FUNDING COMPATIBILITY OF THE HALAL INDUSTRY BASED ON THE ABNORMAL RATE OF ISSI STOCK RETURN

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Abstract

This article aims to test the compatibility of sharia funding referring to the MUI Fatwa on the halal industry in the Indonesian capital market based on sharia compliance. The Event Study was conducted before and after the Covid-19 pandemic, where the problem focus and the hypothesis of this research is on whether there is a change in the rate of Abnormal Return of the 30 ISSI stock samples. The observation was made before the government's announcement on the Covid-19 pandemic, which was around the end of January 2020 and after the new normal around the beginning of August 2020. The study results indicate that the significant figures before and after the Covid-19 pandemic on ISSI sharia shares are less than 0.05. It means, ISSI shares do not have abnormal return, so the results are in line with the DSN-MUI Fatwa Article 5 concerning Securities Transaction. The article discusses the forbidden transaction mechanisms such as gharâr, maysîr, usurî, and risywah. Usually, the abnormal return in the capital market is speculated and manipulated so the prices are no longer reasonable. The research hypothesis is rejected as an alternative to continuously trust the funding investor in the Indonesian Islamic capital market industry.

Artikel ini bertujuan untuk menguji kesesuaian pendanaan syariah dengan mengacu pada Fatwa MUI tentang industri halal di pasar modal Indonesia *dengan tolok ukur berbasis kepatuhan syariah. Event Study sebelum dan sesudah pandemi Covid-19, dimana fokus masalah dan hipotesis penelitian ini adalah apakah terdapat perubahan tingkat Abnormal Return dari 30 sampel saham ISSI. Pengamatan dilakukan sebelum pengumuman pemerintah tentang pandemi Covid-19, yaitu sekitar akhir Januari 2020 dan setelah memasuki new normal yaitu sekitar awal Agustus 2020. Hasil penelitian menunjukkan bahwa angka signifikan sebelum dan setelah pandemi Covid-19 saham syariah ISSI kurang dari 0,05. Artinya saham ISSI tidak memiliki abnormal return, sehingga hasil penelitian tersebut sejalan dengan Fatwa MUI Pasal 5 tentang tansaksi efek. Pasal itu membahas mekanisme transaksi yang tidak diperbolehkan seperti gharâr, maysîr, usurî, dan risywah. Abnormal return di pasar modal seringkali dipengaruhi oleh spekulasi dan manipulasi sehingga harga tidak lagi wajar. Hipotesis penelitian ditolak sebagai alternatif untuk tetap mempercayai pendanaan investor di industri pasar modal syariah Indonesia.*

Keyword: *abnormal return, ISSI, sharia funding.*

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Introduction

Unreasonable market efficiency is called the Market Anomaly that has negative impact on market efficiency, both sharia and conventional. It causes the capital market to no longer display the actual economic situation. The situation is messed up as there is no guarantee for the truth of the data presented because the data are not formed based on the existing information. Phenomena of Event Study anomalies happen so often, such as the Monday effect, Eid Fitri moment, announcements of new stock launches, stock splits, governor elections, presidential elections known as the Jokowi effect, and other factors affecting (sometimes also not affecting) the situation of national economy. It also includes the market prices that tend to be high or low.

The further detail on anomaly affecting prices and market changes is presented in Engene Fama's theory (Samsul 2015, 227) which distinguishes the level of market efficiency, namely (a) the weak efficient market hypothesis. In practice, the transactions use information on the past price and sales volume data. Based on the information, various technical analysis are done to predict the price direction, either it will rise or drop. If the price increases, the stock will be bought. However, if it is drop, the stock will be sold. The technical analysis usually assumes that stock price will come round. It can increase and decrease in the span of few days; (b) the semi-strong efficient market hypothesis. The transaction process in the capital market does not only use price and sales volume data such as the ones in the weak category, but is completed with all information published by the Securities companies such as annual, quarterly, and semester financial reports, as well as other social economic reports and including the Covid-19 pandemic event; and (c) the strong efficient market hypothesis. It gives more information than the two previous categories by providing internal information from the securities companies. The information is usually in the form of research result conducted by the company insider or from other research institutions.

