

DO SHARIA MUTUAL FUNDS, SHARIA BONDS (*SUKUK*), AND SHARIA STOCKS AFFECT INDONESIA'S ECONOMIC GROWTH?

Nabilla Khoirunisa¹, Rachmania Nurul Fitri Amijaya², Edy Santoso³

^{1,2}Sharia Economics Program Study, Faculty of Economics and Business,
Universitas Jember, Indonesia

³Development Economics Program Study, Faculty of Economics and Business,
Universitas Jember, Indonesia

Email: rachmania.feb@unej.ac.id (correspondence)

Abstract

The growth of investment instruments is not always in line with national economic growth. This phenomenon raises questions about how much real influence Islamic capital market instruments have on Indonesia's economic growth. This study aims to examine the influence of sharia mutual funds, sharia bonds (*sukuk*), and sharia stock on Indonesia's economic growth from 2011-2024. This study uses a quantitative approach with Ordinary Least Squares (OLS) methods, multiple linear regression. The data used is quarterly time series data, with the sharia mutual fund indicator represented by the Net Asset Value (NAB), *sukuk* by the total issuance of corporate *sukuk*, and sharia stocks by the market capitalization of the Jakarta Islamic Index (JII). The results of the study show that, partially, sharia mutual funds and sharia stocks have a positive and significant effect on economic growth. However, Islamic bonds (*sukuk*) do not have a significant impact on economic growth.

Keywords: Sharia Mutual Funds, Sharia Bonds, Sukuk, Sharia Stocks, Economic Growth

Introduction

Stability and growth are closely related to the financial sector's role in channeling funds to productive activities (Gunadi, Taruna, and Harun 2013). From the perspective of endogenous economic growth theory, one way to boost economic growth is by increasing capital accumulation through savings and investment (Liana et al., 2024). In this context, the capital market plays a role in providing investment facilities and acting as an intermediary between those with funds and those needing financing (Fajar, Rizali, and Rahmini 2022). Indonesian public participation in the capital market continues to increase. As of December 2024, the number of capital market investors reached 14.84 million, with an average daily active investor count of 147,000. With Indonesia's predominantly Muslim population, this high level of investment participation has created a need for alternative investment options, as Muslim investors require sharia-compliant investment platforms without the worry of mechanisms violating Islamic law. Furthermore, Indonesia adheres to a dual financial system. Namely, sharia and conventional (Financial Services Authority, 2023), making the capital market a new alternative in investing, especially when they want to choose to invest based on sharia principles. (Alhamdania and Apriantoro 2023).

An aspect of the Islamic capital market from conventional capital markets is the choice of investment instruments. The Islamic capital market only invests in instruments that are free from practices that are not permissible according to Sharia (Davi and Haryono 2022). Some products from the Islamic capital market include Islamic mutual funds, Islamic bonds (*sukuk*), and Islamic stocks. In implementing the system, these three instruments prohibit *usury* (interest), *gharar* (uncertainty), and *maisyir* (speculation), which are suspected of being the cause of economic instability. (Faza and Wibowo 2019). This also makes the Islamic capital market more open and friendly for all of society. Based on data from the Indonesia Sharia Economic Outlook (ISEO) 2024, the Islamic capital market contributed 60% of Indonesia's total Islamic financial assets, or approximately IDR 1,481 trillion, with the number of investors reaching 167,552 in November 2024. From another perspective, between 2020 and 2024, sharia mutual funds with net asset values (NAV) also had an average value of 50.7 trillion, followed by a total issuance of corporate *sukuk* amounting to 85.5 trillion, and sharia stocks with a market capitalization of around 2,414 trillion. This figure indicates that the Islamic capital market plays a significant role in the national Islamic financial ecosystem, primarily as an investment facility that provides funding for the development of the real sector, which can boost national income.

However, the growth of the Islamic capital market, especially sharia mutual funds, *sukuk*, and sharia stock, has not always been in line with national economic growth. The Central Statistics Agency (BPS) recorded a decline in Indonesia's economic growth from 5.31 % in 2022 to 5.05% in 2023 (c-to-c). This difference in growth direction raises questions about the extent of the Islamic capital market's influence on Indonesia's economic growth. In addition, previous studies have shown mixed results. Safitri et al. (2024) found that Islamic stocks, *sukuk*, and Islamic mutual funds had a positive effect on economic growth. Conversely, Fajar et al. (2022) showed no significant effect from these three instruments.

