

The Influence Of Financial Performance, Macroeconomic Indicators and Systemic Risk On Manufacturing Sector Sharia Share Return

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Abstract. *The purpose of this study is to examine and analyze the effect of financial performance as measured using Return On Assets (ROA), Current Ratio (CR) and Earning Per Share (EPS), macroeconomic indicators using the BI rate, exchange rate and inflation as well as adding systematic risk as the intervening variable on sharia stock returns in the manufacturing sector on the Indonesian Sharia Stock Index (ISSI). The research sample was 51 companies with a range of observations from 2016 to 2020, using the Structural Equation Modeling (SEM) method and IBM AMOS (Analysis of Structural Moment) V.22 software for testing the available data. The findings of the direct test results show that financial performance and systematic risk have an effect on Islamic stock returns, while macroeconomic indicators have no effect. The test results through the intervening variable found that financial performance had an effect, but macroeconomic indicators still had no effect on Islamic stock returns through systematic risk. Activities in the consumer goods industry and basic industry which have always been the main needs are the reason why issuers in the manufacturing sector at ISSI are not affected by changes in macroeconomic indicators.*

Keywords: *Financial Performance, Macroeconomic Indicators, Systematic Risk, Islamic Stock Returns.*

Abstrak. *Tujuan dari penelitian ini adalah untuk menguji dan menganalisis pengaruh dari kinerja keuangan yang diukur dengan Return On Assets (ROA), Current Ratio (CR) dan Earning Per Share (EPS), indikator makroekonomi menggunakan BI rate, nilai tukar dan inflasi serta menambahkan risiko sistematis sebagai variabel intervening terhadap return saham syariah sektor manufaktur pada Indeks Saham Syariah Indonesia (ISSI). Terdapat 51 perusahaan sebagai sampel penelitian dengan rentang pengamatan dari tahun 2016 hingga tahun 2020, menggunakan metode Structural Equation Modeling (SEM) dengan bantuan software IBM AMOS (Analysis of Structural Moment) V.22 untuk menguji data yang dikumpulkan. Temuan hasil uji langsung menunjukkan bahwa kinerja keuangan dan risiko sistematis berpengaruh terhadap return saham syariah, sedangkan indikator makroekonomi tidak berpengaruh. Hasil pengujian melalui variabel intervening diketahui bahwa kinerja keuangan berpengaruh, namun indikator makroekonomi masih belum berpengaruh terhadap return saham syariah melalui risiko sistematis. Aktivitas industri barang konsumsi dan industri dasar yang selalu menjadi kebutuhan utama menjadi alasan emiten di sektor manufaktur di ISSI tidak terpengaruh oleh perubahan indikator makroekonomi.*

Kata Kunci: *Kinerja Keuangan, Indikator Makroekonomi, Risiko Sistematis, Return Saham Syariah.*

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Introduction

The higher the business activities of a company, the higher the level of risk it faces, companies that face high risk are expected to have many opportunities to generate high income (Ho and Mohd-Raff, 2019). Stocks are the riskiest investment instrument compared to other investment instruments, but this does not make investors avoid investments that are traded with fluctuating values. Investors always have higher profit expectations than the level of risk inherent in stock investments (Widagdo et al., 2020). So far, many companies have only focused on profit growth, even though the company faces big risks. which is possible if the company does not manage these risks properly, the company can lower the stock price in the capital market (Prasetyo and Sulaiman, 2021).

The amount of asymmetric information often creates a dilemma for investors, making signals in the form of company financial performance information provided by company management as a reference for the future (Al-Sartawi and Reyad, 2018). Disclosure of the company's financial performance is very important for all stakeholders because it provides them with the information needed to reduce uncertainty and help them make the right economic and financial decisions (Ajili and Bouri, 2018). Moreover, macroeconomic information published by Bank Indonesia makes investors far away from analyzing future investment growth (Aziz et al., 2020). Information on the consistency of shares that have never been issued to ISSI is also a very serious consideration. If previously sharia shares were announced as non sharia, it is likely that investors will sell these shares and replace them with sharia shares (Lusyana and Sherif, 2017).