The event study of Covid-19 pandemic is included in the second category (the semi-strong efficient). The event affects stock prices, the past or the pandemic sales volume, government regulations, social events that change people's lifestyle, so the stock returns will be lower or higher and/or the abnormal stock returns occur.

This article focuses on discussing the level of abnormal returns during the Covid-19 pandemic era and after the pandemic (or new normal era). Abnormal returns can be a funding measurement for a company that can increase their funding, both sharia and conventional. In Islam, the abnormal returns and unfair profits are not allowed based on the Fatwa of the National Sharia Board-Indonesian Ulama Council (known as DSN-MUI) No: 40/DSN-MUI/X/2003 concerning The Capital Market and The Guidelines for Implementing Sharia Principles in The Capital Market Sector. In general, sharia principles implementation in the capital market sector in the Fifth Chapter of the said *fatwa* states about the securities transactions. In Article 5 exactly, it states that the prohibited transactions are *ḍarâr, gharâr, usurî, maisîr, risywah,* immorality and injustice, whereas Article 6 discusses the reasonable or fair market prices.

This study measures the level of Abnormal Return 5 days before (D-5) and after (D+5) the Covid-19 pandemic, whether stocks that has funding or other transactions in the halal industry such as JII (Jakarta Islamic Index) and ISSI (Indonesia Sharia Stock Index) affect the level of abnormal return. Based on the level of the measurement, we can answer the compatibility of the JII and ISSI stocks on halal industry funding.

Abnormal return is an event study that affects activity around the announcement of a certain event. The abnormal profits as the usual days are the excess of the real return (Jogiyanto 2010, 93-98). The formula to find out the difference between the actual return and the abnormal return is:

$$AR_{i,t} = R_{i,t} \;\; E\left(R_{i,t}\right)$$

Notes:

$AR_{i,t}$ = the Abnormal Return of the i-th securities on t period.

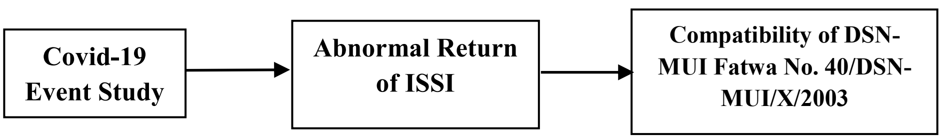
$R_{i,t}$ = the Actual Return of the i-th securities on t period.

$E\left(R_{i,t}\right)$= the Expected Return of the i-th securities on t period

Based on several theories and backgrounds in the Covid-19 pandemic study event, the development of hypotheses and conceptual frameworks in this research are:

Ho : There is no difference or effect before and after the Covid-19 pandemic on the abnormal return rate of ISSI shares traded in the Indonesian capital market.

H1 : There is a difference before and after the Covid-19 pandemic on the ISSI Abnormal Return traded in the Indonesian capital market.



Picture 1
Conceptual Framework

Literature Review

Islamic Investment

Investment is placing the amount of funds to get profits in the future. The word investment has similar root as the word “to invest” in English. In the Arabic dictionary, investment is "*istitsmâr*" which means to make fruitful development. Terminologically, investment is a delay in current consumption considered as a productive asset for a certain period of time. Investment is determined by two main factors. The first one is the expected return rate where internal and external conditions of the company can affect the company's ability to determine the level of investment. Second, the investment costs affect one's interest in investing (Rahardja 2008, 102). Investment can also be considered as one's commitment to save his/her assets for profit purposes. Some sacrifices done by the investor are not only about saving the assets, but also the uncertainty of inflation rate and income in the determined period (Reilly 2019, 38).

The law of supply and demand influences the relationship between the availability of a particular product and the desire for that product on its price. The high living standard and the increasing population are the causes of demand for goods and rising prices. The imbalance of needs and the availability of resources to meet these needs require every individual to make investments. Assets that are invested today can at least adjust the value of assets to increase price of goods in the future.

