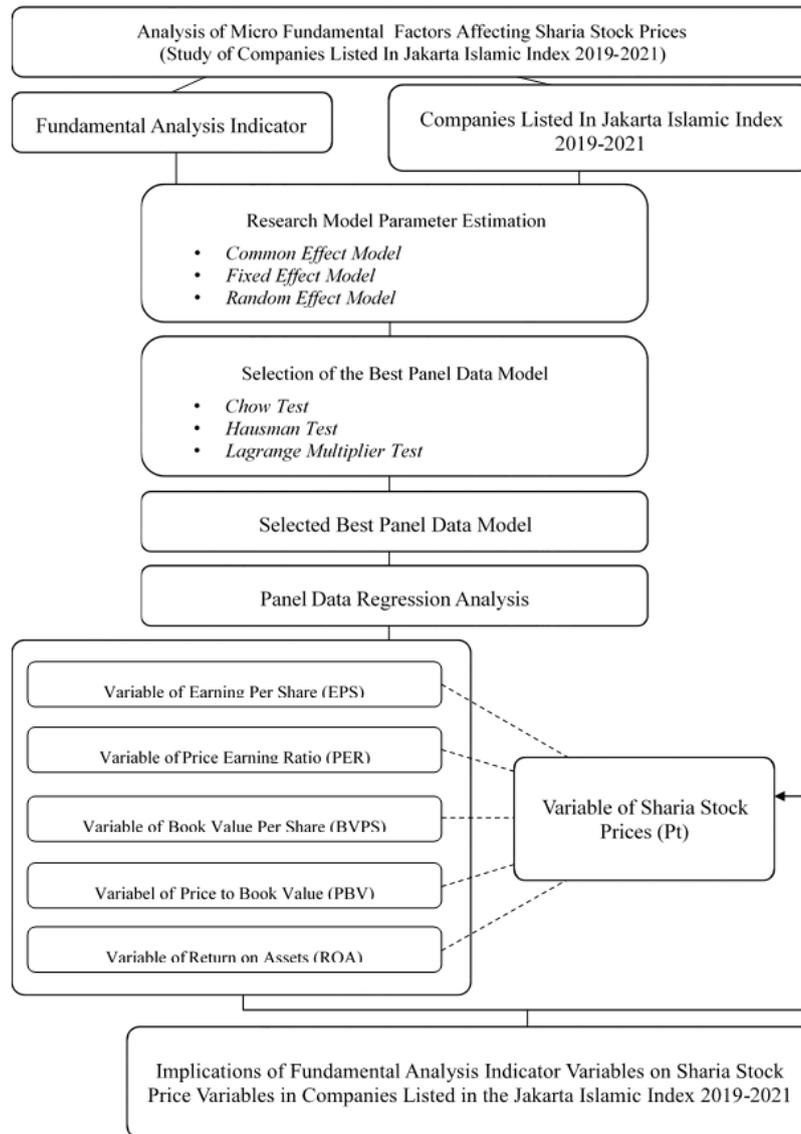
**Figure 1.** Framework Research

## LITERATURE REVIEW
### Islamic Capital Market

Since PT Danareksa's 1997 release of Sharia Mutual Funds, Indonesia's Islamic capital market business has been developing. In addition, on July 3, 2000, the Indonesia Stock Exchange debuted the Jakarta Islamic Index, a new Sharia-based index. According to Amsi (2021, p. 81), 2011 was a significant milestone in developing the Islamic Capital Market in Indonesia. Then, the Indonesia Stock Exchange (IDX) received Fatwa Number 80 from Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI). The implementation of the Islamic capital market in Indonesia, apart from being directly supervised by the Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI), is also supervised by Capital Market Sharia experts in transaction activities and products to eliminate doubts for sharia investors (Investor Saham Pemula, 2017, p. 92).

**Sharia Stock Indeks**

According to Amsi (2021, pp. 130–131), an index of stocks and bonds is a fictitious portfolio used in the capital markets industry to measure changes in the price of a market or a segment of it. Generally speaking, most stocks in an index move up when the index does. The Jakarta Islamic Index (JII), Jakarta Islamic Index 70 (JII70), Indonesian Sharia Stock Index (ISSI), and IDX-MES BUMN 17 are among the Sharia stock indexes that are formally listed on the Indonesia Stock Exchange. The Islamic stock index's statistics show that it is constantly growing, which indicates the index's expanding capitalization value.

