Li Falah
Journal of Islamic Economics and Business Studies

The Moderating Role of Return on Assets on Sharia Stock Returns: A Case Study on the Jakarta Islamic Index

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ARTICLE INFO	A B S T R A C T
	This research aims to analyze the impact of Debt to Equity Ratio (DER), Exchange Value, and Index ISR in Sharia Stock Return pass of Return on Asset (ROA) in a company administered in the Jakarta Islamic Index 2013-2017 period. This sample choosing with the purposive sampling method with the total sample as 29 from 30 companies. The data used in this study is the secondary data, and data analysis used is the multiple linear regression analysis and path analysis. The research result indicates that experiment T Debt to Equity Ratio (DER) and Index ISR are not influential in Stock Return. Exchange Value and Return on Asset (ROA) significance of Stock Return. Debt to Equity Ratio (DER) and Index ISR influence Return on Asset (ROA). At the same time, Exchange Value is not influential with Return on Asset. Experiment F refers that DER, Exchange Value, and Index ISR influence Return on Asset and Stock Return. However, ROA cannot mediate the relation between DER, Exchange Value, and Index ISR in Stock Return.

1. Introduction

The development of Islamic finance in Indonesia is currently experiencing an increase. The increase was driven by Indonesia's integrated Sharia finance development policy. The policy integration is contained in the Sharia finance roadmap, which includes cross-sectoral issues and sets policy directions and work programs to advance the Sharia finance industry. The preparation of the Sharia finance roadmap refers to the master plan for the Sharia financial architecture, the financial services sector, and the roadmap for each Sharia financial sector,

namely banking, capital market, and IKNB. The fastest growing industry in the Islamic finance sector is the capital market. The market share of the Islamic capital market is higher than the banking industry and IKNB. This data is following the following announcement by the Financial Services Authority (OJK):

Table 1
Market share Syariah finance in Indonesia

Industri	Total Asset (in billion USD)				Market Share (%)
	Nasional		Syariah		
	Rp T	USD Bn	Rp T	USD Bn	
Bank	7.915,98	530,24	468,82	31,40	5,92
IKNB	2.311,10	154,81	99,94	6,69	4,32
Capital Market	4.523,08	302,97	697,21	46,70	15,41
Total	14.750,16	988,02	1.265,97	84,80	8,58

Sources: Otoritas Jasa Keuangan (OJK).

Based on table 1, the total assets of the national capital market are higher than the Islamic capital market. However, the total assets of the Islamic capital market industry grew more rapidly than other Islamic industries. The capital market share of 15.41 percent indicates that the capital market is developing more quickly than IKNB and banking. This data illustrates that the Islamic capital market is more attractive to investors than Islamic banking, where one of the Islamic capital market instruments is Sharia shares.

Sharia shares are proof of ownership of a company's part with criteria that do not conflict with Islamic principles, such as companies engaged in gambling and usury. The development of Sharia shares every year experiences significant growth. This data follows the following statistical information on Sharia shares as a result of the announcement by the Indonesian Financial Services Authority (OJK):
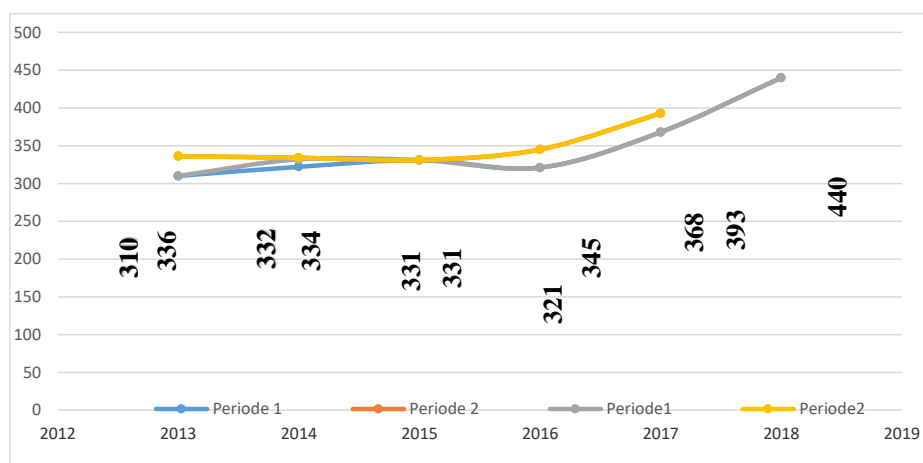
Sources: Daftar Efek Syariah (DES).
Figure 1.
Syariah Capital Market Developmet

The graphic above shows that in the first period, 2013 – 2018, Islamic stocks experienced fluctuating conditions. The first two years and the last two years have increased, but in 2015 and 2016, Sharia shares have decreased. For the second period, Sharia shares from 2013-2014 experienced an increase, while in 2015, they dropped. However, in 2016 – 2018 Sharia shares continued to increase with the highest value of 440.

Sharia shares are a Sharia capital market investment favored by investors because Sharia shares are considered to provide high profits but with risky assets. Where this is driven by market share, the value of Sharia shares is greater than the value of other instruments in the Sharia capital market. This data is following market share data on the importance of securities announced by the Financial Services Authority (OJK) below:

Table 2
Market Share Sharia Capital Market

Instrument	Jumlah	Nilai (Rp)	Market Share (%)
Saham Syariah	401	3.543,32 T	52,59
Sukuk Korporasi	97	20,06 T	4,64
Reksa Dana Syariah	213	31,80 T	6,42
Sukuk Negara*	60	645,35 T	17,95

Sources: Otoritas Jasa Keuangan (OJK).