Investment plays an important role in encouraging the country's economic growth. In Indonesia, investment is one of the second important elements in the construction of GNP (Gross National Product) after household expenditures. The dynamics of investment affect the level of economic growth and reflect the pattern of development progress of a country (Hasanah 2018, 89).

A Muslim can involve in the investment activities directly or indirectly. Direct investment is done individually by placing the available Islamic investment instruments. Meanwhile, indirect investment is to use the services of intermediaries which are also in accordance with Islamic law. Several principles of Islamic economics must be considered by investors. One of them is, when investing, the investors must be sure that the income is not from the forbidden sources, in terms of substances, the way to get the income, and how it will be spent (Muhammad 2014, 38).

Investment is an active asset in the Islamic economy. The obligation to pay zakat can encourage every Muslim to invest their wealth or property. If it is not invested, it will gradually lessen when paying zakat obligation. On the other hand, if the property is invested, it will be a productive asset and is not consumed by zakat except for the profit (Zainal 2016, 27). This is in line with Karim who argues that Islam provides disincentive to save what is not invested, yet there is also an incentive to invest. It is suggested that one's property is not entirely submitted for the investment only because one's wealth is divided into income, profits, invested savings, and consumption behavior (Karim 2018, 102).

Interest is not used as a control variable for investment in Islam. However, the level of costs on assets that are less productive can be used as a variable to encourage investment. Furthermore, investing is determined by several factors, namely; the expected level of profit, the level of zakat on investment profits, and other expenditures on assets that are less productive than zakat (Muhammad 2014, 74-76). Investment in Islam, apart from being free from the element of interest, has advantages in sharia investment as well as a mean of carrying out social activities, for example, sharia investment can be a driving force to improve the quality of the community's economy.

Islamic Capital Market

The Islamic Capital Market exists due to the need for investment products that are in accordance with Islamic law or sharia. The presence of Islamic capital market was triggered by the discovery of the abundant oil resources in the Middle East in the late 80s and early 90s, which turned them to be the wealthy countries because of the huge amount of funds or illiquidity in the world market (Abdalloh 2018, 18). Sharia mutual funds are the first sharia investment products in the world that were launched to accommodate the huge funds. This is similar with what happened in Indonesia that sharia mutual funds were the first sharia securities launched in 1997.

In general, the Islamic capital market is all activities in the capital market related to Islamic principles. Thus, the main factors to consider are the concept of the capital market and the Islamic principles. In the perspective of Islamic law, a fatwa is the answer to a question related to religious issues for Muslim, either it is individual, group, or institutional (Amin 2008, 8-9). A fatwa is an explanation of Islamic law on a problem that can be used as a resolution (al-Qarḍâwî 1988, 4).

Fatwa of DSN-MUI No. 80/ DSN-MUI/III/2011 regulates the sharia principles implementation in the Equity Securities Trading Mechanism in the Regular Market of Stock Exchange. Some of the main points in the said regulation include trading in sharia shares on the IDX. It is a sale and purchase transaction using a continuous bargaining or auction method employing a reasonable market price, so the contract used is *bi' al-musâwamah* (the transactian which uses the agreed price after bargaining process). The object of the transaction is sharia shares registered in the Sharia Securities List (DES-*Daftar Efek Syariah*) issued by the OJK (The Financial Services Authority). The concept of sharia shares is legal ownership. Even though the settlement of the transaction is carried out at a later date (T+2), Sharia shares purchased legally belong to the investor so they can be resold before T+2. One thing, Sharia investors are prohibited to do transactions that are not in accordance with sharia principles as stated in the aforementioned fatwa that there are 14 types of forbidden transactions.

In addition, many things are written in the DSN-MUI Fatwa No. 40/DSN-MUI/X/2003 concerning The Capital Market and The Guidelines for Implementing Sharia Principles in The Capital Market Sector. Article 1 explains that capital market is activities related to public offering and securities trading, public companies related to the issued securities, as well as institutions and professions related to securities. The article also defines issuer as a party conducting a public offering.