In manufacturing Companies the combination of company-specific indicators and macroeconomic indicators by explaining the profitability of the company with special attention to a certain period may be able to highlight the problem of unstable returns (Nanda and Panda, 2018). Manufacturing companies are very likely to decide to use funds obtained from external sources for company operations, namely

in the form of debt, it is necessary to understand that debt has positive benefits and negative impacts (Rahayu et al., 2019). Companies with good governance are very concerned about how their financial performance is, the company's dependence on external funding greatly affects the profitability ratios because it has a negative correlation to debt levels (Manu et al., 2019). Empirically it has been proven that the shares of Islamic companies have smaller internal funding than external funding, as a result it will affect the company's performance and the company is also faced with liquidity problems (Farooq and Alahkam, 2016). It is important for manufacturing companies to maintain liquidity ratios, because investors often analyze the company's financial performance by knowing how capable the company is to pay its short-term obligations (Hayati et al., 2019).

Fluctuations in the rupiah exchange rate will have several impacts on the economy. The impact is usually an increase in commodity prices in the real sector, this is because the availability of raw materials still relies on imports from outside (Akbar and Afiezan, 2018). In a stock market that is dominated by foreign investors, such as Indonesia, changes in exchange rates are a risk that must be considered because it can cause greater losses which can have an impact on the value of the company and its share price (Endri et al., 2021). Exchange rate stability is very much needed to keep the company's finances well maintained. The need for raw materials that rely on imports will have a huge impact on the company's financial condition, as a result of the weak Rupiah against the USD which will increase the total price to be paid for imports (Wiyono and Mardijuwono, 2020).

The sensitivity of Islamic stock returns has been widely studied before. Akbar and Afiezan (2018), Widagdo et al., (2020), found that macroeconomic indicators using SBI, inflation and exchange rates had no effect on Islamic stock returns and systematic risk had no effect on Islamic stock returns. Another result is that financial performance as measured by profitability ratios, solvency ratios, liquidity ratios, activity ratios and market ratios has a positive and significant effect on sharia stock returns. Sukmajati and Hastuti (2019), Jabah and Cahyadi (2020) in their research, macroeconomic indicators affect Islamic

stock returns, financial ratios used to measure financial performance have a positive and significant effect on Islamic stock returns. The company's performance is directly affected by the exchange rate and interest rates. An increase in interest rates may lead to an increase in interest spending, which in turn increases spending and thereby reduces profitability.

Financial performance describes if the company has good opportunities or prospects in the future. Erzad and Erzad (2017), Yuliarti and Diyani (2018) in their research found the financial ratios used to measure financial performance had an effect on Islamic stock returns. The same study was conducted by Aldiena and Al-Hakim, (2019) which found that financial performance had a positive and significant effect on Islamic stock returns. Different results were obtained from the research of Rahmawati and Sumkaningrum (2020) which found that financial performance had no effect on Islamic stock returns but systematic risk had an effect on Islamic stock returns. Maharani and Koesmawan (2021) show that only microeconomic factors have a significant effect on stock prices in the Jakarta Islamic Index (JII) and LQ-45. The results also show that there are significant differences between the fundamental micro factors in JII and LQ-45. While on macro factors there is no significant difference.

The company's management can only control the business and its business activities, other than that the company's management can only follow the rules determined by the government through macroeconomic policies. In his research, Aziz et al., (2020), found that macroeconomic indicators did not have a significant effect on Islamic stock returns. Santosa and Puspitasari (2019) found that macroeconomic indicators that use interest rates and the BI rate reference do not have a significant effect on systematic risk in Islamic stocks. These results are different from research by Asstuty (2017), Purnami et al., (2020) which found that macroeconomic indicators and company performance have a significant influence on systematic risk in manufacturing sector companies. This further confirms that financial performance and macroeconomic indicators are interrelated with each other.

Based on this explanation, it is important to do research to identify and analyze how far financial performance, macroeconomic indicators and systematic risk can affect the sensitivity of Islamic stock returns. The addition of systematic risk of intervening variables (intermediaries) in this study adds to the renewal of Islamic stocks which usually only exist in the conventional stock market. Another most striking difference is that this study uses different variable indicators, especially the use of interest rates which are contrary to sharia values. Previous researchers have done a lot of research on companies listed in JII and ISSI but did not focus on companies in the manufacturing sector. For this reason, this study specifically analyzes Islamic stock returns in manufacturing sector companies that are included in ISSI.

