



STOCK RETURN DETERMINANTS IN SHARIA-COMPLIANT STATE-OWNED FIRM: A NEW PERSPECTIVE FROM INDONESIA'S IDX-MES BUMN 17

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ABSTRACT

This study aims to examine stock returns of companies in the IDX-MES BUMN 17 index and identify factors affecting returns, focusing on market valuation, dividend policy, and liquidity. Using a quantitative associative approach, the research analyzed 45 financial reports from 13 Sharia-compliant state-owned enterprises between 2020 and 2024, after removing outliers. The data were analyzed with multiple linear regression using JASP software. Results indicate that Price Earnings Ratio (PER), Dividend Payout Ratio (DPR), and Current Ratio (CR) have no significant effect on stock returns, either partially or simultaneously. This contrasts with conventional finance theory, suggesting that during the pandemic and recovery period, traditional financial ratios were unreliable predictors. Instead, macroeconomic conditions, state policies, investor sentiment, and non-financial factors such as ESG considerations may play a stronger role. The study contributes to literature on Islamic finance and emerging markets, offering practical insights for investors, fund managers, and regulators evaluating Sharia-compliant SOEs.

Keywords: Dividend Policy; IDX-MES BUMN 17; Liquidity; Market Valuation; Stock Return

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INTRODUCTION

Investing has many options, ranging from short-term to long-term investments. Short-term investments generally include mutual funds and time deposits, whereas long-term investments include stocks, bonds, and property. One of the most popular investments in Indonesia is stocks. Over the past five years, the number of stock investors in Indonesia has increased significantly. According to records from PT Kustodian Sentral Efek Indonesia (KSEI) and the Indonesian Capital Market Depository and Settlement Institution, the number of investors participating in the Indonesian capital market reached 15.161 million at the end of January 2025 (KSEI, 2025). This figure represents 102.44% of the total number of investors as of the end of 2021 (7.489 million). This indicates an increase in public interest in stock investments.

Table 1: Investor Growth from 2021 - Jan 2025

Year	Capital Market	Mutual Funds	Stocks & Other Securities	Government Bonds (SBN)
2021	7.483.937	6.840.234	3.451.513	611.143
2022	10.311.152	9.604.269	4.439.933	831.455
2023	12.486.081	11.416.711	5.255.571	1.002.727
2024	14.871.593	14.030.437	6.381.444	1.198.821
January-2025	15.641.166	14.306.277	6.489.128	1.210.617

Data source: KSEI (2025)

Increased investor interest in stocks is also marked by investor interest in sharia-indexed stocks. The stock born by the Indonesian government that prioritizes sharia principles is IDX-MES BUMN 17. IDX-MES BUMN 17 is a stock index based on sharia on Islamic teachings that consists of 17 stocks categorized as State-Owned Enterprises (BUMN) with the largest market capitalization and the highest level of liquidity on the Indonesia Stock Exchange





(Ministry of Trade, 2021). Over the past four years, from 2021 to early 2025, IDX-MES BUMN 17 has demonstrated dynamic development. This index offers a relatively stable Islamic stock investment alternative, especially because it is supported by SOE performance, which generally has strong fundamentals under government auspices. The IDX has certain criteria in selecting Islamic stocks to be part of the IDX-MES BUMN 17, meaning that it results in changes in stock members with a fairly strict selection (Indonesia Stock Exchange, 2024). In the period December 1, 2023-May 1, 2024, there were three stocks that left, and there were 2 new stocks in IDX-MES BUMN 17 (Indonesia Stock Exchange, 2024).

The behavior of investors who want blessings and halalness in investing in Islamic stocks also affects expected profits. Therefore, without interest, careful analysis is necessary before investing. Based on the latest data from the Indonesia Stock Exchange (2025), IDX-MES BUMN 17 shares experienced a 1.66% increase in stock returns from February 2025 to March 2025. The rate for 2024 to 2025 reached 8.08%. The results of this finding show two analyses where, in the previous year, the index value actually decreased, meaning that annual negative returns like this are considered bad, where investors experience losses if they hold shares for a full year. However, entering 2025 has a positive monthly return, reflecting the positive market sentiment or improvement in the performance of Sharia BUMN issuers in the index. Therefore, the improvements in this index reflect the problem of market pressure. Investors must determine whether this increase is sustainable or just a short-term technical problem.