Based on table 2 above, it means that Sharia shares' market share is higher than other instruments in the Sharia capital market. The high market share attracts investors to invest in Sharia shares to obtain high profits. It is necessary to examine the factors affecting the high return on Sharia securities.

Stock return is one of the factors that can motivate investors to invest and get a return for their courage in taking all the risks that investors will obtain for the investment that has been made. Stock returns accepted by investors occur when the selling price of the shares increases. Investors will get maximum stock returns if investors invest in the right company shares. Full stock returns can be caused by various factors, namely Debt to Equity Ratio (DER), Exchange Rate, Islamic Social Reporting Index (ISR), and Return On Assets (ROA).

The debt to Equity Ratio is one indicator that previous researchers often study. DER is an indicator of capital structure and financial risk included in the leverage ratio (debt). The DER looked by Husein & Mahfud (2015) and Nurul et al. (2018) said that if the debt to equity ratio does not have a significant effect on stock returns, it is explained that the higher the DER will affect the company's performance. A high DER will harm the company's performance, resulting in the depreciation of stock prices, decreasing stock returns. However, these results do not support the study conducted by Handayati and Zulyanti (2018), which states that DER affects stock returns. It is explained that the higher the DER, the greater the company's dependence on creditors. This finding is also supported by Basalama et al. (2017).

Next is the exchange rate indicator or currency exchange rate used to measure the value of a currency from the perspective of another currency and is included in macroeconomic factors. Based on previous research on exchange rates conducted by Dirgasiwi et al. (2016), inflation, exchange rates, ROA, ROE, and DER are simultaneously related to stock returns. Where individually, the exchange rate does not significantly affect stock returns. Ahmed (2018), Prasetyoningsih, and Taunay (2018) show that the exchange rate results are related to stock

returns. It is explained that the government needs to implement pro-people policies and investors, especially in maintaining the stability of import and export trade. Then the weakening of the exchange rate can affect investors in investing. This finding is supported by Fadlilah and Hermuningsih (2017), so further research is needed.

The ISR Index is a benchmark for ISR disclosure in an institution which consists of several themes, namely products and services, society, investment and finance, employees, corporate governance, and the environment. In this study, the researcher chose the ISR variable to determine the level of return of Sharia shares because, in investing, Muslim investors were more careful and transparent in making investments. In measuring the rate of return, previous researchers usually use CSR, such as the study results by Runtulalu & Atmadja (2017) and William et al. (2015) that CSR has a positive impact on stock returns. However, according to Maharani (2017), CSR does not affect stock returns. Therefore, the researcher wants to examine corporate social reporting (CSR) within the scope of sharia, which is also known as Islamic social reporting (ISR) on Sharia stock returns.

Return on Assets (ROA) is one of the profitability ratios obtained by comparing NIAT to total assets. According to previous research conducted by Dirgasiwi (2016), individual return on assets (ROA) has no significant effect on stock returns. Still, simultaneously ROA, ROE, DER, exchange rates, and inflation substantially impact stock returns. These results do not support the study conducted by Husein and Mahfud (2015), where the return on assets factor affects stock returns. It is explained that a high ROA describes a company's performance that is getting better. This finding can encourage stock price appreciation which leads to stock returns.

Previous researchers have widely used the ROA factor. Previous research still shows the results of the inconsistency of variables that affect ROA. These variables are a debt to equity ratio (DER), exchange rate, and ISR index. According to Gunde et al. (2017), DER individually has a significant impact on ROA, and simultaneously DER hurts ROA. A higher DER can reduce ROA because it can lead to costs incurred due to a larger loan, which reduces the company's profit, resulting in a decrease in ROA. Dalci (2018) reports DER has a positive effect associated with taxes and a negative impact related to financial difficulties. The increase in DER can reduce the company's ROA, affecting the decrease in investors' stock returns. Therefore, studying the relationship between DER and ROA is necessary and its impact on stock returns.

In addition, ROA is also influenced by the exchange rate, Ernayani et al. (2017), showing that through the t and f tests, the exchange rate has a negative and insignificant effect on ROA. This study was conducted on Islamic banks because a declining exchange rate can generally reduce the purchasing power of the income earned on the investments made. The decline in investment impacts the decline in demand for financing and affects the profitability of Islamic banks as a proxy for ROA. However, according to Egbunike and Okerekeoti (2018), the exchange rate is not related to ROA. This finding is due to the use of different objects. This result needs further study, especially in applying ROA to mediate the relationship between exchange rates and stock returns.

Another factor that affects ROA is the Islamic social reporting (ISR) index. Arifin and Wardani's research (2016) says that ISR disclosure does not significantly affect ROA. According to Harahap et al. (2017), the simultaneous disclosure of ISR is not related and, by t-

test, has a significant impact on ROA. Because every exposure of the ISR index can help maintain the company's image to the public. So that in the future, it can attract investors to invest their funds in the company. These results encourage companies to further increase the ISR in evaluating return on assets (ROA) in the following year. Increasing ROA can increase the returns enjoyed by investors, so ROA is important in mediating the relationship between the ISR index and stock returns.

The facts above show that many factors can impact stock returns. Investors need to carry out a more detailed analysis of the changes. This finding analyzes macroeconomic factors such as the exchange rate and evaluates the ISR disclosure through the ISR index. However, investors also need to conduct fundamental analysis based on financial ratios such as profitability and leverage ratios.

