

The Impact of Inflation, Stocks, Sukuk, and Sharia Mutual Funds on Economic Growth in 2017-2023

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ABSTRACT

Keywords: inflation; sukuk; stocks; sharia mutual funds.

This study aims to ascertain, at least in part: 1) The impact of inflation on the development of the national economy 2) The performance of sharia stocks and the expansion of the national economy 3) The impact of sukuk on the development of the national economy, as well as the impact of sharia mutual funds on the same, which are the third and fourth impacts 5) Correlation between the development of the national economy in 2017-2023 through inflation, sharia mutual funds, sukuk, and stocks. Bank Indonesia (BI), the Financial Services Authority (OJK), the Central Statistics Agency (BPS), and other reliable sources of information provided the population used in the study. To sort the sample based on criteria set as independent variables, the monthly data source is used once a year. Data sources include time series data published for 2017-2023, which is considered secondary data. The analysis of the data is double linear, this research strategy uses a quantitative-associative methodology. It can be concluded that inflation has a significant adverse impact on the development of the national economy (sig. 0.0001 < 0.05), indicating that increasing inflation causes economic decline, in line with Simanungkalit's (2020) research. Sharia stocks and sukuk show a positive and significant impact on the national economy, with a value of sig. 0.0021 and 0.0019 (< 0.05), respectively, which means that an increase in the instrument will increase economic growth.



Introduction

A metric that can display an interval is economic growth, or whatever term is used to describe it (Auliyatusaa'adah et al., 2021). Business activities that generate income for a community within a predetermined period. A country views a period of economic expansion as an opportunity for its people to create commodities and services. Economic growth according to (Sukirno, 2011) can be used as a metric to show how to advance the economic development of a country in a certain period. Economic development is a problem that constantly occurs in the economy of a country, especially in Indonesia

(Permadi et al., 2022). The disruption of Indonesia's economic development, including inflation, is caused by various things. Indonesia's economy with a high unemployment rate, high inflation rate, and increasing investor interest in the Islamic capital market (Ardi, 2018).

Indonesia seeks to increase its economic growth in several ways. Stabilizing domestic inflation and growing the capital market investment sector are two possible strategies to achieve this. (Putri & Yudiantoro, 2023). The current capital market is changing as an intermediary for investors in terms of capital supply and demand so that the evolution of the capital market can be shown along with the increasing choice of capital market instruments. (Safitriawati et al., 2021). However, this is different from the inflation component itself; That is, from an economic point of view, inflation is a financial event that usually results in financial instability and goes up, down, and up again. For most countries, the main goal of macroeconomic policy is to maintain price stability. This results in long-term economic expansion (Radjak & Kartika, 2019).

The increase in unemployment and poverty rates is also directly affected by rising inflation. What's more, poverty is increasing. The high rate of poverty and unemployment is detrimental and hurts the community and the government. It is impossible to maximize the individual in society. (Salim et al., 2021). Maximizing welfare, deaths due to unreasonable prices, and low costs of manufacturing products and services disrupt the stability of people's basic needs. Unemployment hurts society and the economy by reducing prosperity, creating socio-economic instability, and increasing poverty. This can also complicate economic progress. (Kartika & Zamzami, 2022). The events of 1970, when growth rates began to slow in countries through high inflation, particularly in Latin America, reinforced the idea that inflation hurt economic growth, even though the impact was good at the time. (Fasa, 2016). Nevertheless, in addition to the issue of inflation, instrumental developments according to the information released, the market situation is very favorable. Statistics of the Financial Services Authority (OJK).

Conventional mutual funds allow investors to buy and sell them whenever they want, based on risk tolerance, timeframe, and financial goals. Investors can use the services of brokers or brokers to buy or sell shares directly in the traditional capital market. Therefore, speculators can manipulate prices, which means that stock rate fluctuations are driven by market forces and not by the stock's innate score. (Wahyudi et al., 2023). In addition to providing a forum for the public to invest by Islamic law, Sharia mutual fund products stand out because they have a process of clearing money received through zakat payments; They are not instruments that produce *riba*. If the instrument he buys is in the form of shares, the company is a company that is not affiliated with goods that are haram according to Islamic law, such as alcohol, cigarettes, gambling, and pornography. (Lestari, 2015).