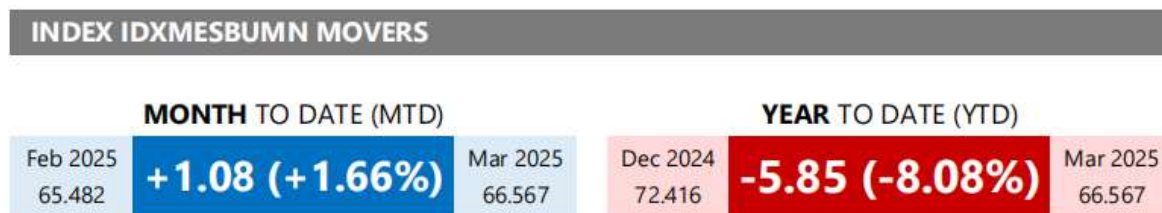


Figure 1: Percentage of stock returns of IDX-MES SOEs 17

The phenomenon that occurs in stocks incorporated in IDX-MES BUMN 17 requires investors to first study the company's financial condition before buying shares. The goal is to understand the company as a whole, including how much stock return is expected. Capital by investors in the capital market with the aim of obtaining maximum profits. An initial analysis of an entity's stock returns is conducted by investors before funds are invested (Joseph Kwasi Agyemang & Barjoyai Bin Bardai, 2022). Huang et al. (2024) stated that better long-run profits tend to be obtained from investors who make long-term stock investments in stock portfolios. The goal is that investors can make more informed investment decisions and increase their chances of achieving their investment goals, namely, optimal returns (Voorneveld & de Groot, 2024). One of the efforts that investors can make to measure and predict stock returns is to look for fundamental aspects of performance and perceptions of the company (Du et al., 2025).

These fundamental aspects can involve market valuation from the perspective of market perceptions of company value, dividend policy looking at profit sharing and financial health signals, and liquidity that looks at short-term operational stability (Cardillo & Basso, 2025; Corbalán & Ferrer, 2025). Market valuation can be described as a way to provide an assessment of a company based on the analysis of various relevant factors related to company performance, one of which is the company's stock return. There are several previous assessments that look at the effect of market valuation on stock returns, such as research from Chipunza et al. (2020) and Joseph Kwasi Agyemang & Barjoyai Bin Bardai (2022), which found that market valuation has a positive and significant effect on stock returns. However, these results are inversely





proportional to the research of Alswalmeh (2021); and Banerjee (2019), which stated that market valuation has no effect on stock returns.

A dividend policy is very necessary for management and shareholders. Management is tasked with determining and managing the dividend payment process, which is then received by shareholders as a form of profit on their investment or stock return. (Dai & Zhu, 2020; Zhang, 2024) examined that there is an influential relationship between stock returns and dividend policy. However, the dividend policy has no effect on stock returns, as research conducted by Mandiracío et al. (2022) suggests. The next factor assesses the level of development in the entire stock market based on the level of stock liquidity. Investors pay considerable attention to the liquid nature of a company's shares because doing so allows them to take advantage of short-term trading opportunities. Regarding this relationship, previous studies conducted by Cao et al. (2025) and Hui et al. (2025) resulted in findings that liquidity has a positive and significant effect on stock returns. However, some research results indicate negative effects on stock returns, as stated by Alswalmeh (2021) and Cengiz (2020).

Several previous studies have shown inconsistent results regarding the relationship between financial ratios and stock returns. For example, the PER has been shown to positively predict returns in the context of good corporate governance and stable markets (T. Tran et al., 2025). However, different results were found in developing countries and non-sharia stocks, where PER had a negative or insignificant relationship with returns (Hui et al., 2025). A similar situation occurs with the dividend payout ratio (DPR). Several studies in developed countries show a positive effect of DPR on returns (Hussain & Akbar, 2022), but other studies find that DPR has a negative effect in recessionary conditions or when managerial ownership is concentrated (Duygun et al., 2018). Similarly, the current ratio (CR) as a liquidity indicator has been shown to increase returns in some contexts (Yu et al., 2025), but the effect is often insignificant in emerging markets (Chang et al., 2025).

However, the use of traditional financial ratios such as PER, DPR, and CR may not fully reflect the performance of companies in the IDX-MES BUMN 17 index due to their dual characteristics. First, as State-Owned Enterprises (SOEs), these companies are often influenced by government policies and socio-economic mandates that may not directly align with profit maximization, which can affect market perceptions and return expectations. Second, the application of Sharia principles imposes structural limitations, such as restrictions on interest-based financing and requirements for ethical business operations, which alter financial structures and dividend distribution behavior compared to conventional firms. Therefore, the traditional interpretation of valuation, dividend, and liquidity ratios may not accurately capture investment risk and return potential in this context. This creates a conceptual gap that has not been adequately addressed in previous empirical studies.