**Fundamental Analysis**

An analytical method known as "fundamental analysis" considers some variables, including market, macro- and microeconomic, industry, business performance, and competitiveness (Amsi, 2021, p. 178). A microanalysis, or analysis by measuring the state of the business from its financial statements, including EPS (Earning Per Share), PER (Price Earning Ratio), BVPS (Book Value Per Share), PBV (Price to Book Value), and ROA (Return On Assets), was used as the fundamental analysis in this study.

Earning Per Share (EPS), or earnings per share, is one indicator used to conduct a fundamental company analysis. EPS will provide information to shareholders on how much net profit from the total company will be distributed from the total outstanding shares (Putri & Shabri, 2022, pp. 18-19). EPS describes the value of profits earned per Share (Filbert, 2017, p. 142).

Price Earning Ratio (PER), or the ratio of price to net income per share price, is one indicator that is usually used in conducting a fundamental company analysis. The PER calculation is done by comparing the stock price in the market with earnings per share, referred to as Earning Per Share (EPS) (Budiman, 2018, pp. 47-48).

Book Value Per Share (BVPS) is the ratio used to calculate a company's book value for each share. According to Ang (1997) in Rusena (2015, p. 29), BVPS is a market ratio measurement to see the performance of the stock market price against its book value. The calculation in determining the BVPS value is the ratio of the total equity or net capital to the number of shares outstanding in a company.

Price to Book Value (PBV) is a market ratio that is usually used to measure the performance of a company's stock market price against its book value. Price to Book Value (PBV) is a comparison relationship between share price per share and book value per share, often referred to as Book Value Per Share (BVPS). Quoted in the same book, according to Rosenberg et al. (1985), the more significant the PBV value, it means that the market price of a company's shares is also getting higher.

Return on Assets (ROA) is one of the fundamental analyses that shows how much profit is obtained from the assets owned by a company (Filbert & Prasetya, 2017, p. 115). According to Hanum (2009), the ROA ratio is usually used by management to measure a company's financial and operational performance in utilizing the resources owned by the company. If the company can benefit from using all its assets or resources, then the value of the company, as indicated by the stock price, will also increase (Cahyaningrum & Antikasari, 2017, p. 194).

**RESEARCH METHOD**

The researcher used a method of quantitative research that used secondary data. Several official websites were used for the secondary data retrieval, including the Indonesia Stock Exchange (www.idx.co.id), which was used as an information centre for sharia share price publication data, company financial report data, and company data listed in the Jakarta Islamic Index (JII). Additionally, each company's website was used as an information center to publish annual financial reports, providing details about the companies' net income, total equity, total assets, and stock

prices.

**Population and Sample**

Population in this study is the total number of sharia stocks in companies listed on the Indonesia Stock Exchange (IDX), a total of 495. Based on the observations, the sample data of 13 companies that continuously appear in the Jakarta Islamic Index (JII) for 2019-2021 is shown below.

**Research Data Processing**

Due to the data in this study being a combination of time series and cross-section data, the primary research data processing is handled on the E-views 9 application using a panel data regression model. The cross-section data used in this study is a list of companies that regularly consisted in the Jakarta Islamic Index (JII) from 2019 to 2021, while the time series data used in this study are from 2019–2021.

**FINDINGS AND DISCUSSION**

This study uses a panel data regression model to test the presence or absence of and how much influence the fundamental analysis variables (EPS, PER, BVPS, PBV, and ROA) have on Sharia stock prices in companies listed in the Jakarta Islamic Index (JII) in 2019 until by 2021.

**Research Data Description**

The data used in this research process is company data that is included in the category of sharia stocks and registered in the Jakarta Islamic Index (JII) during the year of research observation, 2019 to 2021. Based on the results of observations on the data provided by the Indonesia Stock Exchange, only 13 companies with the category of Sharia shares meet the criteria to be the object of research. 13 Islamic stocks have been consistently listed in the Jakarta Islamic Index (JII) for three consecutive years in this study, from 2019 to 2021.

The selected Sharia stock data will be seen at the closing price for each period from 2019 to 2021. The data for the three years of stock prices is obtained from the Indonesia Stock Exchange website. In addition to Islamic stock prices, the data used in this study are fundamental analysis indicators, including EPS, PER, BVPS, PBV, and ROA variables. The measurement of each of the variables can be seen as follows. The financial report data was obtained from the official website of the Indonesia Stock Exchange and on each company's website.