Article 3 of the fatwa gives detail information on criteria for the issuers or public companies participating in the capital market. Point 1 states that the business type, products, provided services, and the contract as well as the management of the issuer company or public company that issues sharia securities may not break the sharia principles. In point 2, the fatwa mentions some businesses that are not in line with sharia principles. They are, (a) gambling and games categorized in gambling or the forbidden trading; (b) conventional financial institution (*ribâwî*) including conventional banking and assurance; (c) producers, distributors, and the haram food and beverages sellers; (d) producers, distributors, and/or goods and services providers that destroy one's moral and contain *muḍarât* (harmful) elements; and (e) investing in an issuer (company) that in the transaction time, the company's debt rate (*nisbah*) to *ribâwî* financial institution is more dominant than the capital.

Point 3 of Article 3 words that issuer or public company intending to issue sharia securities is obliged to sign and meet the contract requirements in accordance with sharia. Point 4 adds that there must be a guarantee that the business does not break the sharia principles and has Sharia Compliance Officer (SCO). Last, point 5 emphasized that if, in case, the issuer or public company ever break the determined requirements, then the securities will no longer be considered as sharia securities.

The Fifth Chapter of DSN-MUI fatwa No. 40/DSN-MUI/X/2003 provides detail explanation on the forbidden transaction. Article 5 point 1 informs that the transaction process should be done in compliance with precautionary principles. The parties involved are not allowed to speculate and manipulate in the transaction containing the elements of *ḍarâr, gharâr, ribâ, maisîr, risywah*, immorality, and injustice. Point 2 gives detail information of the elements mentioned in point 1. They are, (a) *najsî* is a fake offering; (b) *bâi' al-ma'dûm* is selling the items (sharia securities) which are not owned (short selling); (c) insider trading is using insider's information to gain profit on the forbidden transaction; (d) giving false information; (e) margin trading is doing transaction of the Sharia Securities using interest-based loan facilities on the obligation to settle the purchase of the said Sharia Securities; (f) *ihtikâr* (hoarding) is purchasing or/and collecting a Sharia Securities to make a price change of Sharia Securities, aiming at influencing other parties; and (g) other transactions containing the aforementioned elements.

Financing and investment activities in the capital market are principally what the property owners (*sâhib al-mâl*) give to the issuers (*business owners*), where the property owners hope to obtain certain profit or benefits. Basically, investment activities in the capital market are the same as other investments, namely prioritizing halal and fairness. The similarity is explained as, *first*, financing or investment can only utilize the assets or business activities that are lawful, specific, and useful. *Second*, since money is the value exchange medium, in which the property owner will receive the shares of the business activities, then financing and investment must be in the same currency as the bookkeeping of business activities. *Third*, the contract between the property owner and the issuer must be clear. Actions and information must be transparent and are not doubtful since it can harm either party. Neither the property owner nor the issuer must take risks that exceed their capabilities and may result in losses. *Fourth,* there should be an emphasis on reasonable mechanisms and precautionary principles for investors and issuers.

The Efficient Market Hypothesis (EMH) Concept

Husnan divides efficient capital markets into two types i.e., internal and external efficiency (Husnan 2001, 279-282). Internal efficiency is a well-organized capital market, where the prices of securities do not only reflect the correct price level, but also provide the various services required by buyers and sellers at the lowest possible cost. External efficiency is a capital market that is in a state of balance, so the stock trading decisions based on information available in the market cannot provide an expected return level. The concept of capital market efficiency accords with the said definition that if a market has investors who are smart and quick in obtaining information, the stock price will fully reflect all the available information at that time (Fama et al. 1969, 94). If a market is efficient, no investor can get an abnormal return.

Based on this understanding, it can be seen that there are two main elements that characterize an efficient capital market, namely the availability of relevant information and prices that rapidly adjusts to new information. Furthermore, Fama provides several requirements that must be met so that efficient capital market conditions can be achieved; there are no transaction fees in trading securities and all available information can be freely accessed by all market participants.