These results confirm the influence of contextual factors on the relevance of financial ratios in explaining returns. Most of these studies focus on conventional companies or major indices, such as the LQ45 and the Jakarta Islamic Index (JII); therefore, the dynamics of state-owned sharia-based companies have not been explored. Given the characteristics of SOEs, the application of Sharia principles, and the developing nature of the Indonesian market, classic determinants such as PER, DPR, and CR do not work in the same way as they do for non-Sharia companies or conventional markets. This study attempts to fill the literature gap by re-examining the relevance of traditional financial ratios to stock returns in Sharia-compliant SOEs listed on the IDX-MES BUMN 17 index. The focus on this index provides novelty, as this context has not been extensively researched, while also expanding the academic understanding of Sharia stock behavior in emerging markets.

This study specifically aims to analyze the effect of PER, DPR, and CR on stock returns in Sharia-based SOEs listed on the IDX-MES BUMN 17. The selection of this context is driven





by the fact that studies on the determinants of stock returns have mostly focused on conventional companies and more general sharia indices, such as the Jakarta Islamic Index (JII), while the IDX-MES BUMN 17 has been relatively neglected. This study re-examines the validity of classical finance theory in a unique context that combines two characteristics: state ownership and Sharia compliance. Theoretically, this study contributes to expanding the literature on the determinants of stock returns in emerging markets while testing the limits of traditional theory in different environments. The findings of this study can provide new insights for investors, investment managers, and regulators in understanding market behavior in the sharia stock segment of state-owned enterprises, which plays a strategic role in Indonesia.

This research contributes academically and practically. Academically, this study enriches Islamic finance literature by presenting empirical evidence from sharia-based state-owned enterprises listed on the IDX-MES BUMN 17 index. To date, this context has rarely received scientific attention. This study broadens our understanding of the extent to which the classic determinants of stock returns still apply in an environment influenced by state ownership and Sharia compliance. Meanwhile, from a practical perspective, this study provides new insights for investors and portfolio managers that conventional indicators such as PER, DPR, and CR may not be adequate in assessing the return prospects of Sharia-compliant SOE stocks. This encourages the need for a more adaptive analytical approach that considers external factors, such as government policy, macroeconomic conditions, and non-financial factors, such as energy security governance (ESG) and resilience to crises. For regulators and policymakers, the findings of this study can be an important reference in designing more targeted regulations to support the development of the Sharia capital market, particularly in the SOE segment, which has a strategic role in the national economy.

LITERATURE REVIEW

The return is the level of profit earned by investors on the investment. Without profit, investors tend not to invest (Kim et al., 2025; Shang et al., 2025). Returns can be obtained directly through dividends or indirectly in the form of capital gains, both in the short- and long-term (Chiang, 2025; Shang et al., 2025). In making investment decisions, investors generally consider the expected return and risks associated with various investment alternatives (Chiang, 2025).

The dividend policy refers to the company's decision regarding the distribution of profits to shareholders, specifically whether profits are paid out as dividends or retained for reinvestment (Peng & Li, 2025; Qinwen et al., 2025). This policy informs investors about the company's future prospects and affects capital costs. Meanwhile, market valuation reflects investors' recognition of management's ability to create firm value higher than the cost of investment (Alderman et al., 2025). This can be measured using financial ratios, such as the Price-Earnings Ratio (PER), where a high PER indicates high market confidence in the stock (Q. T. Tran, 2024). Liquidity refers to the ability of an asset to be quickly converted into cash without a significant loss in value (Herb & Kim, 2025), which indicates a company's ability to meet short-term obligations (Can & Bocuoglu, 2022).

Liquidity refers to the ability of an asset to be quickly and easily converted into cash, without suffering a significant decline in value (Herb & Kim, 2025). In a corporate context, liquidity indicates a company's ability to meet its short-term financial obligations with its current assets (Can & Bocuoglu, 2022). Good liquidity reflects a company's financial flexibility and stability, whereas low liquidity may pose a risk of financial problems (Alsharif, 2025).





This research uses two main theories as its conceptual foundation:

- a. Signaling Theory, which explains that management provides signals to investors regarding a company's prospects through dividend policy. The purpose of this signal is to reduce information asymmetry between management and investors (Shahid et al., 2024; Xu & Jia, 2025). Modigliani and Miller (MM) assumed that investors and managers have the same information about the company's prospects.
- b. Bird's in the Hand Theory, proposed by (Brennan, 1971), states that investors prefer dividend-paying stocks over uncertain capital gains. Investors view dividend yield (D_1/P_0) as more certain than capital gains yield (g). (Sniedovich, 2010) added that the cost of equity capital (K_s) will increase if the Dividend Payout Ratio (DPR) is low because investors demand more compensation for the risk of capital gains uncertainty. In this case, K_s is the investor's expected rate of return, consisting of dividend yields and capital gains.