Literature Review

Sharia Stock Market Concept in Indonesia

The capital market is a medium that bridges between people who have more funds or investors and those who need funds. Sharia shares share the same market as conventional shares, although the main thing is that these shares must meet certain conditions in order to be included in the Islamic stock market (Hassan et al., 2020). According to Islamic principles, it is not permissible to acquire company shares which are directly or indirectly linked to usury or interest. Companies that provide interest-bearing financial services, such as interest-based banks, insurance companies, finance and leasing companies, etc., are also included in this prohibition category (Alam et al., 2017).

Sharia shares are securities traded on the sharia stock market consisting of shares that have been declared to meet all the criteria and rules issued by the Financial Services Authority (OJK) No. 35/POJK.04/2017. Shares listed as sharia shares by public companies are regulated in OJK rules no. 17/POJK.04/2015. Fatwa of the National Sharia Council – Indonesian Ulema Council (DSN-MUI) No. 135 Regarding Shares, decided that sharia shares are shares that have met all the provisions and criteria that have been regulated based on sharia principles. The criteria for Issuance of a List of Sharia Securities

are conformity with sharia principles, leverage ratios, revenue recognition ratios and sharia governance scores. This conformity is shown by companies that do not carry out business activities that contain gambling (*maisir*), uncertainty (*gharar*) and interest-based elements. The company also does not produce, distribute, trade or provide goods or services that violate the law (*haram li-dzatihi*) or goods and services that violate the law (*haram li-ghoirihi*) as determined by the DSN-MUI, other than that the company does not carry out transactions containing element of bribery (*riswah*) (Dzakiyuddin and Sutopo, 2020).

Stock returns

Stock return is the expected profit from a number of funds invested in the ownership of a company, stock returns can be in the form of capital gains or results (Brigham and Houston, 2019). Capital gain is a form of return that is expected to be obtained by investors from the difference between the purchase price and the selling price of the stock, while yield is the percentage of dividends to stock prices in the previous period (Tandelilin, 2017). Stock returns are obtained from the difference in the current stock price minus the stock price at the time of purchase, stock returns can also be defined as the change in the increase in stock prices at the end of the period compared to the stock price at the beginning of the period. The higher the increase in stock prices will have a positive impact on the high stock returns received (Jogiyanto, 2017).

Financial Performance Against Sharia Stock Returns.

Financial performance is measured using various financial ratios that are analyzed carefully and correctly, which can help in analyzing the company's internal conditions, of course, by investigating the ratios further using other calculations. The calculated ratio analysis can reveal important conditions in the company that are difficult to identify, but with the help of ratio analysis it can be seen how the company's actual condition is (Brigham and Houston, 2019). To measure the company's financial performance, the ratios used are:

- a) Return on Assets (ROA) is one of the profitability ratios, the greater the ROA value, the better the company's performance, because the higher the rate of return on investment. Companies that have large assets allow them to perform better because they have more assets to carry out their business activities (Yuliarti and Diyani, 2018). It can be interpreted that the high value of ROA owned by the company should be able to increase the share price, because it shows that the company has a good performance.
- b) To analyze how smoothly the company fulfills its obligations, investors can use the current ratio (CR), the higher the CR owned by the company will be considered good by investors because the company is able to pay off its obligations. (Tikasari and Surjandari, 2020). Ideally, a high CR value will help increase the company's stock price, because investors feel that the company has had a good performance.
- c) Earnings per share (EPS) is the income received by shareholders from each share owned. This ratio analysis can provide information on the level of profit obtained by shareholders from each share owned. The impact that arises from the greater the EPS ratio, the higher the profits received by shareholders, this happens because of an increase in shares in the company (Brigham and Houston, 2019).