Berliana et al. (2025) only found a significant impact of Islamic stocks. Furthermore, most studies are limited to the period up to 2022. This situation certainly does not reflect the current state of the Islamic capital market's influence on Indonesia's economic growth. Therefore, this study will examine the impact of Islamic mutual funds, Islamic bonds (*sukuk*), and Islamic stocks on Indonesia's current economic growth. This research is expected to provide a clearer understanding of the actual role of the Islamic capital market in supporting national economic growth.

Literature Review

Economic Growth

Economic growth is the process of changing a country's economic conditions toward improvement over a specific period. An economy is said to be experiencing a change in its development if the level of economic activity is higher than that achieved in the previous period, expressed as a percentage (Yunianto 2021).

Endogenous Economic Growth Theory

Endogenous economic growth theory explains how a country sustainably increases its production capacity. In endogenous growth theory, growth is influenced by capital accumulation, increased productivity, innovation, and investment in human capital (Liana et al., 2024). This theory emphasizes that technological progress comes from within the economic system itself through research and development activities, education, and competition. This approach is in line with the principles of Islamic finance, which are based on risk-sharing, thus encouraging investment in productive and innovative sectors (Juhro & Trisnanto, 2018).

Economic Growth Theory Harrod-Domar

Meanwhile, the Harrod-Domar theory emphasizes the importance of investment as a major factor of growth. The ratio of savings to national income determines the capacity for new capital formation (Nurhidayah et al., 2022). Investment not only increases income but also expands production capacity (Windrayati, 2024). This principle also supports the Islamic financial model, which encourages long-term financing through profit-sharing schemes.

Economic Growth Indicators

In general, national economic growth is driven by economic development in each region, which is reflected in the Gross Regional Domestic Product (GRDP) value. GRDP refers to the real growth or rate of economic growth of a region. This indicator represents the extent of economic development in a region. The GRDP is determined based on the total value of goods and services produced within a region during a given year, utilizing the region's production resources. Therefore, the GRDP can be seen as a reflection of a region's development progress, which ultimately reflects the state of national economic growth. (Budihardjo, Arianti, and Mas'ud 2020). Generally, economic growth can be seen from the growth of Gross Domestic Product (GDP),

which is formulated as follows:

$$g_t = \frac{PDB_t - PDB_{t-1}}{PDB_{t-1}} \times 100\% \dots\dots (1)$$

GDP is essentially the same as GRDP, which represents data reflecting the economic situation of a region. While GRDP has a regional scope, GDP has a national scope. The combined GRDP data from all regions will then be calculated as GDP. In this study, GRDP is used in natural logarithm form, referring to (Manurung, Fajar, and Noviar 2022), which uses GRDP as a proxy for economic growth in Indonesia. Therefore, the formula is adjusted as follows:

$$g_t = \frac{PDRB_t - PDRB_{t-1}}{PDRB_{t-1}} \times 100\%$$

$$g_t = \ln PDRB_t \dots\dots (2)$$

Sharia Capital Market

The capital market encompasses securities trading, public offerings, the activities of public companies and the securities they issue, and the roles of institutions and professionals involved in these processes. The Sharia capital market refers to all capital market activities conducted based on Islamic sharia principles, and its implementation is regulated by the Capital Market Law (Anggraini et al. 2024). The following provides a further explanation of these Islamic capital market products:

Sharia Stocks

Stocks are financial instruments that indicate ownership of a company. The greater the number of stocks owned by an investor, the greater the portion of ownership and influence rights in the company. Profits from share ownership are obtained through dividend distribution, the amount of which is determined in the General Meeting of Shareholders (GMS). (Yazid and Prasetyo 2016). In Islam, stock is known as *Syirkah* in *Fiqh* terms, because stock is basically an adaptation of the partnership (cooperation) system of capital and wealth. *Syirkah* means *al-ikhtilat* (mixing) or cooperation of two or more people who combine their assets to be managed, then the profits and losses will be shared equally according to mutual agreement (Safri and Has 2023). Fundamentally, there is no difference between Sharia stock and conventional stock. However, with sharia-compliant stock, company ownership is assessed based on the type of business activity and the purpose for which the stock was purchased. Stock is considered sharia-compliant if they are issued by a company that operates a business that is halal according to sharia principles (Permata and Ghoni 2019).