In this study, there are differences from previous researchers. Previous studies often used manufacturing companies, while this study uses companies listed in the Jakarta Islamic Index (JII). In addition, factors that are often used in previous studies are ROA, EPS, PER, ROE, DER, PBV, DPR, NPM, and exchange rates. Meanwhile, this study uses DER, exchange rates, and the ISR index. In previous studies, there were inconsistencies in the results of ROA as an independent variable on stock returns, so in this study, ROA was used as an intervening variable. There is empirical evidence that shows that Sharia shares experience rapid growth every year. But there are inconsistencies in previous research on research variables, so the authors want to conduct further studies to examine the role of debt to equity ratio (DER), exchange rate, ISR index, and return. On assets (ROA) on Sharia stock returns for 2013-2017.

2. Research Method

This research is quantitative. The research variables consist of 1) The independent variables used are DER, exchange rate, and ISR index; 2) The dependent variable used is Islamic stock returns. And 3) The intervening variable used is the return on assets (ROA).

The population in this study are companies listed in the Jakarta Islamic Index. The sampling method was carried out by purposive sampling, namely the sampling technique was based on the following criteria: a) Companies listed on the Jakarta Islamic Index; b) Companies at JII that did not issue an annual report during the period 2012-2017; and c) Companies that do not have complete data.

The type of data used is quantitative data. These data are used as reinforcing data in the conceptual framework. This study uses secondary data sources, namely data obtained from second parties such as annual reports and exchange rate developments.

The analytical method used to test the hypothesis formulated in this study is multiple linear regression analysis with path analysis. In this study, there are intervening variables, so to investigate the role of mediation, used 2 model equations as follows:

$$Y^1 = \alpha + \beta_1 DER + \beta_2 Nilai\ Tukar + \beta_3 Index\ ISR + \beta_4 ROA + e$$

$$Y_2 = \alpha + \beta_1 DER + \beta_2 Nialai\ Tukar + \beta_3\ Index\ ISR + e$$
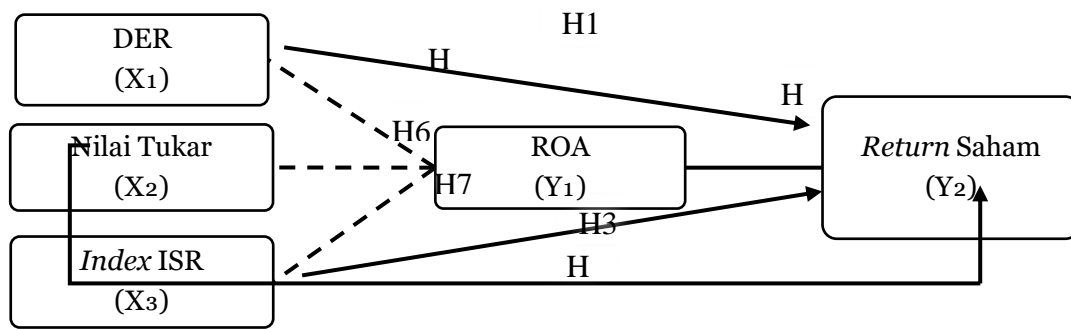
The framework of thought in this research are:

Figure 2. Framework

Based on the picture above, the hypotheses formed in this study are:

H1: DER has a negative effect on stock returns.

H2: Exchange rate has a negative impact on stock returns.

H3: ISR index has a positive impact on stock returns.

H4: ROA has a positive effect on stock returns.

H5: DER affects stock returns through ROA.

H6: Exchange rate affects stock returns through ROA.

H7: ISR index affects stock returns through ROA.

3.   Result & Discussion

The purpose of this research is to determine the impact of debt to equity ratio (DER), exchange rate, and ISR index on Islamic stock returns through return on assets (ROA). This research was conducted on companies listed on the Jakarta Islamic Index (JII) for 2013-2017 and before the Covid-19 pandemic). Based on the sampling technique using purposive sampling, the research sample in this study was 29 companies. The selected model is then used for data analysis and hypothesis testing. Sample distribution can be seen in the following table:

Table 3.
Research sampling criteria

No	Description	Number of Company
1	Company listed in *Jakarta Islamic Index* (JII)	30
2	Company in JII doesn't announce annual report period 2012-2017	(0)
3	The company doesn't have the data	(1)
	Number of samples	29
	Number of the data 29 x 5	145

The table above shows that the amount of research data that matches the sampling criteria is (n) 29 x 5 years = 145 data. This research was conducted on companies listed on the Jakarta Islamic Index (JII), which provided complete annual report information during 2012-2017. After assessing the sample criteria in this study, 29 companies were obtained in the 2012-2017 period, so this study used 145 data processed with the SPSS program. The following can be seen a list of companies that are used as samples of this research:

Table 4.
Sample of the Company JII 2013-2017

Name	Code	Name	Code
Kalbe Farma Tbk.	KLBF	Adaro Energy Tbk,	ADRO
Matahari Department Store Tbk.	LPPF	AKR Corporindo Tbk.	AKRA
Perusahaan Gas Negara (Persero) Tbk.	PGAS	Aneka Tambang (Persero) Tb	ANTM
Tambang Batubara Bukit Asam (Persero) Tbk.	PTBA	Astra Internasional Tbk.	ASII
PP (Persero) Tbk.	PTPP	Barito Pasific Tbk.	BRPT
Surya Citra Media Tbk.	SCMA	Bumi Serpong Damai Tbk.	BSDE
Semen Indonesia (Persero) Tbk.	SMGR	Charoen Pokphand Indonesia Tbk.	CPIN
Summarecon Agung Tbk.	SMRA	Ciputra Development Tbk.	CTRA
Telekomunikasi Indonesia (Persero) Tbk.	TLKM	XL Axiata Tbk.	EXCL
Chandra Asri Petrochemical Tbk.	TPIA	Indofood CBP Sukses Makmur Tbk.	ICBP
United Tractors Tbk.	UNTR	Vale Indonesia Tbk.	INCO
Unilever Indonesia Tbk.	UNVR	Indofood Sukses Makmur Tbk.	INDF
Wijaya Karya (Persero) Tbk.	WIKA	Indika Energy Tbk.	INDY
Jasa Marga (Persero) Tbk.	JSMR	Indocement Tunggal Megah Tbk.	INTP
		Indo Tambangraya Megah Tbk.	ITMG

Source: idx.co.id.