**Significance Test Results**

**Table 1**. Significance Test Results with Random Effect Model

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -4841.381 | 1092.732 | -4.430529 | 0.0001 |
| EPS | -3.579170 | 2.598435 | -1.377433 | 0.1776 |
| PER | 7.954222 | 8.920338 | 0.891695 | 0.3790 |
| BVPS | 2.743534 | 0.403687 | 6.796198 | 0.0000 |
| PBV | 1628.998 | 290.0998 | 5.615302 | 0.0000 |
| ROA | 6983.367 | 8509.562 | 0.820649 | 0.4177 |
| **Effects Specification** | | | | |
| | | | S.D. | Rho |
| Cross-section random | | | 1446.138 | 0.7723 |
| Idiosyncratic random | | | 785.2735 | 0.2277 |

| Weighted Statistics | | | |
|---|---|---|---|
| R-squared | 0.787685 | Mean dependent var | 1394.855 |
| Adjusted R-squared | 0.755516 | S.D. dependent var | 1507.303 |
| S.E. of regression | 745.2904 | Sum squared resid | 18330107 |
| F-statistic | 24.48592 | Durbin-Watson stat | 1.335693 |
| Prob(F-statistic) | 0.000000 | | |

Source: Data processed in 2022 by Author, E-views 9 Output.

The coefficient values obtained from the results of the Significance Test with the Random Effect Model are then applied to the panel data regression equation model as follows. Based on the above table, the following coefficient values have been generated from the regression model equation between EPS, PER, BVPS, PBV, and ROA variables.

$$C = -4841,381$$

$$\beta EPS_{it} = -3,579170$$

$$\beta PER_{it} = 7,954222$$

$$\beta BVPS_{it} = 2,743534$$

$$\beta PBV_{it} = 1628,998$$

$$\beta ROA_{it} = 6983,367$$

The coefficient values obtained from the significance Test results with the Random Effect Model are then applied to the panel data regression model equation as follows.

$$\text{Sharia Stock Prices} = (-4841,381) - 3,579170EPS_{it} + 7,954222PER_{it} + 2,743534BVPS_i$$
$$(P_{it}) \quad + 1628,998\beta PBV_{it} + 6983,367\beta ROA_{it} + \mu_i + \varepsilon_{it}$$

**Partial Test Results (t-Test)**

1.    EPS on Sharia Stock Prices
The t-test results for the Earning Per Share (EPS) variable do not partially affect the Sharia Stock Price in Companies Listed in the Jakarta Islamic Index (JII) in 2019-2021. The partial effect of Earning Per Price (EPS) on sharia stock prices in companies listed on the Jakarta Islamic Index (JII) in 2019-2021 shows that the size of the profits distributed to shareholders in a company has not been able to determine the size of the sharia share price.
The results of this study are in line with or consistent with research conducted by Rahmatiah (2020, p. 381), which states that partial earnings per share does not affect stock prices in food and beverage sector companies listed on the Indonesia Stock Exchange from 2015 to 2019. Rahmatiah (2020), in her research, also states that companies do not distribute profits in the form of dividends to shareholders, while most shareholders prefer paying dividends at this time rather than delaying it due to uncertainty. Therefore, Earning Per Share (EPS) is not necessarily able to provide returns for investors, so it cannot always be used in predicting stock prices.

2.    PER on Sharia Stock Prices
The t-test results for the Price Earning Ratio (PER) do not partially affect the Sharia Stock Price in Companies Listed in the Jakarta Islamic Index (JII) in 2019-2021. The results of this study are consistent with the research by Fauzia (2019) and Rusena (2015), which state that the Price

Earning Ratio (PER) indicator does not influence stock prices. Fauzia (2019, p. 72) states that this is because the higher the Price Earning Ratio (PER) value, investors consider the stock price to be high, so there is a potential for investors not to be interested in buying shares with a high PER value.

3.      BVPS on Sharia Stock Prices

The t-test results for the Book Value Per Share (BVPS) partially affect the Sharia Stock Price in Companies Listed in the Jakarta Islamic Index (JII) in 2019-2021. In analyzing the Book Value Per Share (BVPS) indicator, the stock price will be considered cheaper if the book value per share is smaller. It is in line with research conducted by Rusena (2015) states that the BVPS indicator in the analysis Fundamentals has a positive influence on Islamic stock prices.

In addition, this study is also in line with the results of Saputro's (2019) research, which states that the BVPS variable positively affects stock prices. Stock investors will assess BVPS as the fair price of shares to be compared with the price of shares offered so that when the fair price of shares is high, many investors will be interested in buying these shares (Saputro, 2019, p. 131). Demand for a company's shares will increase the share price.

4.      PBV on Sharia Stock Prices

The t-test results for the Price to Book Value (PBV) partially affect the Sharia Stock Price in Companies Listed in the Jakarta Islamic Index (JII) in 2019-2021. Investors usually use PBV to determine how much value they have to pay to buy a stock. This value results from comparing the company's book price (intrinsic value). This research is in line or consistent with the research of Zaimsyah et al. (2019), who state in their study that the PBV variable affects stock price.