Sharia Bonds (*Sukuk*)

In simple terms, bonds are debt instruments issued by companies to obtain capital. Unlike stockholders, bondholders do not have rights to manage or own the company's assets. The bond issuing company only recognizes debt obligations to bondholders in accordance with the nominal value of the bonds held, which is usually accompanied by coupon payments. Sukuk are essentially similar to conventional bonds, but the key

difference is that *sukuk* employs the concept of rewards and profit sharing instead of interest. Furthermore, *sukuk* are based on an underlying transaction in the form of a specific asset that serves as the basis for their issuance, and involve a contract or agreement between the parties, drawn up in accordance with sharia principles (Hikmah, 2015).

Sharia Mutual Funds

Sharia-compliant mutual funds are intermediary institutions that help investors allocate funds for investment. They serve as a hybrid investment vehicle, combining stocks and Sharia-compliant bonds in a single product managed by an investment manager. Investment managers offer sharia-compliant mutual funds to interested investors. These funds are then managed by the investment manager to be invested in sharia-compliant stocks or bonds deemed profitable (Yazid and Prasetyo 2016). The operational mechanism of sharia-compliant mutual funds between investors and investment managers is a *Wakalah* contract, with the investment manager acting as the representative of the *sahib al-mal* (fund owner) and the investment user. Meanwhile, the relationship between the investment manager and the investment user is a *Mudharabah* (profit-sharing) system (Davi and Haryono 2022).

Sharia Exchange Traded Fund (ETF)

A Sharia-compliant Exchange Traded Fund (ETF) is a mutual fund based on a Sharia-compliant index and traded on a stock exchange like a stock. A Sharia-compliant ETF is a collection of assets selected by an investment manager for a specific purpose. Investors have the right to buy and sell ETF units on the Stock Exchange, so their prices are subject to fluctuations during trading hours. Sharia-compliant ETFs facilitate flexible and efficient portfolio trading. This instrument is suitable for investors seeking portfolio diversification while remaining within a Sharia-compliant framework (Batubara et al. 2025).

Sharia Asset-Backed Securities (SBA-S)

This instrument is a securitization of income-generating assets operated in accordance with Sharia principles and supervised by the Sharia Supervisory Board (SSB). This instrument includes investment securities with collateral divided into Collective Investment Contracts (KIK EBA) and Participation Letters (EBA-SP). The Sharia EBA portfolio consists of financial assets in the form of receivables originating from commercial paper, receivables arising later, the sale and purchase of physical asset ownership by financial institutions, investment securities, and equivalent financial assets in accordance with Islamic principles (Amirah 2024).

Sharia Real Estate Investment Fund

Sharia real estate investment funds serve as a vehicle for pooling funds from investors to invest in real estate assets, real estate-related assets, and/or cash and cash equivalents in accordance with Sharia principles. Objects that can be used as REITs in the Sharia capital market include shopping centers, hotels, hospitals, apartments,

offices, warehouses, and other real estate assets. The funds will be distributed periodically, with a dividend distribution rate of at least 90 percent of net income (Amirah 2024).

Hypothesis

1. The endogenous economic growth theory argues that economic growth can be enhanced through capital accumulation derived from savings and investment. Therefore, Sharia mutual funds, as one of the investment instruments, have the potential to drive economic growth by increasing the Net Asset Value (NAV). The research conducted by Nurhidayah et al. (2022), Safitri et al. (2024), and Putri & Yudiantoro (2023) supports this with findings showing that an increase in the Net Asset Value (NAV) of sharia mutual funds has a positive and significant impact on economic growth in Indonesia.
2. The growth of Islamic stocks has the potential to increase the value of companies in the real sector. This means that an increase in the market capitalization of Islamic stocks will drive the real sector to grow, which can directly contribute to national income growth. This is supported by findings from Berliana et al. (2025), who state that Islamic stocks have a positive influence on Indonesia's economic growth. (Safitri et al., 2024) also found that stocks have a positive impact on Indonesia's economic growth.
3. Sharia bonds can play a role through the development of funding for productive development that can increase national income, which will ultimately impact the growth of the national economy. This is supported by the findings of Putri & Yudiantoro (2023) (Safitri et al., 2024), Fathurrahman & Al-Islami (2023), who state that sharia bonds (*sukuk*) have a positive influence on Indonesia's economic growth.