Macroeconomic Indicators Against Sharia Stock Return

Macroeconomics has a national scale whose impact is felt in almost all fields such as public consumption, banking and government policies (Tandelilin, 2017). One of the macroeconomic indicators of a country's strength is the weakening domestic currency exchange rate against other countries' currencies. This condition makes the company's financial fundamentals weaken, and can reduce the company's profitability in generating revenue (Maharani and Koesmawan, 2021). The development of the Islamic capital market is not free from the influence of macroeconomic factors. Investors generally believe that macroeconomic activities have a large impact on stock price volatility. Macroeconomic indicators used in this study include:

- a) Benchmark BI rate or a high central bank benchmark interest rate will change investors' decisions to withdraw their investments in stocks and prefer to move them to investments in savings or time deposits that have lower risk (Huda et al., 2018). However, it highlights that interest rates may not have an impact on Islamic stock market volatility as Islamic principles prevent shariah compliant companies from dealing with interest or usury (Shariff et al., 2017).
- b) The exchange rate is another macroeconomic fundamental that has a significant influence on the performance of the stock market, fluctuations in the exchange rate of a country's currency, some of which are influenced by the level of exports and imports (Brigham and Houston, 2019). The depreciation of the domestic currency against foreign currencies increases exports which in turn has an impact on increasing stock returns, conversely the depreciation of the domestic currency increases import costs which reduce stock returns (Aryasri, 2020).
- c) Inflation can be defined as a monetary phenomenon due to a decrease in the value of the monetary unit of calculation for a commodity (Brigham and Houston, 2019). Inflation causes the tendency of prices to rise continuously. Thus, an increase in only one or two types of goods cannot be called the price of other goods cannot be called inflation.

Systematic Risk

Systematic risk is the most relevant event that occurs in an investment instrument, this risk cannot be avoided or even eliminated (Brigham and Houston, 2019). It was further explained that the risk will always be attached to the stock and in line with the expected rate of return. The tendency of a stock to move with the market is measured by the Beta coefficient (β). This risk comes from several fundamental factors of a company and the market characteristics of the company's shares.

Ideally, when estimating a stock's beta, it's like having a crystal ball that tells you how the stock will move relative to the overall stock market in the future. But because investors cannot see into the future, investors often use

historical data and assume that a stock's historical Beta (β) will give them a reasonable estimate of how the stock will move relative to the market in the future. According to Ross et al. (2003) beta is "The amount of systematic risk present a particular risky asset relative to that in an average risky asset". It can be concluded that beta is a measure of the volatility of a systematic risk on a stock. Beta on shares can be calculated by point estimation using historical data or subjective estimates. Historical beta can be calculated using historical data in the form of market data (securities returns and market returns).

Signaling Theory

Signaling theory is a theory in the form of information in the form of actions taken by company management that provide instructions to investors about how management views prospect companies (Brigham and Houston, 2019). According to Brigham and Houston (2019), dividend announcements contain information that can be used to predict company profits and expected stock returns for investors so that they are useful as material for consideration in the investment decision-making process. Signaling theory assumes that the manager has accurate information about the value of the company that investors may not know and he is also interested in maximizing his profits (Brigham and Houston, 2019). The announcement of dividends has an important meaning for investors, besides being able to provide a signal to the company's prospects, it is also predicted to affect market valuations such as stock prices and stock returns. Signaling theory states that investors tend to react when they get a signal from the company (Brigham and Houston, 2019).

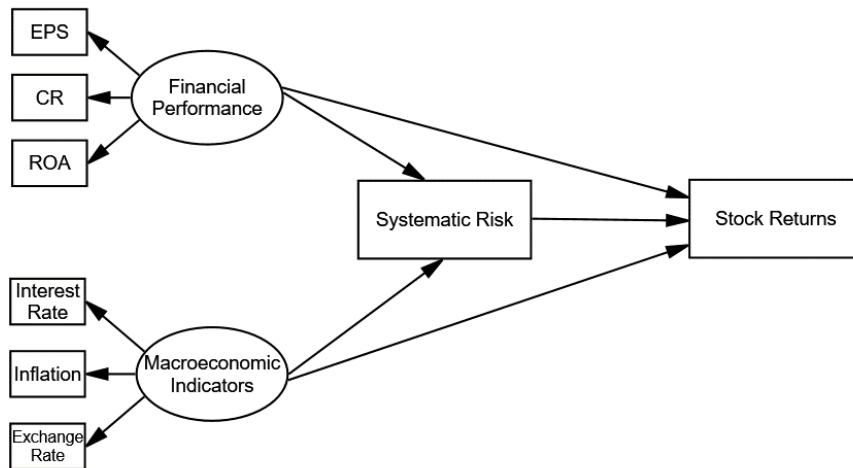


Figure 1: Research framework model

The hypothesis in this study is as follows:

H1: financial performance has an effect on Islamic stock returns.