Return

Return is the result (profit or loss) of investment activities (Razali & Mukhtar 2021, 67). The rate of return is one of the factors that investors consider in investing (Widuhung 2014, 147). The return motivates people to invest and it is a reward for the investor's courage in enduring the risk of the investment (Cahyo 2019, 79). Return is classified into actual and expected returns. The *actual return* is the one calculated based on the historical data. Since it has occurred, it is usually used as the determination basis of the return and the investment risks. In the event study context, the actual return is also known as a realized return. Some types of actual return are, (a) total return, it is the overall return of investment in a certain period; (b) relative return is a calculation used to measure whether the total return is negative or positive; (c) logarithmic return is a calculation used to measure stock returns that are not normally distributed. Meanwhile, the *expected return* is the one expected to gain in the future (Dewi 2012, 204).

Normal Return is the excess of the actual return. It is the difference between the actual and the expected returns. Meanwhile, abnormal return is the difference between the actual and the normal returns. Abnormal returns need to be calculated on each date (generally every day in the window period for each security). The formula is:

$$\mathbf{AR_{it} = R_{it} - E\,(R_{it})}$$

Notes:

AR_{it}	= abnormal return of the i-th security in t event period
R_{it}	= the actual return of the i-th security in t event period
$E(R_{it})$	= the expected return of the i-th security in t event period

The tests on abnormal returns are generally not done for each security, but are done aggregately by testing the average abnormal return of all securities in cross sectional way each day in the event period. Sometimes, this abnormal average return needs to be accumulated throughout the window period to find out the total additional wealth resulting from the event. Some other times, the accumulation is done before and after the event date. These two accumulations are then compared to test changes in wealth before and after the event along the company window.

The Economic Value of Stock Market Information

In financial study, company often relates an event to the development impact of investment indicated by a stock reaction. The stock reaction can be positive or negative based on the stock's economic value. This reaction is indicated by the behavior of investors who take action of selling and purchasing shares of corporate-based companies. Several corporate actions considered by investors are dividend announcement, income announcement, changes of company boards, stock splits, acquisition, new investment, and the like.

Event studies are used to examine market reactions related to the published corporate actions. An event study is a test of market efficiency in a semi-strong form because it analyzes how quickly prices adjust to new information. A company announcement containing information indicates the changes in the securities price from the issuer. These changes are indicated by the presence of both negative and positive abnormal returns (Hanafi 2013, 6-7).

Announcements related to shares can be in the form of stock splits, share repurchases, the issuers' share entry and out of a certain group of shares. These stock groups can be in the form of superior stock groups, major stock groups, ethical stocks (based on religion, CSR, environment, and others). The phenomenon of stock announcements in certain groups contains economic information. Investors pay attention to stocks when they are included in the S&P so that it affects abnormal returns. On the other hand, investors do not pay much attention to stocks when they leave the index so that there is no negative reaction.

The Concept of Stock Price Valuation

Indonesian shares, issued by the company and sold in the capital market, have a nominal value of 1,000/IDR or 500/IDR per sheet. Here, there are terms such as authorized capital, issued capital, and paid-up capital. Authorized capital is the maximum number of shares that can be issued multiplied by the nominal value of 1,000/IDR, which means an amount of 100/IDR billion. If the company wants to increase the authorized capital, the approval of the general meeting of shareholders is needed because it will change the initial budget.

Stock analysis is important to do aiming at estimating the intrinsic value of a stock and then comparing it with the current market price. The Intrinsic Value (NI) shows the Present Value of the expected cash flows of the stock. If NI is bigger than the current market price, then the shares are considered overvalued (the price is too low), therefore should be bought or held if the shares are already owned. If NI is less than the current market price, then the shares are considered overvalued (the price is too expensive), and therefore should be sold. If NI equals to the current market price, then the shares are considered fair in price and are in a state of balance.

Research Method

This research approach uses the event study method which measures the level of abnormal returns in the Covid-19 pandemic and the new normal era. This method is used to analyze the effect before and after the Covid-19 pandemic on Abnormal Returns of ISSI shares, so that this measure can answer the compatibility of sharia principles and become one form of funding for the halal industry that is still attracting for investors. This research also uses primary legal materials as a reference in observing if halal funding is in accordance with sharia principles (Arfan 2017, 276). The primary law material is the fatwa of DSN-MUI concerning the capital market.