Based on the results of previous studies, the following hypotheses can be formulated:

Sharia mutual funds, Sharia bonds (*sukuk*), and sharia stock have a positive and significant impact on Indonesia's economic growth have a positive and significant impact on Indonesia's economic growth.

Research Methods

Data Sources

This research is a type of quantitative research that allows testing the influence or relationship between independent variables and dependent variables through numerical data. The data used in this study is secondary data in the form of a quarterly time series from 2011 to 2024. It consists of the Net Asset Value (NAV) of Islamic mutual funds, the total value of Islamic bond (*sukuk*) issuances, and the Market Capitalization of Islamic Stocks included in the Jakarta Islamic Index (JII). The data was obtained from the official websites of the Financial Services Authority (OJK) and the Central Statistics Agency (BPS).

Methods

This study uses a quantitative approach with Ordinary Least Squares (OLS) methods, multiple linear regression with the following model:

$$g_t = \alpha + \beta_1 RKSD_t + \beta_2 SKU_t + \beta_3 SHM_t + \varepsilon_t$$

Where $g_t = \ln PDRB_t \dots (3)$

g_t = Economic Growth

$GRDP_t$ = Gross Regional Domestic Product

α = Constant

$RKSD_t$ = Sharia Mutual Funds

β_1 = Sharia Mutual Fund Coefficient

SKU_t = Sukuk

β_2 = Sukuk Coefficient

SHM_t = Sharia Stock

β_3 = Sharia Stock Coefficient

ε_{it} = error term

Finding and Analysis

Findings

This study aims to examine the influence of Islamic mutual funds, Islamic bonds (*sukuk*), and Islamic stocks on Indonesia's economic growth from 2011Q1 to 2024Q4. The results are as follows:

Multicollinearity Test

Table 1. Result of Multicollinearity Test: Variance Inflation Factors (VIF)

Variables	VIF	1/VIF
RKSD	1.44	0.6925452
SHM	1.43	0.698600
SKU	1.33	0.753952
Mean VIF	1.40	

The results of the multicollinearity test can be seen from the Variance Inflation Factors (VIF) values in the table. The magnitude of each VIF value for each independent variable is <10.00, namely 1.44 for Sharia Mutual Funds, 1.43 for Sharia Stocks, and 1.33 for Sharia Bonds (*sukuk*). This means that all independent variables are not directly correlated with each other and are free from multicollinearity problems (multiple linear relationships).

Normality Test

Table 2. Result of the Kolmogorov-Smirnov Normality Test

Variables	Obs	Pr (Skewness)	Pr (Kurtosis)	adj chi2	Prob>chi2
e	56	0.0482	0.1213	5.93	0.0516

(Source: Processed Data, 2025)

This study used the Kolmogorov-Smirnov method to test the normality of the residual data. The table shows a chi-square probability value of 0.0516, which means it meets the normality test criteria with a significance value >0.05 . This indicates that the residual variables of Islamic mutual funds (RKSD), Islamic bonds (*sukuk*) (SKU), and Islamic stocks on economic growth (lnGRDP) are normally distributed and thus pass the normality test.

Heteroscedasticity Test

Table 3. Result of the Breusch-Pagan Godfrey Heteroscedasticity Test

Chi-square	Chi-square Prob
4.23	0.0397

In Table 3, the chi-square probability value is 0.0397; this value is less than the 0.05 criterion, so there is heteroscedasticity in the data, and it violates the homoscedasticity assumption. However, White states that when the homoscedasticity assumption is violated, the ordinary OLS regression estimator for partial regression coefficients remains unbiased and strongly consistent under heteroscedasticity. Natural heteroscedasticity in non-extreme conditions is still acceptable, because relatively mild heteroscedasticity will not cause serious problems and is unlikely to drastically change the results of the analysis in one direction or another (Hayes and Cai 2007).