H2: macroeconomic indicators have an effect on Islamic stock returns.

H3: systematic risk has an effect on Islamic stock returns.

H4: financial performance has an effect on systematic risk.

H5: macroeconomic indicators affect systematic risk.

H6: financial performance has an effect on Islamic stock returns through systematic risk.

H7: macroeconomic indicators have an effect on Islamic stock returns through systematic risk.

Research Methodology

Data Analysis and Sources

This research uses data analysis method with SEM (Structural Equation Model) analysis model using IBM AMOS (Analysis of Structural Moment) software Version 26. Analysis using SEM can explain the relationship between endogenous variables and exogenous variables, in certain conditions each variable has indicators or measurements (Ghozali, 2017).

The data used in this study is a collection of panel data consisting of manufacturing companies that have entered the constituents of the Indonesian Sharia Stock Index (ISSI) starting from the 2016 - 2020 period, using the purposive sampling method for the sample used. for financial performance obtained from the financial statements of manufacturing companies that have been included in the constituents of the Indonesian Sharia Stock Index (ISSI) and are routinely published by the Indonesia Stock Exchange (IDX) starting from the 2016 - 2020 period.

a) Return On Asset (ROA)

ROA is a ratio that calculates the return on total assets, ROA is calculated by comparing net income available to common stockholders with the company's total assets. The ROA calculation can be formulated as follows (Brigham and Houston, 2019):

$$\text{ROA} = \frac{\text{Net profit}}{\text{Total Assets}} \quad (1)$$

b) Current Ratio (CR)

CR is a comparison between current assets owned by the company and its current liabilities, namely debt with maturities of under 1 year, the CR calculation can be formulated as follows (Brigham and Houston, 2019):

$$\text{CR} = \frac{\text{Current assets}}{\text{Current liabilities}} \quad (2)$$

c) Earning Per Share (EPS)

EPS is the ratio of net profit after tax and the number of existing shares, the calculation of EPS can be formulated as follows (Brigham and Houston, 2019):

$$\text{EPS} = \frac{\text{Net Profit After Tax}}{\text{Number of shares}} \quad (3)$$

d) Macroeconomic Indicators

Macroeconomic indicator data is obtained from Bank Indonesia, the Financial Services Authority as well as data officially published by government agencies. Indicators used in macroeconomics include: Interest Rate Reference (BI rate Benchmark), Exchange rate and Inflation.

e) Stock return

Stock returns are obtained from the difference in the current stock price minus the stock price at the time of purchase, stock returns can also be said to be changes that occur in the current stock price with the previous stock price. To calculate stock returns, the following formula is used (Brigham and Houston, 2019):

$$\text{Stock returns} = \frac{P_t - P_{t-1}}{P_{t-1}} \quad (4)$$

Results and Discussion

Descriptive Statistics

This analysis includes time series and general conditions of research data such as the highest value, lowest value, average and standard deviation of the data set in the study. This analysis was carried out on a research sample of 51 manufacturing issuers at ISSI that had met the criteria. The results of the descriptive analysis are as follows:

Tabel 1: Descriptive Data

	ROA	CR	EPS	BI RATE	Exchange rate	Inflation
Average	0,34	17,07	679,38	5,20	14.019,93	3,12
Max	1,93	247,57	6936,00	7,25	16448,84	4,45
Min	-0,52	4,26	-527,00	3,75	13.063,00	1,32
Std.Dev	0,42	36,05	1229,32	0,9371	649,9699814	0,74

Source: processed data results, 2021

Sample Feasibility Test

Testing using the maximum likelihood estimation technique requires a sample of more than 100 data to be tested (Ghozali, 2017). In this study, there were 51 manufacturing companies sampled with an observation range of 5 years, starting from 2016 to 2020, meaning that in this study there were 255 data. This amount has met the standard criteria for testing using the maximum likelihood estimation technique.