When analyzed from statistical calculations, the data on ROA, DER, ISR index, exchange rates, and stock returns in the Jakarta Islamic Index (JII) company for the period 2012-2017 (before the Covid-19 pandemic) can be explained as follows:

Table 5.
Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	145	-5.72	45.79	10.1912	10.60146
DER	145	-4.80	18.89	1.3220	2.09127
Nilai Tukar	145	-1.00	13.00	6.0000	5.6646
Index ISR	145	.44	.77	.5966	.06032
Return	145	-.78	10.27	.3344	1.24403
Valid	145				

Based on the table above, the N value shows how much data is used in this study, 145 data, which is the number of samples during the 2012-2017 research period. The data used is company data in the Jakarta Islamic Index (JII). The ROA variable shows a mean of 10.1912 with a standard deviation of 10.60146. The minimum value is -5.72, and the maximum value is 45.79. Because the standard deviation is greater than the mean value, it can be concluded that the ROA variable is unstable.

The debt to equity ratio (DER) shows a minimum value of -4.80 and a maximum of 18.89 with a standard deviation of 2.09127 and an average value of 1.3220, where the standard deviation value is greater than the average value, then DER variable is not stable. The exchange rate variable has a minimum value of -1.00. The maximum of 13.00 with a mean value of 6,0000 and a standard deviation of 5.6646. The variable exchange rate means stable because the average value › standard deviation.

The ISR index has a minimum value of 0.44 and 0.77. The ISR index has an average value of 0.5966 with a standard deviation of 0.06032, which indicates that the ISR index variable is stable. While the stock return variable has an average value of 0.3344 and the standard deviation is 1.24403. The stock return also has a minimum value of -0.78 and a maximum of 10.27. The stock return variable is unstable because the standard deviation value is greater than the average value.

Therefore, based on the descriptive statistics above, the variable with the lowest and highest values is ROA. However, the stable data are the exchange rate and the ISR index because they have an average value › standard deviation. Meanwhile, DER, return, and ROA is not stable because the standard deviation value is› average.

This study examines the impact of DER, exchange rate, ISR index, and ROA on Islamic stock returns for regression 1. Regression 2 examines the effect of DER, exchange rate, and ISR index on ROA and Islamic stock returns. The results of multiple linear regression analysis through unstandardized residuals can be seen in the table below:

Table 6.
Multiple Linear Regression Test 1.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.324	.344		.943	.348
	ROA	.016	.005	.293	3.244	.002
	DER	.030	.048	.056	.627	.532
	Nilai Tukar	-.021	.006	-.319	-3.721	.000
	Index ISR	-.493	.585	-.074	-.843	.401
a. Dependent Variable: return						

According to the data table above shows that the equation in multiple linear regression 1 in this study can be formulated as follows:

$Y_1 = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e_1$

Stock return = -0.324 + 0.30DER − 0.021Exchange Rate - 0.493indexISR + 0.016ROA

Description:

Y_1: Stock return

α: constant

$\beta_{1,2,3,4}$: Parameter coefficient

X_1: DER

X_2: Exchange rate

X_3: *Index* ISR

X_4: ROA

e_1: residual

Based on the above formulation, it can be described as follows. The constant variable Y is 0.324. If the independent variables are DER, exchange rate, ISR index, ROA are fixed or unchanged, the stock return is worth 0.324. The regression coefficient for the DER variable is 0.030, meaning that if the DER has increased by one unit, then the stock return has increased by 0.030. The exchange rate variable has a value of -0.021, meaning that if the exchange rate decreases by one unit, the stock return will increase by -0.021. The ISR index variable has a value of -0.493, meaning that if the ISR index decreases by one unit, the stock return will increase by -0.493. The regression coefficient of the ROA variable has a value of 0.016, meaning that if the other independent variables are fixed and ROA has increased by one unit, there will be an increase in stock returns of 0.016.

Table 7.
Multiple Linear Regression Test 1.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-2.156	6.570		-.328	.743
	DER	-2.978	.873	-.303	-3.410	.001
	Nilai Tukar	-.081	.108	-.067	-.756	.451
	Index ISR	22.918	10.977	.187	2.088	.039
a. Dependent Variable: ROA						

Based on the results of the Multiple Linear Regression Test, Regression 2 shows that the multiple linear regression equation 2 in this study can be formulated as follows:

ROA = -2,156 − 2,978DER + 22,918*Index* ISR − 0,081Nilai Tukar.

Based on the above formulation, it can be described as follows: The constant variable Y_2 is -2.156 if the independent variable is DER, ISR index, the exchange rate is fixed or unchanged, the ROA value is -2.156. The DER variable has a value of -2,978, meaning that if DER has decreased by one unit, the ROA has increased by -2,978. The exchange rate variable has a coefficient of -0.081, meaning that if the exchange rate decreases by one unit, the ROA will increase by -0.081. The ISR index regression coefficient has a value of 22,918, meaning that if the ISR index increases by one unit, it means that ROA will increase by 22,918.