According to Harrod-Domar's theory, the main driver of economic growth is the formation of capital or investment. Sharia bonds, stocks, and mutual funds are some of the ways to boost investment. The findings of the study (Rinanda, 2018) ensure that there is a good and significant correlation between economic development through the

distribution of sharia, sukuk, and sharia investment funds. And have a significant impact on economic development (Simanungkalit, 2020). Based on theoretical research and the findings of previous studies, it can be concluded that the Sharia capital market, which includes sukuk, Sharia funds, and Sharia equity instruments, can significantly encourage economic growth.

Method

The research uses the research design of associations and quantitative methodologies. The OJK website, www.ojk.go.id, provides secondary data for this research. Public data on the nation's economic growth is sourced from www.bi.go.id, www.bps.go.id, and the Indonesia Stock Exchange (IDX). On December 23, 2023, monthly Indonesia (IDX) data collection was carried out. The researcher then used the time series type to reprocess the data. Using E-Views, researchers investigated research instruments in more detail.

The research population consists of various data sources sourced from the Central Statistics Agency (BPS), Bank Indonesia (BI), and the Financial Services Authority (OJK). The www.ojk.go.id, www.bi.go.id, and www.bps.go.id websites are used in each monthly registration period of 2017–2023. Sharia bonds and mutual funds are the data sources that are activated for the purposive sampling sample of this study. Requirements regarding the data sources are inflation, sukuk, Sharia stocks, and Sharia mutual funds that will operate from 2017 to 2023.

The following is the similarity design to be estimated in the study:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \dots \dots \dots (1)$$

Information:

Y = National Economic Growth

a = Constanta

β_1 = Regression coefficient of inflation development rate (percent)

β_2 = Regression coefficient of sharia stocks (millions of rupiah)

β_3 = Sukuk regression coefficient (thousands of rupiah)

β_4 = Regression coefficient of sharia mutual funds (thousands of rupiah)

X_1 = Inflation

X_2 = Sharia shares

X_3 = Sukuk (Sharia bonds)

X_4 = Sharia mutual funds

e = Exit the residue

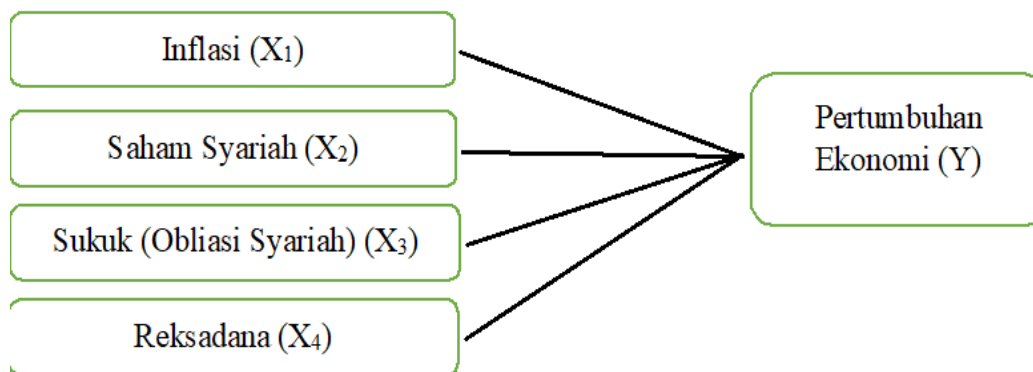


Figure 1
Conceptual Framework

Based on this information, it can be explained that there are free variables, namely inflation, Sharia stocks, sukuk, and Sharia funds. Sharia as a bound variable is the development of the country's economy. Based on the conceptual framework, his research was to find out how these variables affected the country's economic development.

Although the hypotheses of the study include:

H1: It is believed that inflation has a negative and significant impact in terms of economic development.

H2: Sharia stocks are suspected to have a good impact and are important for economic development.

H3: It is suspected that sukuk has a good and significant impact in terms of economic development.

H4: Sharia mutual funds (investments) are considered good and have a great influence on economic development.

H5: Inflation, Sharia stocks, sukuk, and Sharia mutual funds are assumed to have an effect on economic development at the same time. Sharia funds have a positive impact and are important for economic growth.