Outlier Test

In the first test results, it is known that the values of p_1 and $p_2 < 0.05$, which means that there are outliers. For this reason, outlier data needs to be eliminated so that the data used can be used in testing. After eliminating the outlier data, the results obtained are p_1 and p_2 values > 0.05 , so it can be concluded that the data in this study are in accordance with the criteria and can be tested further.

Multicollinearity and Singularity Test

From the test results, it is known that the value of the Determinant of sample covariance matrix is away from zero or more than 1. This means that the research data does not have multicollinearity and singularity. So it can be concluded that the data in the study can be used for the next test stage.

Structural Model Test

Table 2: Results of the Goodness of Fit Index on the structural model

<i>Goodness of Fit Index</i>	<i>Cut off Value</i>	<i>Hasil Uji</i>	<i>Keterangan</i>
<i>X² (Chi-Square)</i>	Expected Small	14,07	Df=16, <i>Good fit</i>
<i>Significancy Probability</i>	≥0,05	0,59	<i>Good fit</i>
RMSEA	≤0,08	0,00	<i>Good fit</i>
GFI	≥0,90	0,99	<i>Good fit</i>
AGFI	≥0,90	0,97	<i>Good fit</i>
CMIN/DF	≤2,00	0,88	<i>Good fit</i>
TLI	≥0,90	1,00	<i>Good fit</i>
CFI	≥0,90	1,00	<i>Good fit</i>

Source: processed data results, 2021

From the results of the tests that have been carried out, it is found that the structural model in the study has met the criteria for the Goodness of Fit Index. So it can be said that the variables used in the study were good and the research model was acceptable.

Hypothesis testing

Based on the results of tests conducted using Amos SEM, the following hypothesis test results were obtained:

a) Direct Test

Table 3: Hypothesis Test Results

			Estimate	S.E.	C.R.	P	Description
Performance	--->	Return	9,44	3,42	2,76	,01	Significant
Macro	--->	Return	,11	,17	,65	,51	Not Signifikan
Risk	--->	Return	1,60	,31	5,20	***	Significant
Performance	--->	Risk	3,44	,91	3,79	***	Significant
Macro	--->	Risk	-,02	,05	-,31	,76	Not Significant

Based on the results of the tests that have been carried out, it is known that financial performance has a significant effect on Islamic stock returns because the C.R value is $2.76 > 1.96$ and the probability value (P) is $0.01 < 0.05$, which means that hypothesis 1 is accepted. The results of this study prove that, issuers in the manufacturing sector have stock returns that are influenced by their financial performance. The increase in the issuer's financial performance

will have an impact on increasing stock returns, and vice versa. The results of this study are in line with Erzad and Erzad (2017) and Akbar and Afiezan (2018) that financial performance has an effect on Islamic stock returns.

Then the next result is that macroeconomic indicators have no effect on sharia stock returns because the C.R value is $0.65 < 1.96$ and the probability value (P) is $0.51 > 0.05$, which means that hypothesis 2 is rejected. These results have proven that if there is a change in macroeconomic indicators it will not affect the return generated on the stock of issuers in the manufacturing sector. The results of this study differ from those of Sukmajati and Hastuti (2019) and Yusfiarto and Pambekti (2020), these differences occur due to the scope of observations and the year of the sample used.

It was also found that systematic risk has an effect on Islamic stock returns because the C.R value is $5.20 > 1.96$ and the probability value (P) is $0.00 < 0.05$, meaning that hypothesis 3 is accepted. These results prove that the increase in systematic risk contained in Islamic stocks will also increase the resulting return. The results of this study support the findings of previous researchers that have been studied by Jaafar et al., (2020) and Mawardi et al., (2020) and strengthen that systematic risk in stocks has an effect on Islamic stock returns.