Table 8.
F Test Regression 1

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.100	4	.775	6.666	.000[a]
	Residual	13.138	113	.116		
	Total	16.238	117			
a. Predictors: (Constant), Index ISR, DER, ROA, Nilai Tukar						
b. Dependent Variable: return						

In the table above, the results of the F test, the significance value of regression 1 is 0.000 <0.05, it can be interpreted that the independent variables, namely DER, exchange rate, ISR index, and ROA, are simultaneously able to influence Sharia stock returns.

Table 9.
F Test Regression 2

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	669.728	3	223.243	5.245	.002[a]
	Residual	4852.041	114	42.562		
	Total	5521.769	117			
a. Predictors: (Constant), Index ISR, DER, Nilai Tukar						
b. Dependent Variable: ROA						

In the regression F test table, 2 shows a significance value of 0.002 ‹0.05. Simultaneously, the independent variable can affect the mediating variable, namely ROA.

Table 10.
R² Test Regression 1

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.437[a]	.191	.162	.34097	1.981
a. Predictors: (Constant), Index ISR, DER, ROA, Nilai Tukar					
b. Dependent Variable: return					

Based on the table above, the Adjusted R square value for regression 1 of 0.162 or 16.2% of stock returns can be explained by the DER variable, exchange rate, ISR index, and ROA, but other variables explain the remaining 83.8%.

Tabel 11.
R² Test Regression 2

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.348[a]	.121	.098	6.52394	1.983
a. Predictors: (Constant), Index ISR, DER, Nilai Tukar					
b. Dependent Variable: ROA					

In regression 2, the Adjusted R Square value of 0.098 means that the DER, exchange rate, and ISR index variables can explain ROA as a mediating variable of 9.8%, and other variables explain the remaining 90.2%.

Furthermore, the t-statistical test aims to determine whether partially the DER, exchange rate, ISR index, and ROA variables have a significant effect or not on stock returns. The results of the t-test can be described as follows:

Regression 1 is The effect of the debt to equity ratio (DER) on stock returns. According to table 4.13, the first hypothesis is rejected because the significance value of DER on stock returns is greater than 5%, namely 0.532 with a coefficient of 0.030. The impact of exchange rates on stock returns. Based on table 4.13, the second assumption is accepted. The exchange rate of 0.000 is less than 0.05, with a negative coefficient of -0.021. The relationship between the ISR index and stock returns. In table 4.13, the third assumption is rejected. The ISR index on stock returns is 0.401, which means it is greater than 0.05 with a coefficient of -0.493. The impact of return on assets (ROA) on stock returns. It can be seen in table 4.13 that the fourth hypothesis is accepted, where the significance value is 0.002, which means less than 5% with a coefficient of 0.016.

Regression 2 is the **impact** of the debt to equity ratio (DER) on return on assets (ROA). The significance value of DER from table 4.14 is 0.001, meaning less than 0.05 or 5% with a negative coefficient of -2.978. These results show that the debt to equity ratio impacts returns on assets (ROA). The relationship between exchange rates and return on assets (ROA). Table 4.14 shows the exchange rate has a significance value of 0.451 greater than 5% with a coefficient value of -0.081, meaning the exchange rate has no impact on return on assets (ROA). The effect of the ISR index on return on assets (ROA). Table 4.14 shows there is no relationship between the ISR index and ROA, and this can be proven by a significance value of 0.039, which is greater than 0.05 with a coefficient of 22.918.

Then the ROA Mediation Effect Test (Intervening) on the Impact of DER, Exchange Rate, and ISR Index on Stock Returns can be seen in the following figure:

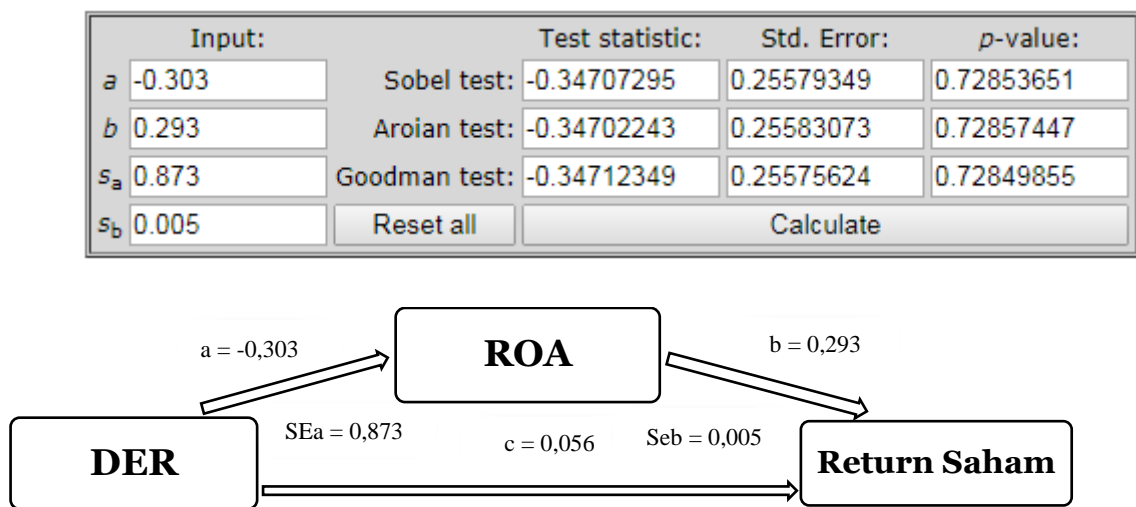| Input:		Test statistic:	Std. Error:	p-value:
a	-0.303	Sobel test: -0.34707295	0.25579349	0.72853651
b	0.293	Aroian test: -0.34702243	0.25583073	0.72857447
s_a	0.873	Goodman test: -0.34712349	0.25575624	0.72849855
s_b	0.005	Reset all	Calculate	