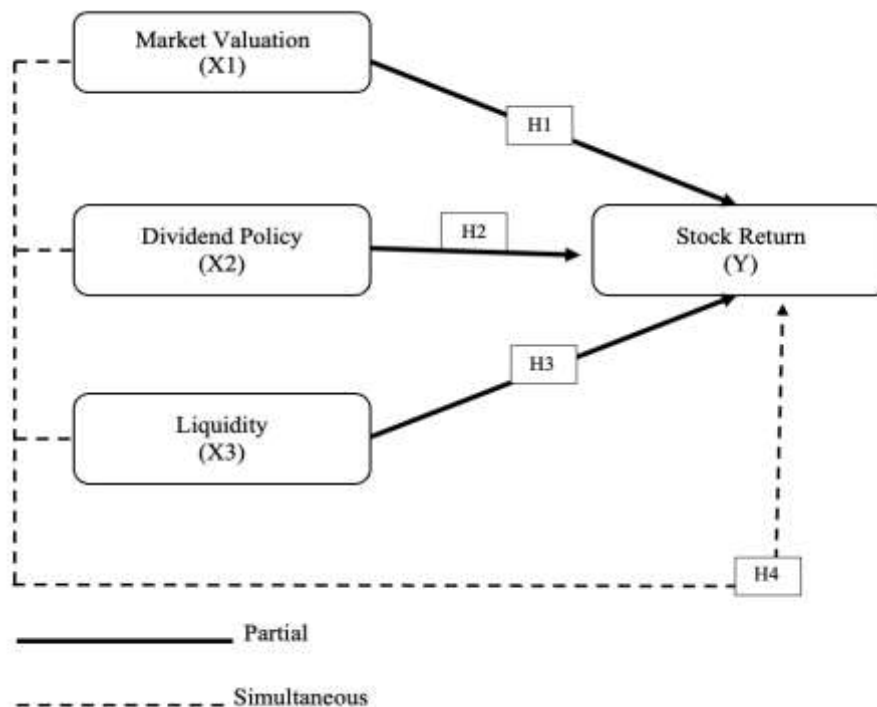


Figure 2: Theoretical framework

Market Valuation is measured using the Price-Earnings Ratio (PER), which theoretically represents the market's perception of the company's profit prospects and is considered a key indicator in making investment decisions (Matthews et al., 2022; Wu et al., 2022). PER can ideally project investors whether the stock is overvalued or undervalued, thus potentially affecting stock returns (Abdesslem et al., 2025).

In the context of Sharia-based SOEs, traditional financial ratios such as PER, DPR, and CR may not fully capture the determinants of stock returns. This is because Islamic financial principles, including risk-sharing, prohibition of *riba* (interest), and ethical screening of business activities, influence investor decision-making. For instance, investors prioritize companies that comply with Sharia guidelines, generate halal profits, and demonstrate sustainable and ethical practices. As a result, the expected relationships between PER, DPR,





CR, and stock returns may be modified under Sharia investment logic, making conventional theories less predictive in this unique context.

H1: Market Valuation has a positive effect on Stock Returns.

The dividend policy, represented by the Dividend Payout Ratio (DPR), reflects a company's distribution of profits to shareholders. The theory of dividend signaling states that dividend decisions can be used as a signal of a company's financial health to the market, which has an impact on stock prices and returns (Benkraiem et al., 2025; Zhou et al., 2025).

H2: Dividend Policy has a positive effect on Stock Returns.

Liquidity is measured by the current ratio (CR), which indicates the company's ability to meet its short-term obligations. Liquidity is important for investors because good liquidity provides fiscal stability and reduces the risk of payment failure, but its effect on stock returns varies according to previous research (Ling et al., 2025; Zhang & Jianhua, 2025).

H3: Liquidity has a positive effect on Stock Returns.

Adequate liquidity reflects the company's ability to meet its short-term obligations while ensuring risk-sharing and compliance with Sharia principles, thereby reducing investor uncertainty and supporting stable, halal returns.

H4: Market Valuation, Dividend Policy, and Liquidity simultaneously affect Stock Returns.

Considering both financial performance and adherence to Sharia compliance, as investors evaluate profitability, ethical operations, and operational stability collectively when making investment decisions.

METHODOLOGY

This study uses a survey approach, precisely an associative quantitative approach, to determine the relationship of influence between the variables studied based on a predetermined object. Companies listed in the IDX-MES BUMN 17 index, comprising 17 BUMN companies owned by the Indonesian government, are the object of this study. The reason for choosing this index is that IDX-MES BUMN 17 is a BUMN company that is the backbone of the Indonesian economy. Therefore, the performance of these companies reflects not only the condition of individual corporations but also the direction of national economic policy. In addition, SOEs tend to have structural characteristics that are different from those of private companies, making it unique to identify the factors that affect stock returns in SOEs. Thus far, the existing research mostly discusses large indices, such as LQ45 and IDX30, in which conventional companies do not apply Sharia elements.