Autocorrelation Test

Table 4. Result of the Durbin-Watson Autocorrelation Test

Durbin-Watson d-statistic (4.56)	0.382019
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(Source: Processed Data, 2025)

Based on the test results in the table, the Durbin-Watson (DW) significance value of the regression residuals of the three variables is 0.382019. This number will then be reviewed with the $dU < DW < 4-dU$ rule to determine whether there is an indication of autocorrelation. Before that, it is necessary to know the upper limit value of dU (lower bound), as well as $4-dU$ (4 minus the lower limit value), from the Durbin-Watson table by looking at n (the number of data used), and k (the number of independent variables). In this study, using 3 independent variables ($k = 3$) with a total of 56 data points ($n =$

56), the dU value obtained is 1.6830, and 4-dU is $4 - 1.6830 = 2.317$. The DW value should be greater than dU and smaller than 4-dU simultaneously. However, in this test, the dU value $> DW < 4 - dU$, namely $1.6830 > 0.382019 < 2.317$, so it can be said that there is an indication of autocorrelation in the regression results. This is caused by the residuals of the three variables being correlated with each other. To overcome this problem, data treatment is needed so that the residuals no longer influence each other and can produce accurate regression results. One way that can be done is by performing model correction using the Cochrane Orcutt method (Adrianto et al. 2023).

Regression models in general:

$$Y_t = \beta_0 + \beta_1 X_t + e_t \dots (4)$$

If autocorrelation occurs:

$$e_t = e_{t-1} + \mu_t \dots (5)$$

The model was modified using the Cochrane Orcutt method to:

$$Y_t - \rho Y_{t-1} = \beta_0(1 - \rho) + \beta_1(X_t - \rho X_{t-1}) + \mu_t \dots (6)$$

Table 5. Result of the Durbin-Watson Autocorrelation Test After Transformation

Durbin-Watson d-statistic (Original Model)	0.382019
Durbin-Watson statistics (Corrected Model)	1.994195

(Source: Processed Data, 2025)

As can be seen in Table 5, after the Cochrane Orcutt transformation, there was a change in the Durbin Watson value, which was initially 0.383019 to 1.994195. This value was again reviewed for its conformity with the $dU < DW < 4 - dU$ rule, and the result was $1.6830 < 1.994195 < 2.317$, so it can be concluded that the data has been there is no indication of autocorrelation.

Multiple Linear Regression

This study uses multiple linear regression analysis to examine how the variables of Islamic mutual funds, Islamic bonds (*sukuk*), and Islamic stocks influence Indonesia's economic growth. The parameters for reviewing this influence are by looking at the t-statistic value to review the influence partially (individually), and the f-statistic to review the influence simultaneously. The level of 5% or 0.05. Therefore, a variable can be said to have a significant influence if the t-statistic value and the f-statistic value are < 0.05 . There is also a regression coefficient that shows the direction of the influence of this variable is positive or negative, and the coefficient of determination to see how large the proportion of the relationship between the independent variable (x) and the

dependent variable (y) is. The results of multiple linear regression in this study are as follows:

Table 6. Multiple Linear Regression Result

lnGRDP	Coef.	Std. Err	t	P>t
RKSD	5.61e-06	7.99e-07	7.02	0.000
SKU	2.14e-07	256e-07	0.83	0.409
SHM	1.09e-07	4.19e-08	2.62	0.012
_cons	1433759	0.755083	189.88	0.000

The regression model in this study is as follows:

$$\ln\text{GRDP}_t = \alpha + \beta_1 \text{RKSD}_t + \beta_2 \text{SKU}_t + \beta_3 \text{SHM}_t + \epsilon_t$$

$$\ln\text{GRDP}_t = 14.33759 + 5.61\text{e-}06 \text{RKSD}_t + 2.14\text{e-}07 \text{SKU}_t + 1.09\text{e-}07 \text{SHM}_t + \epsilon_t \dots\dots (7)$$

The value of α = constant (absolute value of y) when the three variables are constant (equal to zero), then the average economic growth (lnPDRB) is 14.33759. The RKSD variable shows a regression coefficient of Sharia Mutual Funds of 5.60000006, meaning that if Mutual Funds increase by 1%, it will cause economic growth to increase by 5.60000006%. The SKU variable shows a regression coefficient of Sharia Bonds (*Sukuk*) of 2.14000007, meaning that if Sharia Bonds (*Sukuk*) increase by 1%, it will cause economic growth to increase by 2.140007%. The SHM variable shows a regression coefficient of Sharia Stocks of 1.09000007, meaning that if Sharia Stocks increase by 1%, it will cause economic growth to increase by 1.09000007%.