Figure 3.
Sobel Test

Based on the picture of the Sobel test results above, the fifth hypothesis is rejected because the p-value shows a number of 0.7285 > 0.05 which means that the ROA Sobel test cannot mediate the relationship between DER and stock returns.
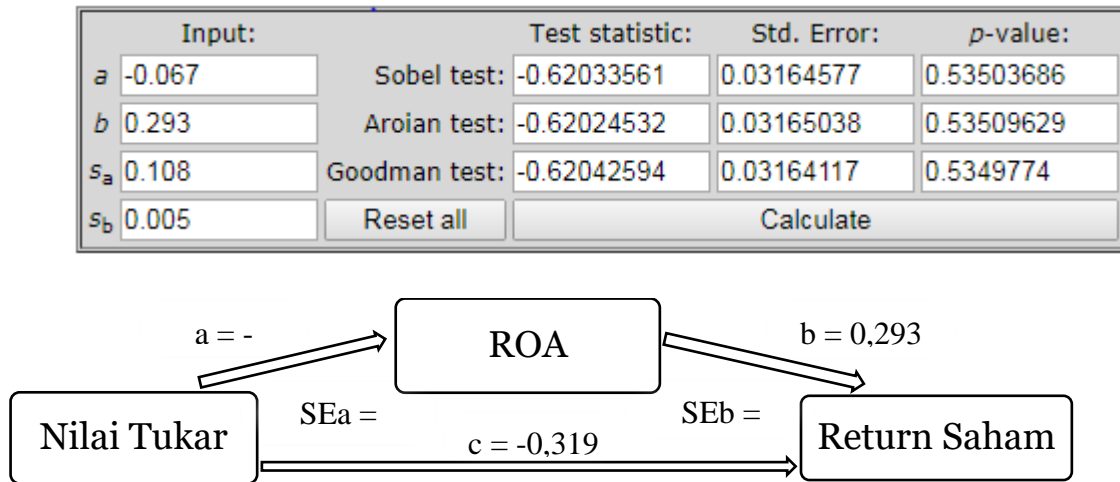
Input:		Test statistic:	Std. Error:	p-value:
a -0.067	Sobel test:	-0.62033561	0.03164577	0.53503686
b 0.293	Aroian test:	-0.62024532	0.03165038	0.53509629
s_a 0.108	Goodman test:	-0.62042594	0.03164117	0.5349774
s_b 0.005	Reset all		Calculate	

Figure 4.
Sobel Test Nilai Tukar

Based on Figure 4.2, the sixth hypothesis is rejected because the p-value is 0.5350 > 0.05, which means that ROA cannot mediate the relationship between exchange rates and stock returns.

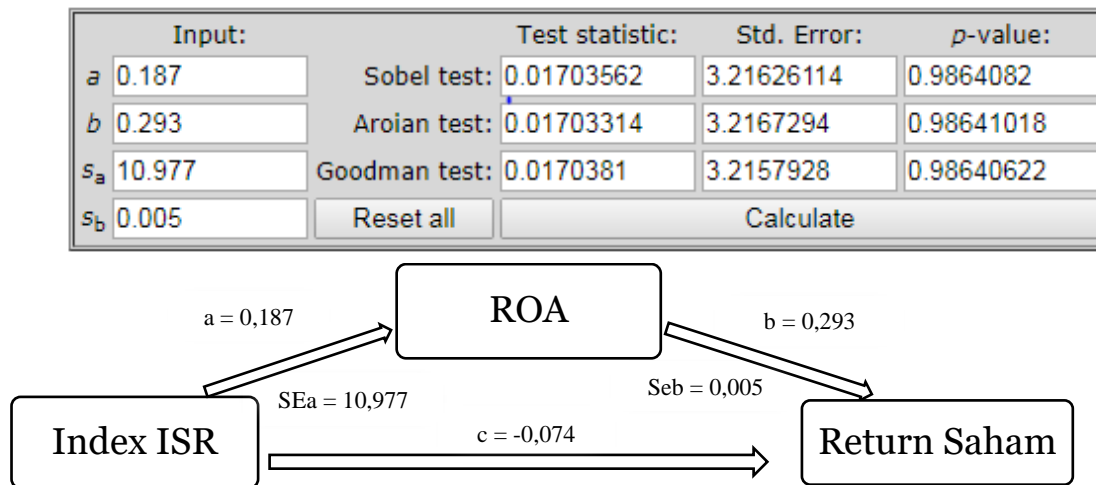| Input:		Test statistic:	Std. Error:	p-value:
a 0.187	Sobel test:	0.01703562	3.21626114	0.9864082
b 0.293	Aroian test:	0.01703314	3.2167294	0.98641018
s_a 10.977	Goodman test:	0.0170381	3.2157928	0.98640622
s_b 0.005	Reset all		Calculate	

Figure 5.
Sobel Test indeks ISR

Based on the picture above, the seventh hypothesis is rejected. ROA cannot mediate the relationship between the ISR index and stock returns because the p-value also shows a number greater than 5%, namely 0.9864 > 0.05.

Effect of DER on Stock Return

Based on the results of the t-test, the debt to equity ratio (DER) has a significance value of 0.532, which means it is greater than 0.05 with a coefficient of 0.030, so the first hypothesis is rejected, and the debt to equity ratio (DER) does not affect stock returns. However, in the F test, the significance value is 0.000 less than 0.05, which means that the debt to equity ratio (DER) simultaneously affects stock returns. Then the decrease in DER will not impact the high and low shares distributed to investors.