In addition, this study is consistent with research conducted by Cahyaningrum and Antiksari (2019, p. 198), which states that PBV affects stock prices. In general, the higher the PBV value, the more expensive the stock price. A PBV value of more than one is called overvalued (expensive), while a PBV value of less than one is called undervalued (cheap). However, the problem is that the average company with a good PBV value is more than 1, meaning that in conducting fundamental analysis, further analysis is needed by comparing the company's PBV value with previous years or similar companies.

5.      ROA on Sharia Stock Prices

The t-test results for the Return on Assets (ROA) do not partially affect the Sharia Stock Price in Companies Listed in the Jakarta Islamic Index (JII) in 2019-2021. Return on Assets (ROA) is a measurement that shows the level of asset turnover, as measured by the volume of sales, by calculating the ratio between net income and total assets of a company. This study partially cannot affect stock prices. The size of the ratio number calculated from the company's ROA does not affect the company's stock price.

It can also be because investors or capital market participants do not, as a whole, perform a fundamental analysis in choosing the shares to be purchased but can also look at the stock price chart and stock prices in the past, which means the investor conducts a technical analysis of the company. Usually, this technical analysis is carried out as a short-term purchase of company shares. In addition, this study is consistent with the research results by Effendi and Ngatno (2018), which state that the ROA variable does not affect Islamic stock prices.

Based on the results of the significance test on the random effect model, it can also be concluded that the most dominant (influential) variable partially in this study is the price-to-book value (PBV) variable. This is evidenced by the coefficient value (β) on the PBV of 1628,998, which is further from 0 compared to the BVPS variable of 2.743534 (where the two variables are variables that partially affect the sharia share price).

**Simultaneous Test Results (F-Test)**

Based on the results of the simultaneous test (F test) in the Significance Test table, the Variable EPS, PER, BVPS, PBV, and ROA simultaneously affect the Sharia Stock Price in Companies Listed in the Jakarta Islamic Index (JII) in 2019-2021.

Islamic stock investors use fundamental analysis for the long term (Amsi, 2021, p. 179). Based on the results of the research conducted, it is explained that the fundamental analysis carried out with five fundamental indicators, namely EPS, PER, BVPS, PBV, and ROA, can influence prices of sharia stock in companies that are part of the Jakarta Islamic Index from 2019 to 2021. It shows that Islamic stock investors can do fundamental analysis to predict the value or price of Islamic stocks, especially in the long term.

**Coefficient of Determination Test Results ($R^2$)**

The ability of these variables to explain Sharia stock prices can also be seen from the coefficient of determination ($R^2$) test results, which gives a percentage of influence of 75.55%. In contrast, the other 24.45% is influenced by other indicators not mentioned in this study. This means that the ability of fundamental indicators (EPS, PER, BVPS, PBV, and ROA) to explain their impact on the Prices of Sharia Stock for companies that are part of the Jakarta Islamic Index (JII) for 2019 to 2021 is 75.55%.

**CONCLUSIONS**

Based on the research results and discussion of research, it can be concluded that the BVPS and PBV variables partially affect the Sharia Stock Prices in companies featured in the Jakarta Islamic Index (JII) in 2019-2021. EPS, PER, and ROA do not partially affect the Sharia Stock Prices in companies featured in the Jakarta Islamic Index (JII) 2019-2021. EPS, PER, BVPS, PBV, and ROA simultaneously affect the Sharia Stock Price in Companies Listed in the Jakarta Islamic Index (JII) 2019-2021. All the variables (EPS, PER, BVPS, PBV, ROA) can simultaneously explain the variable Sharia Stock Price or affect 75.55% of the market. In contrast, the remaining 24.45% is explained or influenced by other factors not mentioned in this study.

**LIMITATION & FURTHER RESEARCH**

This research is limited to company data and the period taken, namely company data consistently in the Jakarta Islamic Index for 2019-2021. The suggestions that researchers can give are as follows. This research is limited to several financial ratio variables, so it is further recommended that other fundamental analysis ratios be used. It is best to conduct a fundamental analysis to obtain long-term company development projections for investors who want to invest in the capital market, especially in sharia shares. Companies must increase their profits and maintain sharia values as a long-term guarantee for investors in the sharia capital market.

**REFERENCES**

Ang, R. (1997). *Pasar Modal Indonesia.* Media Soft Indonesia.