Results and Discussion

Results of the Classic Assumption Test

The purpose of the test is to show the existence of several deviations from the alleged regression design class. It is very important to consider classical conjectures in regression models because if classical assumptions are not met, several variables used as explanatory variables lose their effectiveness. If the classical conditions are met, then it can be said that the model is good. (Meryati et al., 2020). The findings of the classic assumption test are:

Multicollinearity Test

Table 1
Multicollinearity Test Results

Variable	Coefficient	Uncentered	Centered
	Variance	VIF	VIF
C	22.74194	564.6106	ON

Inflation	1095.861	27.46916	3.423188
Sharia	0.000264	1259.551	18.23641
Stocks			
Bond	0.000416	220.1718	24.83758
Sukuk			
Fund	0.000287	440.5266	17.73751

Table 1 shows that the VIF score on variable X1 is below 10.00 which shows that it does not contain problems, but on variables X2, X3, and X4 it is above 10.00 which shows that the regression design contains multicollinearity problems.

Uji Autokorelasi

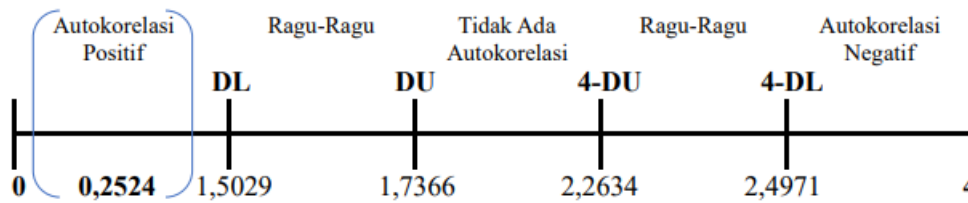


Figure 2
DW Table Test Chart

The autocorrelation test through the results of the Durbin-Watson calculation, can be described that the qualification is in the score k (4) on the independent variable and n (72) on the total group of the total data of the panel through its significance of 5%, DL (1.5029) > DW (0.2524). So it can be concluded that positive autocorrelation markers are obtained.

Normality Test

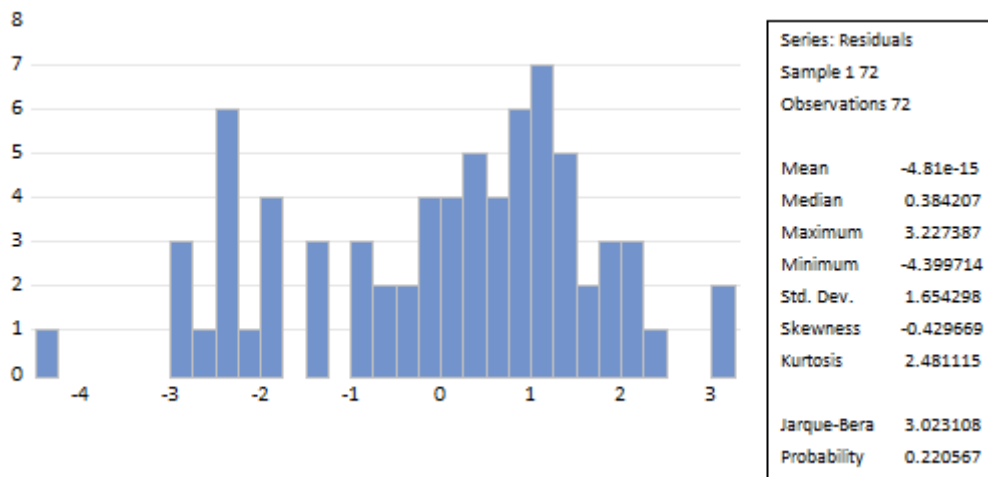


Figure 3
Normality Test Results

Based on Figure 3, it can be seen that the magnitude of Jarque-Bera is 3.023108 through the probability value of 0.220567 which is > 0.05 which means that the data in his research is rotated normally or normally.

Multiple Linear Regression Estimation Results

Using the help of the Eviews 12 application, it can be found that the findings of the t and f tests that it shows are:

Table 2
Multiple Linear Estimation Results

Variable	Coefficient	Std. Error	T-Statistic	Prob.
C	18.41650	4.768851	3.861832	0.0003
Inflation	134.4512	33.10379	4.061504	0.0001
Sharia Stocks	-0.052029	0.016240	-3.203819	0.0021
Bond Sukuk	0.065908	0.020389	3.232430	0.0019
Fund	-0.021031	0.016937	-1.241733	0.2187