The debt to equity ratio (DER) compares the composition of total debt with total equity to impact the company's burden on external parties (creditors) in fulfilling their debt obligations. The increase in the load on creditors shows that the company's funding sources depend on external parties. The higher the DER, the greater the company's funding structure. A high DER value illustrates the company's relatively high risk. As a result, investors tend to avoid stocks with a high DER, which causes stock price appreciation and depreciation, ultimately impacting investors' stock returns.

The results of this study are in line with previous research conducted by Husein and Mahfud (2015), Nurul et al. (2018) that the debt to equity ratio has no significant effect on stock returns. However, these results do not support the research conducted by Basalama et al. (2017), Handayati and Zulyanti (2018), which say that DER affects stock returns.

Impact of Exchange Rate on Stock Return

The second hypothesis is accepted. Namely, the exchange rate affects stock returns because, in the t-test, the significance value is 0.000, which means less than 0.05 with a negative coefficient of -0.021. The F test also shows a significance value of less than 5%, namely 0.000 < 0.05, meaning that simultaneously the exchange rate affects stock returns. In this case, the exchange rate has a non-unidirectional relationship with stock returns. If the exchange rate weakens, then stock returns will increase. Thus, the exchange rate can affect the high and low stock returns. Changes in investment value caused by exchange rates can be exchange rate or currency risk.

When the exchange rate weakens, it will impact the equity market, increasing investors' interest. This finding can affect the performance of companies listed on JII because many companies have foreign debt for long-term and short-term project financing. Thus, if the exchange rate continues to weaken, companies' foreign debt in JII will also decrease. This result is a decrease in interest expense, which will increase profitability. Higher profitability will affect the increase in returns enjoyed by investors.

The results of this study agree with previous research conducted by Ahmed (2018), Prasetyoningsih, and Taunay (2018) that the exchange rate affects stock returns. However, according to Dirgasiwi et al. (2016), inflation, exchange rate, ROA, ROE, and DER simultaneously affect stock returns. Where partially the exchange rate has no significant effect on stock returns.

Impact of ISR Index on Stock Return

The t-test shows that the third hypothesis is rejected because the significant value is more excellent than 5%, namely 0.401 › 0.05 with a negative coefficient of -0.493, meaning the ISR index does not affect stock returns. The F test shows different results, where the significance value is less than 5%, namely 0.000 ‹ 0.05, then the ISR index simultaneously impacts stock returns. So that the decrease in the ISR index does not affect the level of return obtained by investors. This result may be caused by several phenomena, such as investors' tendency to buy shares and the low disclosure of corporate social responsibility in the sample in terms of sharia.

The majority of ISR disclosures can cause low ISR disclosures that are still at the conceptual stage and the unavailability of standards that companies can adopt related to implementing Sharia-based social responsibility or ISR. The company's low awareness can also cause the institution to be included in the Sharia Securities List (DES) and has received a lot of attention from Muslim investors, which, of course, is implemented through the disclosure of ISR in its annual report. According to the Ministry of SOE portal (2012), there are three reasons investors buy shares, namely to obtain capital again, receive dividends, accept voting rights and influence the running of the company. However, Indonesian investors tend to buy shares to get capital gains without paying attention to long-term sustainability. The ISR index is a long-term strategy for the company's sustainability so that the influence of Sharia-based social disclosure cannot be felt in the short term. The long-term positive impact of the ISR index does not show the effect's contribution on stock returns.

In measuring the rate of return, previous researchers usually used CSR, but this study uses a Sharia-based CSR called Islamic Social Reporting (ISR). So the results of the study support previous research conducted by Agnes and Adwin (2017), William et al. (2015) that CSR has a positive effect on stock returns. However, it does not support Maharani (2017) shows that CSR has no significant impact on stock returns.

Impact of Return on Assets on Stock Return

The significance value obtained in the t-test shows that the return on assets (ROA) affects stock returns, or the fourth hypothesis is accepted. This finding is evidenced by a significance of less than 5%, namely 0.002 ‹0.05 and a coefficient of 0.016. The F test also shows that return on assets (ROA) simultaneously affects stock returns with a significance of 0.000 ‹0.05. So the high and low returns enjoyed by investors can be influenced by the level of ROA owned by the company.

Return on assets (ROA) is a profitability ratio that compares net income with total assets. A high ROA indicates that the company has a good performance in managing its assets. A good level of profitability can certainly increase investor interest in owning the company's shares because a high ROA will increase the amount of return that investors can enjoy. Therefore, the higher the ROA, the more influential the company is in utilizing its assets to obtain net profit after tax. If there is an increase in investor interest in buying shares of a company, then the share price also tends to increase, followed by an increase in stock returns.

The results of this study agree with previous research conducted by Husein and Mahfud (2015), Dirgasiwi (2016) that return on assets hurts stock returns, and simultaneously, ROA, ROE, DER, exchange rates, and inflation have a significant effect on stock returns. However,

this does not support Dirgasiwi's (2016) research that the return on assets (ROA) partially does not significantly affect stock returns.

Impact of Debt to Equity Ratio (DER) on Return on Assets

The t-test of this study shows that the debt to equity ratio (DER) has an effect on return on assets (ROA) with a significance level of less than 5%, namely 0.001 <0.05 and a negative coefficient of -2.978. The F test also shows that the debt to equity ratio (DER) simultaneously has an impact on return on assets (ROA) with a significance level of 0.002 < 0.05. Thus, the decrease in the DER level will impact the increase in ROA generated by the company.