Amsi, M. (2021). *Saham Syariah Kelas Pemula.* Jakarta: PT Elex Media Komputindo.

Badan Pusat Statistik. (2021). *Ekonomi Indonesia 2020 Turun sebesar 2,07 Persen (c-to-c).* Badan Pusat Statistik Indonesia. https://www.bps.go.id/id/pressrelease/2021/02/05/1811/ekonomi-indonesia-2020-turun-sebesar-2-07-persen-c-to-c-.html.

Budiman, R. (2018). *Rahasia Analisis Fundamental Saham.* Jakarta: PT Elex Media Komputindo.

Cahyaningrum, Y. W., & Antikasari, T. W. (2017). Pengaruh Earning Per Share, Price to Book Value, Return on Asset, dan Return on Equity Terhadap Harga Saham Sektor Keuangan. *Jurnal Economia, 13*(2), 191-200.

Effendi, F. M., & Ngatno. (2018). Pengaruh Return on Assets (ROA) Terhadap Harga Saham dengan Earning Per Share (EPS) sebagai Interventing (Studi Kasus Pada Perusahaan Sub Sektor Tekstil dan Garmen yang Terdaftar di Bursa Efek Indonesia Periode 2013-2016. *Jurnal Administrasi Bisnis, 7*(1), 1-9. https://doi.org/10.14710/jab.v7i1.22568.

Fauzia, S. (2019). *Pengaruh Faktor Fundamental Dan Teknikal Terhadap Harga Saham (Studi Empiris pada Saham Syariah Jakarta Islamic Index Tahun 2015-2017)* [Undergraduate Thesis, UIN Raden Intan Lampung]. Repository Raden Intan. http://repository.radenintan.ac.id/8691/#

Filbert, R. (2017). *Yuk Belajar Nabung Saham.* Jakarta: PT Elex Media Komputindo.

Filbert, R., & Prasetya, W. (2017). *Investasi Saham ala Fundamentalis Dunia.* Jakarta: PT Elex Media Komputindo.

Hanum, Z. (2009). Pengaruh Return On Asset (ROA), Return On Equity (ROE), Dan Earning Per Share (EPS) Terhadap Harga Saham Pada Perusahaan Otomotif. *Jurnal Manajemen & Bisnis*, *8*(2).

Investor Saham Pemula. (2017). *#YukBelajarSaham untuk Pemula.* Jakarta: PT Elex Media Komputindo.

Otoritas Jasa Keuangan. (2021). *Laporan Perkembangan Keuangan Syariah Indonesia 2020.* Otoritas Jasa Keuangan. https://ojk.go.id/id/kanal/syariah/data-dan-statistik/laporan-perkembangan-keuangan-syariah-indonesia/Pages/Laporan-Perkembangan-Keuangan-Syariah-Indonesia-2020.aspx

Putri, M., & Shabri, H. (2022). Analisis Fundamental dan Teknikal Saham PT Bank BTPN Syariah Tbk. *Al-bank: Journal Islamic Banking and Finance, 2*(1), 12-27.

Rahmatiah, C. (2020). Pengaruh Ukuran Perusahaan, ROE, DER, dan EPS terhadap Harga Saham Pada Perusahaan Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia Periode 2015-2019. *JIEB: Jurnal Ilmiah Ekonomi Bisnis, 6*(3), 375-385. https://doi.org/10.35972/jieb.v6i3.406.

Rosenberg, B., Reid, & Lanstein, R. (1995). Persuasive Evidence of Market Inefficiency. *Journal of Portfolio Management, 11,* 9-17. http://dx.doi.org/10.3905/jpm.1985.409007

Rusena, A. S. (2015). *Analisis Fundamental dan Teknikal pada Saham Syariah di Indonesia (Studi Empiris: Perusahaan yang Masuk dalam JII dan ISSI di Bursa Efek Indonesia Tahun 2011-2015)* [Undegraduate Thesis, Universitas Islam Negeri Syarif Hidayatullah Jakarta]. Repository UIN Jakarta.

Saputro, D. (2019). Pengaruh Return on Assets, Earnings per Share dan Book Value per Share terhadap Harga Saham. *Jurnal Samudra Ekonomi dan Bisnis, 10*(2), 124-132. https://doi.org/10.35968/jbau.v5i1.377.

Zaimsyah, A., Herianingrum, S., & Najiatun. (2019). Analisis Fundamental Terhadap Harga Saham yang Terdaftar di Jakarta Islamic. *Jurnal Ilmiah Ekonomi Islam, 5*(02), 113-119. http://dx.doi.org/10.29040/jiei.v5i2.517.