Another result is that financial performance has an effect on systematic risk, the test results show that the CR value is $3.79 > 1.96$ and the probability value (P) is $0.00 < 0.05$, while macroeconomic indicators have no effect on systematic risk because the value CR $-0.31 < 1.96$ and the probability value (P) is $0.76 > 0.05$. Thus hypothesis 4 is accepted but hypothesis 5 is rejected. The results of this study prove that, increased financial performance will also have an impact on increasing existing systematic risk, but if there is a change in macroeconomic indicators it will not affect the systematic risk of Islamic stock issuers in the manufacturing sector.

b) Test Through Intervening

Table 4: Hypothesis Test Results

Variabel	Result Sobel Test	P-Value	Description
Performance --> Risk--> Return	3,063	0,002	Significant
Macro--> Risk--> Return	0,313	0,75	Not Signifikan

Based on the results of the tests that have been carried out, the results of financial performance have an effect on Islamic stock returns through systematic risk. The test results show the Sobel Test value of $3.063 > 1.96$ with a P-Value value of $0.002 < 0.05$, meaning that hypothesis 6 is accepted. Other results also found that macroeconomic indicators have no effect on Islamic stock returns even though they are through systematic risk. The test results show the Sobel Test result value of $0.313 < 1.96$ with a P-Value of $0.75 > 0.05$, meaning that hypothesis 7 is rejected.

The test results have proven that increasing issuer's financial performance will also increase the systematic risk that must be accepted, as well as stock returns that will result from increased financial performance and increased systematic risk in Islamic stocks. If there is a change in macroeconomic indicators, it will not affect the systematic risk of Islamic stock issuers in the manufacturing sector. Changes that occurred in macroeconomic indicators in the research year were not too significant, namely changes in the BI rate benchmark, the exchange rate of Rp. to USD and inflation which was still within reasonable limits so that it did not affect the systematic risk of Islamic stocks. The still controlled macroeconomic indicators have caused the systematic risk of Islamic stocks to not have a significant effect. This is also because the transition mechanism between changes from macroeconomic indicators to financial performance does not directly impact the performance of Islamic stocks, but through changes in the performance of the real sector and financial institutions which then has an impact on the performance of the stock market.

The macroeconomic indicators have no effect even though they have gone through systematic risk because the products produced by issuers in the

manufacturing sector are a much sought after requirement. Such as the cement industry, which is urgently needed to improve infrastructure which is the main focus of the government, chemicals and pharmaceuticals which are continuously sought and needed even though they are expensive, and the food and beverage industry which is a basic human need.

Conclusion and Suggestions

From the results of the analysis and testing that has been carried out in this study, various conclusions can be drawn. Financial performance and systematic risk have an effect on Islamic stock returns on manufacturing issuers at ISSI, but macroeconomic indicators have no effect on Islamic stock returns. Increasing income by improving financial performance is the best step for issuers because it affects the returns received by investors. Issuers with earnings reports that are in a profit position and are able to maintain from year to year will have a positive impact on increasing the share price of issuers in the Islamic stock market.

Other results obtained based on the test results are known that macroeconomic indicators also have no effect on systematic risk. Testing through the intervention variable is systematic risk, only financial performance has an effect on Islamic stock returns, while macroeconomic indicators still have no effect on Islamic stock returns. Issuers of the manufacturing sector are the main pillars of various industries, various basic processing that manages the industry can become the driving force of the economy. Various basic needs of society exist in the manufacturing sector, this makes the issuers of the manufacturing sector strong and not affected by changes in macroeconomic indicators. With the influence of financial performance on Islamic stock returns, either directly or by intervening variables, it provides an explanation that the volatility of the Islamic issuer sector is greatly influenced by financial performance and existing systematic risk. This study is limited to measuring financial performance using aspects of financial ratios that do not reflect the overall performance measurement. The use of historical data in research also cannot be used as a reference in assessing financial performance in the future.

This research was conducted when macroeconomic conditions were still relatively stable because there was no change of government. A more specific scope of observation to analyze the manufacturing sector at ISSI makes the research results not general in nature to be used as a reference in different sectors. Suggestions for further researchers are to use or add different financial ratios to measure financial performance to make it more comprehensive. The use of different macroeconomic indicators in order to predict the future, such as economic growth targets, Oil and Gas Lifting, or it can also add to the pandemic conditions that are still happening today. Opportunities for more specific research in other sectors are also very wide, such as agriculture and mining.

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