

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

Achmad Wildan Zakariya^{1*}, Trischa Relanda Putra²

Universitas Trunojoyo Madura, Indonesia

Email: 210721100090@student.trunojoyo.ac.id^{1*}, trischa.putra@trunojoyo.ac.id²

*Correspondence

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