Coefficient of Determination (R-Squared)

Table 7. Multiple Regression Result

Number of obs	Prob > F	R-squared	Adj R-squared	Root MSE
56	0.0000	0.6937	0.6760	0.10059

Based on Table 7, the R-squared value of the regression results is 0.6937, indicating that the independent variables (Sharia Mutual Funds, Sharia Bonds (*Sukuk*), and Sharia Stocks) can explain 69.37% of economic growth. The remaining $100\% - 69.37\% = 31.23\%$ is explained by factors other than the variables in the study.

Hypothesis Testing

Simultaneous Test (F-Statistic)

As can be seen in Table 7, the f-statistic value of the regression results is 0.000, which explains that the variables of Islamic mutual funds, Islamic bonds (*sukuk*), and Islamic stock simultaneously have a significant positive effect on Indonesia's economic growth.

This means that the strength of these three variables, when combined simultaneously, can influence driving national economic growth.

Partial Test (t-Statistic)

In Table 6, the t-statistic values for the Islamic mutual funds and Islamic stocks variables are <0.05 , with Islamic mutual funds having a significance value of 0.000 and Islamic stocks 0.012. This means that the relationship between the two variables has a positive and significant influence on the lnGRDP (economic growth) variable. Meanwhile, the Islamic bonds (*sukuk*) variable shows the opposite, with a significance value of $0.409 > 0.05$. This means that *sukuk* has a partial insignificant effect on the lnGRDP (economic growth) variable.

Analysis

The research results show that Islamic mutual funds have a positive and significant impact on Indonesia's economic growth. This finding aligns with the initial hypothesis and supports the Harrod-Domar economic growth theory, which states that economic growth can be achieved through increased new investment. This finding also aligns with the findings of Nurhidayah et al. (2022) and Safitri et al. (2024), which demonstrated a significant positive relationship between the Net Asset Value (NAV) of Islamic mutual funds and economic growth. Although the asset value of Islamic mutual funds is still smaller than that of Islamic stocks, the regression coefficient indicates that their impact on economic growth is actually greater. This indicates that funds collected from the public and invested in real sectors such as stocks and *sukuk* in accordance with Islamic principles can directly stimulate economic activity. Furthermore, Islamic mutual funds also open investment access for people who previously could not invest due to limited capital or knowledge. Instrument diversification and the role of investment managers in managing funds contribute to increasing investor confidence. With increasing investor participation and increased circulation of funds in the real sector, economic growth will increase, which will have an impact on increasing national income, decreasing unemployment rates (Giri, Henny, and Dewi 2 1994), increasing people's purchasing power (Rizani et al. 2023), and increasing state tax revenues (Saragih, 2018) which can be used for infrastructure development, education, and public services (Purwitasari, Mutafarida, and Yuliani 2024).

Meanwhile, Islamic bonds (*sukuk*) showed a positive but insignificant effect on Indonesia's economic growth. This means that although the direction of their influence on economic growth is positive, their contribution is still not strong and cannot be proven statistically. This result contradicts the Harrod-Domar theory and the theory of endogenous economic growth, which states that capital accumulation from savings and investment can increase economic growth. One reason is that the data used is corporate *sukuk*, which have small capitalization and are issued less frequently than conventional bonds (Rifa'i and Sina, 2019). Furthermore, the lack of a core investor or commitment from large institutions to purchase the issued *sukuk* has created market uncertainty. This makes companies reluctant

to issue *sukuk* due to concerns about low investor interest (Zein 2018), resulting in field data. *Sukuk* as an investment instrument has not yet significantly impacted Indonesia's economic growth. This finding aligns with research by Fajar et al. (2022), which found that *sukuk* has a positive but insignificant effect on Indonesia's economic growth.