The data were taken directly from *www.idx.co.id* in D-5 of the Covid-19 pandemic and D+5 of the new normal (it is around the end of January and the beginning of August 2002). The data are in the forms of ISSI daily closing stock price.

In addition to the event study, this study also uses quantitative analysis method using the SPSS 21 statistical program. Abnormal returns that have been previously calculated using the Abnormal Return formula are retested using the paired t-test with the aim to discover whether there are differences in changes in Abnormal Returns before and after the Covid-19 pandemic, with the following hypothesis:
If the Probability Significance > 0.05 then Ho is accepted, however;
If Probability Significance < 0.05 then Ho is rejected.

Result and Discussion

The shares used as measurements and objects of research are those of the halal industries that run their business activities based on sharia principles and the provisions of the MUI fatwa, namely shares registered in ISSI. Sharia shares in Indonesia have been regulated by the OJK Regulation No. 35/POJK.04/2017 discussing the criteria and issuance of the sharia securities list and the OJK regulation No. 17/POJK.04/2015. ISSI shares are all sharia shares listed on the Indonesia Stock Exchange and are included in the Sharia Securities List (DES) category issued by the OJK. Based on the market data in IDX statistical reports (2020) on ISSI shares, there are 434 listed companies.

To answer the hypothesis, this study used 30 samples of 445 ISSI stocks officially registered on the Indonesian stock exchange and the amount of abnormal return of ISSI shares. The abnormal return rate was measured D-5 and D+5 of the Covid-19 pandemic. It was measured by t- indicating "before" and t+ indicating "after" with numeric code t-5 to t-1 and t+1 to t+5. This hypothesis is tested using a different sample paired t-test, to find out whether there is an abnormal return in the halal industry funding or not. Table 1 presents the results of the paired t-test on the ISSI Abnormal Return.

Table 1
Abnormal Return Before-After 30 ISSI shares
Paired Sample Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	ISSI_t_1	-.924364151000	30	41.8482893798719	7.6404173621200
	ISSI_t1	-5.119432609100	30	22.4740101072479	4.1031740977797
Pair 2	ISSI_t_2	-.669193470133	30	42.6309158012520	7.7833047438165
	ISSI_t2	-38.437758078633	30	186.7791705440537	34.1010549930276
Pair 3	ISSI_t_3	-1.109546832333	30	42.5814505789258	7.7742736711231
	ISSI_t3	-8.042915538467	30	27.8275558923826	5.0805933608313
Pair 4	ISSI_t_4	-3.333521542633	30	16.4461631747980	3.0026448517493
	ISSI_t4	-7.925861979533	30	27.8942789956885	5.0927752770938
Pair 5	ISSI_t_5	-9.293824395967	30	25.5365066970506	4.6623069192855
	ISSI_t5	-8.161074436867	30	28.8144969495528	5.2607833208114

Paired Samples Test

	Paired Differences					T	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 ISSI_t_1 - ISSI_t1	4.1950684581001	44.4946997174298	8.1235835748851	-12.4195254695956	20.8096623857956	.516	29	.609
Pair 2 ISSI_t_2 - ISSI_t2	37.7685646085001	171.7385034964468	31.3550174523947	-26.3596465147194	101.8967757317194	1.205	29	.238
Pair 3 ISSI_t_3 - ISSI_t3	6.9333687061334	39.8836635630935	7.2817274031511	-7.9594360247198	21.8261734369865	.952	29	.349
Pair 4 ISSI_t_4 - ISSI_t4	4.5923404369001	33.2724054852422	6.0746823422420	-7.8317799559921	17.0164608297921	.756	29	.456
Pair 5 ISSI_t_5 - ISSI_t5	-1.1327499591001	10.3151344076109	1.8832772662488	-4.9844844483862	2.7189845301862	-.601	29	.552