In determining the number of final samples, the sampling technique is determined using purposive sampling, namely by determining the sample criteria, namely companies that are members of the IDX-MES BUMN 17 must have annual financial reports that are regularly reported from 2020 to 2024 (5 years), and the financial statements have also been audited and have increased profits. The cleaning results identified 13 companies that were suitable for research; thus, with 5 years of observation, 65 financial reports are ready to be studied. The companies are ANTM - Aneka Tambang Tbk, INAF - Indofarma Tbk, ELSA - Elnusa Tbk, KAUF - Kimia Farma Tbk, PPRE - PP Presisi Tbk, WSBP - Waskita Beton Precast Tbk, TINS - Timah Tbk, SMBR - Semen Baturaja (Persero) Tbk, SMGR - Semen Indonesia (Persero) Tbk, TLKM - Telkom Indonesia (Persero) Tbk, WEGE - Wijaya Karya Bangunan Gedung





Tbk, WIKA - Wijaya Karya (Persero) Tbk, and WTON - Wijaya Karya Beton Tbk. The sample collection technique uses secondary data obtained from audited financial reports on the official websites of listed BUMN companies and IDX. Data analysis uses multiple linear regression with the help of JASP (Jeffrey's Amazing Statistics) software.

Although the sample consists of 13 firms over 5 years (65 observations, reduced to 45 after outlier removal), this relatively small sample size may limit the statistical power and generalizability of the results. To address this limitation, the study acknowledges the need for robustness checks and suggests that future research could employ non-parametric methods or bootstrapping techniques to validate the findings. These approaches would help ensure that the results are not overly sensitive to small sample variations and enhance the reliability of inferences regarding the effect of PER, DPR, and CR on stock returns in Sharia-based SOEs.

The proxies used in this study are as follows:

Table 2: Detailed information on variables used in the study

Variable	Proxy	Description	Formula	Source
Market Valuation	Price-earnings ratio (PER)	The comparison between the share price in the market or the initial price offered compared to the income received.	$\frac{\text{Market price per share}}{\text{Earning per share}}$	(Dahal et al., 2024; Jallow et al., 2022)
Dividend Policy	Dividend payout ratio (DPR)	Percentage of dividend payments per share to shareholders.	$\frac{\text{Dividend per share}}{\text{Earning per share}}$	(Zelalem, 2021)
Liquidity	Current ratio (CR)	The company's ability to meet its short-term.	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	(Van Horne & Wachowicz, 2000)
Stock Returns	Rit	Represents capital gain: the difference between the stock price (closing price) in period t and the stock price (closing price) of the previous period (t-1).	$\frac{P_t - P_{t-1}}{P_{t-1}}$	(Alswalmeh, 2021)

RESULTS AND DISCUSSION

The financial statements studied in the last 5 years period, namely 2020 - 2024 in companies incorporated in IDX-MES BUMN17, include approximately 65 financial statements obtained





from 13 companies x 5 years of research period. However, during the research process, extreme financial data had to be transformed. After transformation, outliers were carried out to obtain 45 financial reports. This process was performed to ensure that the data validated is data that is suitable for testing.

Descriptive Statistics

Table 3: Descriptive analysis of variables

	PER	DPR	CR	RS
N	45	45	45	45
Mean	181.675	3.478	1.499	-0.158
Std. Deviation	314.643	2.351	0.523	0.258
Minimum	-243.000	1.037	0.343	-0.823
Maximum	857.000	9.298	3.209	0.275

Data source: Data processed (2024)

Based on processing using JASP, a descriptive analysis of the variables from the 45 research respondents was obtained. The highest average was 181.675 for the Price-Earnings Ratio (PER) variable, and the lowest was -0.158 for the Stock Return variable. Furthermore, the highest value was obtained from a price earnings ratio (PER) of 857,000 and the latest was obtained from a stock return of 0.275. Stock Return obtained the smallest minimum value of -0.823, while the highest standard deviation was obtained by the Price Earnings Ratio (PER), and the lowest Stock Return. The results of this descriptive analysis indicate that the variables that dominate are the Price-Earnings Ratio (PER) and Stock Return variables.