Sharia-compliant stocks have demonstrated a positive and significant impact on Indonesia's economic growth. Regression test results indicate that the greater the market capitalization of sharia-compliant stocks, the greater the impact on economic growth. The market capitalization of sharia-compliant stocks on the Jakarta Islamic Index (JII) increased from IDR 1,414,984 trillion in 2011 to approximately IDR 3,340,604 trillion in 2024. This increase reflects the increasing amount of funds invested by investors in sharia-compliant stocks, which companies then use to expand their businesses and increase capital. This finding supports the theory of endogenous economic growth, which states that increased investment can boost economic growth (Liana et al., 2024). Sharia-compliant stocks also help companies obtain capital without resorting to interest-based loans. (Ala'uddin 2020), which complies with Sharia principles. With additional capital, companies can increase production, create jobs, and expand economic activity. This will impact national income, reduce unemployment (Giri et al., 1994), improve purchasing power (Rizani et al., 2023), and increase tax revenues that can be used for national development (Purwitasari et al., 2024).

The research results show that Islamic mutual funds have a positive and significant impact on Indonesia's economic growth. This finding supports the Harrod-Domar theory, which emphasizes the importance of investment in driving economic growth, and aligns with research by Nurhidayah et al. (2022) and Safitri et al. (2024), which found a positive relationship between the Net Asset Value (NAV) of Islamic mutual funds and economic growth. Although relatively smaller in terms of assets compared to Islamic stocks, the regression coefficient indicates that Islamic mutual funds contribute more strongly to economic growth. This reflects the role of Islamic mutual funds as an instrument for collecting public funds, which are then allocated to real sectors in accordance with Islamic principles, such as stocks and *sukuk*. This mechanism allows investor funds to flow directly into productive activities, ultimately driving job creation, increasing national income, and economic turnover. Furthermore, Islamic mutual funds also expand financial inclusion by providing investment access to communities with limited capital or investment knowledge.

In contrast, the *sukuk* variable showed a positive but insignificant effect on economic growth. This indicates that *sukuk*, particularly corporate *sukuk*, are not yet strong enough to drive national economic growth. This finding aligns with the study by Fajar et al. (2022) and contradicts the Harrod-Domar theory and endogenous growth theory, which emphasize capital accumulation as a driver of growth. Limited capitalization, low issuance volume, and the absence of major institutional investors as a base investor are the main obstacles to optimizing the role of *sukuk*. Uncertainty regarding the presence of institutional investors has led to low corporate interest in issuing *sukuk* in the secondary market, thus

limiting their contribution to real sector financing and broader economic growth.

Meanwhile, Sharia stock was found to have a positive and significant impact on Indonesia's economic growth. The increase in the market capitalization of Islamic stocks, particularly the Jakarta Islamic Index (JII), reflects increased investment in the productive sector, which supports business expansion and employment absorption. This is in line with the endogenous growth theory, which states that capital accumulation through investment can drive economic growth (Liana et al., 2024). Through sharia-compliant investment schemes, companies obtain additional capital without relying on interest-based financing schemes, ultimately driving increased production and consumption. These impacts include increased national income, improved purchasing power, and increased state tax revenues (Giri et al., 1994; Rizani et al., 2023; Purwitasari et al., 2024). This suggests that strengthening the sharia-compliant stock ecosystem can be a crucial strategy for driving sustainable economic growth.

Conclusion

Based on the analysis, this study concludes the following: First, Islamic mutual funds have a positive and significant impact on Indonesia's economic growth. This indicates that increasing the net asset value of Islamic mutual funds can stimulate real sector activity through the distribution of investment funds in accordance with Sharia principles. Second, *sukuk* does not significantly impact economic growth. Low capitalization, limited corporate *sukuk* issuance, and uncertainty about the existence of underlying investors hinder their contribution to the economy. Third, Islamic stocks have a positive and significant impact on Indonesia's economic growth. Increasing market capitalization of Islamic stocks plays a role in supporting real sector financing and strengthening national economic activity.

The results of this study can be used as consideration for evaluating corporate *sukuk* that are still unable to drive economic growth, as well as developing the great potential of sharia mutual funds and sharia stocks in developing the real sector, which can boost national income. One possible measure is to regulate subsidies and waive initial listing fees on the Stock Exchange for first-time issuers, thereby encouraging companies to issue *sukuk*. A digital platform for large institutions could also be developed to make it easier to attract base investors and address the issue of uncertainty regarding the availability of retail investors. These two measures would encourage more companies to issue *sukuk* without hesitation, thereby increasing the capitalization of corporate *sukuk*.

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