Table 1 informs that the average rate of abnormal return before and after the Covid-19 pandemic in 30 ISSI stock samples shows an average value at t-1 and t+1 of -.924364151000 and -5.119432609100 with a t-value of 516 and a significant 0.609. Next, the value of t-2 and t+2 with a mean value of -.669193470133 and -38.437758078633 with a t-value of 1.205 and a significant value of 0.238. the t-3 and t+3 values show an average value of -1.109546832333 and -8.042915538467 with a t-value of 952 and a significant value of 0.34. The t-4 and t+4 values are -3.333521542633 and -7.925861979533 with a t-value of 759 and a significant value of 0.456. Last, t-5 and t+5 has an average value of -9.293824395967 and -8.161074436867 with a t-value of - 601 and a significant value of 0.52. Based on the standard significant value above 0.05, it indicates no significant difference, then the test results D-5 and D+5 of the Covid-19 pandemic do not prove the occurrence of abnormal returns on ISSI shares.

The abnormal return on ISSI shares hereby rejects the hypothesis of this research, which means that ISSI shares are in accordance with the Fatwa of DSN-MUI No. 40/DSN-MUI/X/2003 concerning The Capital Market and The Guidelines for Implementing Sharia Principles in The Capital Market Sector, particularly in Article 5 of the Fifth Chapter explaining the prohibited transactions. It emphasizes that transactions must be done according to precautionary principles. The article also mentions the prohibited transactions i.e., *ḍarâr, gharâr, usurî, maisîr, risywah,* immorality and injustice.

Article 6 of the said chapter tells that the market price of the Sharia Securities must reflect the real condition value of the asset becoming the basis of issuing the Securities and/or in compliance with the market mechanism that is in order, reasonable, and efficient without manipulation.

Articles 5 and 6 are in line with the results of the abnormal returns on ISSI shares during the Covid-19 pandemic and the new normal era. This is because these sharia shares do not practice *ihtikâr* or stock hoarding which causes prices to rise and the abnormal share. The results of the paired t-test also show that ISSI does not generate misleading information so that it is no longer perfect in the market category which causes abnormal returns to soar.

There were several studies which had similar results with this current study. Setiyawan et al. discusses abnormal returns before-after JII entry-exit events. The study also employed the method of Event Study (Setiyawan et al. 2020, 78). The results show that there is no change in the level of Abnormal Return before and after the issuance of JII shares. Another study discusses the abnormal returns and trading volume activity on ATVA (Kartika 2022, 6-8). The study shows that abnormal return and trading volume activity have no effect on JII shares. Nanda’s study on the test of the abnormal return on the momentum portfolio on sharia shares listed on JII also did not find abnormal differences. It then became the right investment alternative because it still produced positive abnormal results (Nanda 2019, 782).

One study that shows different result was the one uses the event study of January effect, whether it affected the rate of abnormal returns on JII shares in 2015. The focus was to observe changes in abnormal returns before and after the January effect event (Susianti 2017, 28-29). The results show that t-1 and t+1 to t-6 and t+6 were accepted, which means there was an abnormal return around the January effect event for JII stocks.

This recent study during the Covid-19 pandemic and the new normal era proves that the abnormal return is worthy of being an alternative to halal industry funding. This research also strengthens and increases the confidence of capital market investors that abnormal returns do not affect ISSI shares.

Conclusion

All in all, the study on finding the abnormal rate before and after the Covid-19 pandemic does not show a significant value less than 0.05 both t-1 to t+1 ISSI shares. It means that there is no abnormal return on ISSI shares. This study proves that ISSI shares continue to apply the sharia principles regulated in the Fatwa of DSN-MUI No. 40/DSN-MUI/X/2003 concerning The Capital Market and The Guidelines for Implementing Sharia Principles in The Capital Market Sector, particularly in the Article 5 of the Fifth Chapter concerning the securities transactions and Article 6 concerning reasonable market price.

Fama's theory on categorizing the three levels (weak, semi-strong, and strong) of Market Efficiency causes abnormal return that tend to be higher than usual. It is because they are influenced by personal information in the securities company. This study can be a reference for stock investors to continue to entrust their funding in the halal industries as it is safely operated within the operational corridors of sharia principles.

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