Classical Assumption Test

In this article, there are 3 types of classic assumption test carried out, namely:

1. Normality test

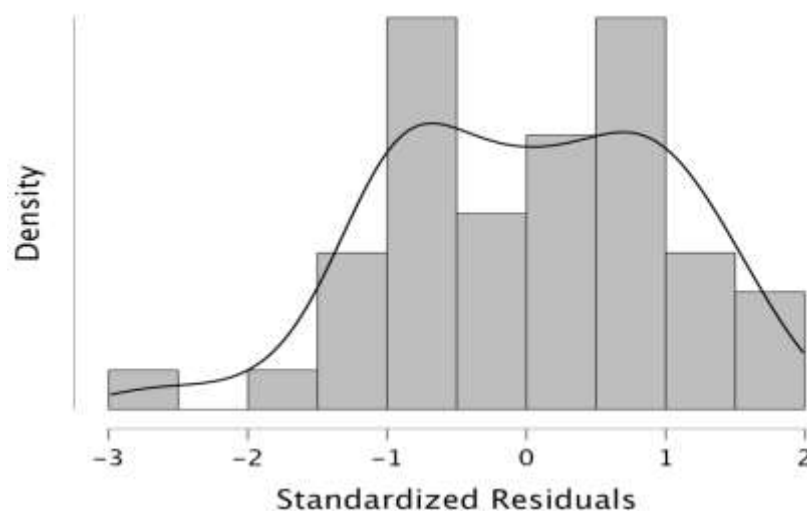


Figure 3: Histogram

Based on the figure above, the normality test using a histogram shows a normally distributed graph. The histogram graph is considered normally distributed if the data





distribution forms a bell and does not lean to the left or right; thus, the histogram graph is considered normal.

2. Heteroscedasticity Test

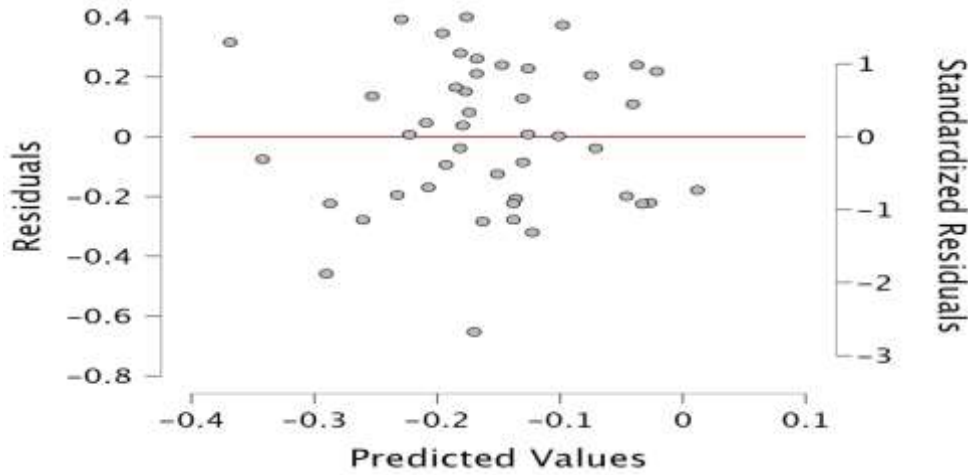


Figure 4: Scatterplot graph

Based on Figure 4, there is no pattern that forms, even the points in the graph spread well both above and below according to the line at number 0 on the y-axis. This indicates that there is no heteroscedasticity.

3. Multicollinearity Test

Table 4: Multicollinearity test

Variable	Tolerance	VIF	Description
Market Valuation (X1)	0,791	1,263	No Multicollinearity
Dividend Policy (X2)	0,789	1,268	No Multicollinearity
Liquidity (X3)	0,996	1,004	No Multicollinearity

Data source: processed data (2024)

Based on Table 4 above, it shows that in terms of the multicollinearity test, the VIF value of all variables studied, namely market valuation, dividend policy, and liquidity, is below 10, and the tolerance value is close to 1. This indicates that there is no multicollinearity and no correlation between the independent variables.

Hypothesis Test

1. Multiple Linear Regression

Table 5: Results of the Multiple Linear Regression

Model		Standardized	Standard Error	Standardized
H ₀	(Intercept)	-0.158	0.038	
H ₁	(Intercept)	0.003	0.136	
	PER	1.577×10^{-4}	1.362×10^{-4}	0.192
	DPR	-0.007	0.018	-0.062
	CR	-0.110	0.073	-0.224





Based on the results of the multiple linear regression analysis above, the coefficients for the independent variables $X_1 = 1.577 \times 10^{-4}$, $X_2 = -0.007$, dan $X_3 = -0.110$, a constant of 0.003, so that the regression equation model obtained is $Y = 0.003 + 1.577 \times 10^{-4} X_1 - 0.007 X_2 - 0.110 X_3 + e$.

2. Simultaneous Test (F Test)

Table 6: Results of the F test analysis

Model		Sum of Squares	df	Mean Square	F	p
H ₁	Regression	0.307	3	0.102	1.600	0.204
	Residual	2.622	41	0.064		
	Total	2.928	44			

Note. The intercept model is omitted, as no meaningful information can be shown.