Companies with a high debt to equity ratio (DER) tend to low return on assets (ROA). Conversely, if the DER value is low, the ROA value is high. Harahap (2010, 303) that DER reflects the extent to which own capital can cover debts to external parties (creditors). The smaller the company's debt level, the better the profit earned. A high DER value can reduce the company's gain because the interest expense will also increase. The increase in the burden on creditors shows that the company's funding sources depend on external parties. Then the higher the DER, indicating the company's funding structure is getting bigger, which impacts the decline in the company's profit (ROA).

The results of this study support the research of Dewi and Wisadha (2015), Gunde et al. (2017) that the debt to equity ratio (DER) harms return on assets (ROA). In addition, these results also agree with Dalci (2018), DER has a positive effect if it is associated with taxes and a negative impact if it is related to financial difficulties. However, this study does not support the research conducted by Husein and Mahfud (2015) that DER has no significant effect on ROA.

Impact of Exchange Rate on Return on Assets (ROA)

This study indicates that the exchange rate does not affect the return on assets (ROA), with a significance of 0.451 > 0.05 and a negative coefficient of -0.081. However, the F test shows a significance value of 0.002 <0.05, which means that the exchange rate simultaneously affects the return on assets (ROA). So the increase in ROA is not influenced by the strength or weakness of the exchange rate. The exchange rate or currency exchange rate measures the value of a currency from the perspective of another currency (Jeff, 2000:86).

This finding means that the exchange rate will not affect the company's ROA. Daily, the use of dollars is not widely used by outsiders because most dollar users are exporters. This condition shows that the domestic sphere mostly consumes the company's products listed on JII. Thus, most of the company's sales come from local consumers who use the rupiah currency. Therefore, the exchange rate does not affect the company's ROA.

The results of this study are in line with previous research conducted by Egbunike and Okerekeoti (2018) that the exchange rate does not affect ROA. However, according to Ernayani et al. (2017), Prastowo et al. (2018), the exchange rate partially and simultaneously has a significant effect on ROA.

Impact of ISR Index on Return on Assets (ROA)

The t-test on the results of this study shows that the ISR index affects return on assets (ROA). This finding is evidenced by a significance value of 0.039 <0.05 with a coefficient of 22.918. In the F test, the ISR index simultaneously affects the return on assets (ROA) with a significance value of 0.002 <0.05. Therefore, the high and low disclosure of the ISR index affects the company's ROA level. The ISR Index is a corporate social responsibility disclosure based on Islamic Sharia.

If the company has a high profit, it has an excellent opportunity to increase its capital growth. Companies that generate high yields tend to make extensive disclosures. Conversely, suppose the company discloses high ISR in its annual report. In that case, it can also increase the company's profit in the following year, so it can be said that this year's ISR disclosure can affect the company's ROA in the coming year. The results of this study indicate that the ISR index affects ROA. This finding can be caused by the information disclosed in the ISR relating to the activity of earning returns on the assets used.

The results of this study support the research of Firli et al. (2016), which says that the disclosure of corporate social responsibility affects return on assets (ROA). However, this study does not agree with Arifin and Wardani (2016) that the disclosure of social responsibility in financial reports has no significant effect on return on assets (ROA).

Mediation Effect Results (Intervention)

ROA cannot mediate the relationship between DER, exchange rates, and the ISR index on stock returns because the significance of the indirect indirect indirect effect is smaller than the direct effect between variables. In addition, this result is also not significant, as evidenced by the Sobel test, which shows the p-value is greater than 5% or 0.05. If the DER value increases, it will not affect stock returns because investors tend to avoid high DER stocks. This finding will impact the company's financial performance, which will lead to the profitability (ROA) value generated by the company. The higher the company's ROA level will impact the level of return felt by investors.

Furthermore, if the exchange rate weakens, it will increase stock returns. This finding can increase investor interest to affect the equity market. Therefore, there will be an appreciation and depreciation of stock prices, which will impact the rate of return that investors will feel. However, this will not affect the performance of companies listed on JII because the high and low exchange rates will not affect how much ROA the company gets.

In addition to DER and exchange rates, there are other indicators, namely the ISR index. Disclosure of the ISR index does not directly affect stock returns. This finding is because Indonesian investors tend to focus on capital gains without paying attention to long-term sustainability. ISR index is a long-term strategy for the company's sustainability. The influence of Sharia-based social exposure cannot be felt in the short term. The long-term positive impact of the ISR index does not show the effect's contribution on stock returns. However, the ISR index can affect the company's ROA in the coming year if it discloses a high ISR index in its annual report to earn a return on the assets used.

4. Conclusion

The debt to equity ratio (DER) cannot affect the return of Sharia shares of companies listed in JII. Therefore, the ups and downs of DER cannot affect the rate of return felt by investors. However, DER can affect the level of ROA and is not in the same direction. When the DER value decreases, it will increase its ROA. Furthermore, the exchange rate can affect stock returns and is not unidirectional, meaning that when the exchange rate weakens, it will increase the rate of return enjoyed by investors. However, the exchange rate cannot affect the ROA generated by the company, so the increase in ROA is not caused by the strength or weakness of a country's exchange rate. In addition, there is another variable, namely the ISR index, which cannot affect the return of Sharia shares of companies listed in JII for the 2013-2017 period. This finding means that the ISR index's disclosure level does not affect the rate of return obtained by investors because investors prioritize the capital gains obtained compared to the long-term impact caused by the disclosure of the ISR index. However, the ISR index impacts ROA and is unidirectional. When the exposure of the ISR index in the company's annual report is high, it will increase its ROA. Next is the ROA variable that can influence the Sharia stock return and is unidirectional, where increasing the company's ROA value will increase stock returns. However, ROA cannot mediate the relationship between DER, exchange rates, and the ISR index on the return of Sharia shares of companies listed in JII for the 2013-2017 period.

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