Based on the findings of the double linear regression analysis, in the similarity design, several independent variables (X) over dependent variables (Y) are found, namely:

$$Y = 18.41650 + 134.4512 * X1 - 0.052029 * X2 + 0.065908 * X3 - 0.021031 * X4$$

The interpretation of the findings of the double regression analysis is:

1. The constant has a positive score of 18.41650 in terms of whether the independent variables of inflation, sukuk, Sharia mutual funds, and Sharia stocks have increased by 18.41650 percent.
2. Variable X1 is inflation with a regression coefficient of 134.4512, which means that in every increase in one share, the variable inflation in the development of the national economy has met an increase of 134.4512 percent.
3. Variable X2 is a sharia stock with a basic regression coefficient of -0.052029, which means that in each increase in one stock, the stock variable in the development of the national economy has met a large decline of 0.052029 percent.
4. Variable X3 is sukuk with a regression coefficient of 0.065908, which means that in every increase in one share, the variable of sharia stocks that in the development of the national economy has met a large development of 0.065908 percent.
5. Variable X4 is a Sharia mutual fund with a large regression coefficient of -0.021031, which means that for every increase in one share, the variable of Sharia mutual funds that in the development of the national economy has experienced a decrease of 0.021031 percent.

Coefficient of Determination

Table 3
Coefficient of Determination Test

R-squared	0.807455
Adjusted R-squared	0.782610

Based on Table 3, it is shown that the *Adjusted R-squared score* is 0.782610. This means that the variables of economic development can be explained by the variables of Inflation, Sharia Stocks, Sukuk, and Sharia Mutual Funds amounting to 78.26% and the remaining 21.74% are described as other variables outside of the variables used.

Test t

Based on Table 2, the findings of the t-test can be seen among them.

1) Inflation (X1)

Based on the test findings, a t-estimated score of $4.061504 > 1,668$ t-tables was achieved. His application was rejected by H_0 . The matter concludes that variable inflation has a negative and significant impact on economic growth.

2) Sharia Stocks (X2)

Based on the test findings, a t-estimated score of $-3.203819 < 1,668$ t-tables was achieved. That his submission was allegedly achieved, namely that H_0 was accepted. The matter concludes that the Sharia Stock variable has a good and significant impact on Economic Growth.

3) Sukuk (X3)

Based on the test findings, a t-estimated score of $3.232430 > 1.668$ t-tables was achieved. His submission alleges that H_0 was rejected. The matter concludes that the Sukuk variable ensures a negative and significant impact on Economic Growth.

Sharia Mutual Funds (X4)

Based on the test findings, a t-estimated score of $-1.241733 < 1,668$ t-tables was achieved. That his submission was allegedly achieved, namely that H_0 was accepted. The matter concludes that the Sharia Mutual Fund variable has a positive and significant impact on Economic Growth.

Test F

Table 4
Test Result F

Statistic	Value
F-statistic	20.33995
Prob(F-statistic)	0.000000

Based on Table 4, it is shown that the F-statistic score is excessive in F-table ($20.33995 > 2.51$). Until H_1 is accepted it can be quoted as concluding that inflation, Sharia stocks, sukuk, and Sharia mutual funds simultaneously (simultaneously) have a significant impact on the dependent variable (Y) on the development of the national economy.

Conclusion

Based on the findings of the analysis in this study, it can be concluded that inflation has a significant negative impact on the development of the national economy, with a significance level of 0.0001 which is less than 0.05. This shows that the increase in inflation has the potential to cause a decline in national economic development, in line with the results of the Simanungkalit (2020) study which also found a similar impact with a significance level of $0.039 < 0.05$. In addition, Sharia stocks have a positive and significant impact on the development of the national economy, with a significance level of $0.0021 < 0.05$, which indicates that an increase in Sharia stocks can contribute to

national economic growth. Furthermore, sukuk also has a positive and significant impact on the development of the national economy, with a significance level of $0.0019 < 0.05$, meaning that an increase in sukuk can encourage an increase in national economic development. Which also found a significance level of $0.0025 < 0.05$. However, Sharia mutual funds showed a negative but not significant impact on the development of the national economy, with a significance level of $0.2187 > 0.05$. Although the results suggest that the increase in Sharia mutual funds may be related to economic development, the impact is not significant. Which found a significance level of $0.000 < 0.05$. Overall, this study provides an overview of the significant influence of inflation, sharia stocks, and sukuk on the development of the national economy, as well as the importance of considering policies related to these variables.

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