Based on processing with JASP, the F-value was 1.600, with a p-value of 0.204, indicating that there was no joint influence. Therefore, it can be said that there is no effect of market valuation, dividend policy, and liquidity on the liquidity of companies incorporated in IDX-BUMN 17 for the period 2020-2024.

3. Partial Test (t-test)

Table 7: Results of the t-test analysis

Coefficients						
Model		Unstandardized	Standard Error	Standardized	t	p
H ₀	(Intercept)	-0.158	0.038		-4.100	< .001
H ₁	(Intercept)	0.003	0.136		0.020	0.984
	PER	1.577×10^{-4}	1.362×10^{-4}	0.192	1.158	0.254
	DPR	-0.007	0.018	-0.062	-0.373	0.711
	CR	-0.110	0.073	-0.224	-1.511	0.138

Based on Table 7 above, it can be seen that, in some cases, there is no effect at all. The hypothesis of this study is not proven, where the 3 hypotheses show a result of $p > 0.05$ value. This answers the hypothesis that, initially, market valuation, in this case using the Price-Earnings Ratio (PER) proxy, has no effect on Stock Returns. In addition, the dividend policy proxied by the Dividend Payout Ratio (DPR) also has no effect on stock returns. The same results occur for liquidity, with the current ratio (CR) proxy having no effect on Stock Returns. These results demonstrate that most previous studies have found that the variables studied in this paper often have no effect and even have negative values.

4. Test Coefficient of Determination (R²)

Table 8: Results of the determination Coefficient Test

Model	R	R ²	Adjusted R ²	RMSE
H ₀	0.000	0.000	0.000	0.258
H ₁	0.324	0.105	0.039	0.253





Based on Table 8 above, 0.105 affects Stock Returns. This result shows a very low influence and does not affect stock returns. Furthermore, the rest of the variables are influenced by variables other than market valuation, dividend policy, and liquidity.

DISCUSSION

The Effect of Market Valuation on Stock Returns

The results of statistical processing using JASP indicate that a p-value greater than 0.05 suggests that market valuation has no effect on stock returns, with a p-value of 0.254. These results indicate that market efficiency does not occur optimally because other factors are more influential, and the correlation is weak. Market efficiency means that stock prices accurately reflect all available information. In this situation, market valuation will not have a direct influence on stock returns because stock prices are already well reflected in market expectations. Furthermore, there are other more influential factors that are more dominant in affecting Stock Returns, such as internal factors of the company (e.g., financial performance, business strategy, product innovation) or external factors (e.g., economic conditions, regulations, industry changes). Finally, although market valuations and stock returns may correlate, the correlation may not be strong enough to be considered statistically significant. This could be due to the complexity of factors affecting market and stock returns, making it difficult to find a consistent relationship in statistical data. In addition, the results of this study are also supported by previous studies, such as Chipunza et al. (2020) and Sampene et al. (2024), which stated that stock valuation has absolutely no effect on stock returns.

In the context of Sharia-based SOEs, the insignificance of market valuation on stock returns can be partly explained by investor preferences for halal and ethically compliant investments. Sharia investors prioritize not only profitability but also adherence to Islamic principles, such as risk-sharing and avoidance of interest-based transactions. Therefore, traditional valuation ratios like PER may have limited influence on stock returns, as investors may focus on Sharia compliance and long-term sustainability rather than conventional market expectations.

The Effect of Dividend Policy on Stock Returns

The results of statistical processing using JASP indicate that a p-value greater than 0.05 suggests that dividend policy has no effect on stock returns, with a p-value of 0.711. These results indicate that companies may implement a conservative dividend policy in which dividend payout decisions do not have much impact on stock returns because investors already take this into account in their valuation process. In this case, investors may focus more on the fundamental performance and growth potential of the company. In addition, it is also caused by the period chosen not being appropriate, considering that the conditions of the COVID-19 pandemic have also affected the conditions of companies in the IDX-MES BUMN 17. The results of this study are also supported by previous research, namely (Mandiracio~ et al., 2022), which showed the same results as those studied by the author.

Similarly, dividend policy may not significantly impact stock returns in Sharia-based SOEs because investors also consider whether profits are generated through permissible activities and the overall stability and ethical governance of the firm. In this context, conservative dividend payouts do not necessarily reduce investor confidence, as shareholders





may value Sharia compliance, stable operations, and barakah (blessed returns) over immediate dividend gains.

The Effect of Liquidity on Stock Returns

The results of statistical processing using JASP indicate that a p-value greater than 0.05 suggests that liquidity has no effect on stock returns, with a p-value of 0.138. This result shows that if the market is considered stable with consistent and volatile liquidity, the possibility of liquidity's influence on stock returns is lower. In such a situation, other factors such as the fundamental performance of the company may have a greater influence on stock returns. This is also caused by the market understanding effect. Lower liquidity may create opportunities for investors who understand the intrinsic value of a company and are not affected by short-term price volatility. In this case, investors who have a good understanding of company fundamentals may be able to ignore liquidity fluctuations when making investment decisions. The results of this study support those of previous researchers, such as Alswalmeh. (2021) and Cengiz (2020).

For liquidity, its lack of significant effect on stock returns can be attributed to investor behavior in Sharia-compliant markets. Investors may tolerate short-term liquidity fluctuations if the company maintains financial integrity, compliance with Sharia principles, and stable operational performance. In SOEs, government oversight and social mandates also provide a level of stability that reduces sensitivity to liquidity measures, making traditional indicators less predictive of returns.

The findings indicate that traditional financial ratios, such as PER, DPR, and CR, do not significantly influence stock returns in Sharia-based SOEs. This can be explained by the unique behavior of Sharia investors, who prioritize halal compliance, ethical business practices, and risk-sharing mechanisms over purely financial metrics. Additionally, investor psychology in this context reflects a preference for stability, transparency, and long-term sustainability, rather than short-term gains. Market behavior is also shaped by regulatory oversight from OJK and IDX, which enforces Sharia compliance standards and ensures ethical governance in SOEs. Consequently, the lack of statistical significance in traditional ratios underscores the importance of integrating both financial and non-financial considerations when evaluating Sharia-compliant investments.

CONCLUSION

Based on the results of this study, it can be concluded that the variables studied both partially and simultaneously, namely market valuation, dividend policy and liquidity, have no effect on Stock Returns in companies incorporated in IDX-MES BUMN 17. There are several reasons why these results may not be as expected. First, the small sample size means that if the sample size in the study is too small, the possibility of detecting significant effects may be reduced. In this case, the results may not reach the level of statistical significance required to conclude the effect of the variable. Second, high variability. If the data have a high degree of variability or significant noise, the effects of the variables may be difficult to detect statistically. High variability can make it difficult to separate the effects of other factors that also influence the results. This is indeed the case in the processing of this study; many extreme data and outliers have to be discarded. Third, market conditions during the research period, namely 2020-2024, are indeed a risky period, where, as is known in those years, the COVID-19 pandemic occurred and is still in the recovery stage. This aspect certainly contributes to the results of this study.





This study's theoretical contribution is to show that the classic determinants of stock returns commonly used in financial theory, such as PER, DPR, and CR, are not always relevant when applied to the context of SBEs in developing countries. These results challenge the conventional view that traditional fundamental indicators can universally explain stock returns. This study's practical contribution lies in its implications for investors, Islamic investment managers, and regulators. For investors, these results confirm that the investment analysis of Islamic SOE stocks cannot rely solely on fundamental ratios; instead, it must be expanded to consider external factors such as macroeconomic conditions, government policies, and non-financial factors such as ESG. For regulators and policymakers, this research provides important input for developing regulations that are more responsive to the characteristics of the BUMN sharia market, thereby supporting the sharia capital market's sustainable growth. Furthermore, these findings have direct implications for Sharia capital market regulators such as OJK and IDX. Regulators can use this evidence to design policies and frameworks that better support the development of Sharia-compliant state-owned enterprises, ensuring that market practices accommodate ethical investment principles and promote sustainable growth. By recognizing that traditional financial ratios alone may not capture the dynamics of Sharia-based investments, regulators can encourage the adoption of assessment tools that integrate Sharia compliance, risk-sharing mechanisms, and non-financial factors to provide a more comprehensive evaluation of stock performance.

In future research, a more comprehensive analysis should be carried out using a larger sample of companies from various sectors and a broader capital market index. Furthermore, research can separate the analysis periods before, during, and after the COVID-19 pandemic to better understand the impact of the crisis. In addition, it is recommended to add other variables that can affect stock returns, such as macroeconomic factors, government policies, business innovation, and market sentiment, in order to obtain more holistic and applicable results.

The results of this study have several implications for practitioners and stakeholders in the financial and investment sectors, especially for state-owned companies listed on IDX-MES BUMN 17. First, investors should not rely solely on market valuations based on the Price-Earnings Ratio (PER), dividend policy, and liquidity as the only indicators when making investment decisions. Instead, it is necessary to consider other factors, such as macroeconomic conditions, fundamental company performance, and broader market dynamics. Second, company management should focus more on efforts to improve internal performance and information transparency to increase investor confidence and stock performance.

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