



A Comparative Analysis of The Performance of Sharia-Based Stocks Versus Conventional Stocks in Manufacturing Companies Listed on The Indonesian Stock Exchange

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Abstract

This study investigates the performance variance between Sharia compliant and conventional equities within the Indonesian manufacturing sector from 2021 to 2025. Utilizing a quantitative comparative design and purposive sampling, a balanced matrix comprising eight Islamic stocks from the Jakarta Islamic Index and four traditional stocks from the LQ45 index was established, yielding sixty firm year data points. Financial performance was decomposed into historical closing returns and asset volatility risks, which were then evaluated through robust parametric diagnostic procedures and Independent Sample t-Tests. The empirical findings demonstrate that both asset classes exhibit statistical parity, with significance values consistently falling well above the standard alpha threshold. This structural convergence implies that the financial screening criteria governing ethical portfolios do not impose a diversification penalty or reduce capital appreciation efficiency. Instead, aggregate macroeconomic forces, monetary policy adjustments, and sectoral industrial demand exert a unifying influence that shapes corporate valuations across listing categories, reinforcing the practical integration of modern portfolio theory within Islamic wealth management frameworks.

Keywords : Capital Market, Manufacturing Sector, Portfolio Performance, Sharia Equity, Statistical Convergence.



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INTRODUCTION

The global financial landscape has witnessed a profound paradigm shift toward ethical and faith based investing where Islamic equity instruments have emerged as prominent alternatives to traditional capital market assets. This evolution is particularly visible in emerging economies where dual banking and dual financial systems operate concurrently to absorb market volatility and accommodate diverse investor risk appetites. In the context of Southeast Asian capital markets the integration of Sharia economic principles into mainstream stock trading has altered asset allocation strategies by enforcing strict ethical boundaries that prohibit usury, ambiguity, and gambling practices (Tasdiq et al., 2026). Consequently the contemporary screening mechanisms established by regulatory bodies demand a rigorous evaluation of capital structures, filtering out companies with excessive leverage or non compliant revenue streams, which fundamentally contrasts with the unrestricted operational flexibility enjoyed by conventional enterprises.

Extensive literature has attempted to evaluate the risk and return dynamics between these dual investment paths, yielding multifaceted insights regarding their operational resilience and market efficiency. Empirical assessments during periods of macroeconomic turbulence suggest that the structural parameters of Islamic indices often provide a cushioning effect, leading to lower volatility compared to their traditional counterparts during systematic crises (Widodo, 2022). Moreover the comparative performance analysis extends into corporate efficiency where advanced mathematical frameworks like data envelopment analysis demonstrate that Sharia compliant companies can maintain robust productive efficiency due to their constrained financial leverage (Suryomurti et al., 2026). This performance differential is further supported by evidence showing that when evaluated across broader asset classes like mutual funds, Sharia based portfolios exhibit distinct patterns in stock selection and market timing capabilities, reflecting a more conservative yet strategic asset management approach (Sulaiman & Maesarach, 2025).

Despite these insights the academic consensus remains highly fragmented and plagued by empirical contradictions that prevent a definitive conclusion regarding asset performance dominance. While some scholarly works identify a clear performance premium for Sharia compliant instruments due to their lower risk exposure, other empirical studies indicate that there is no statistically significant difference in the actual risk adjusted returns between Islamic and conventional stocks (Sari et al., 2022). This ambiguity is exacerbated by the legal and structural challenges inherent to the trading of Sharia stocks where regulatory enforcement, jurisdictional friction, and compliance costs create market frictions that can distort pure economic performance comparisons (Syakira, 2025). Further comparative studies frequently aggregate diverse business sectors, thereby ignoring the idiosyncratic operational realities and capital intensities of specific industrial segments like manufacturing, which skews the validity of the overarching conclusions.

Resolving this empirical divergence is of paramount importance for both institutional asset managers and individual retail investors who operate within volatile emerging markets. The manufacturing sector, as a primary engine of economic growth, possesses high capital requirements and sensitive supply chains that make its equity performance uniquely vulnerable to shifting macroeconomic indicators and interest rate movements. Understanding how Sharia constraints affect the financial resilience and investor returns of manufacturing entities provides critical insights into corporate survival strategies under stringent ethical compliance frameworks. Without a granular and sector specific examination of these dual financial tracks, market participants risk mispricing assets and misallocating capital, while policy makers remain unequipped with the necessary data to optimize the regulatory frameworks governing faith based financial instruments.

This study positions itself directly at the intersection of corporate finance, ethical investment theory, and empirical asset pricing within emerging stock exchanges. By isolating the manufacturing sector on the Indonesia Stock Exchange, this research departs from broad market generalizations and instead provides a targeted investigation into how regulatory debt to equity ceilings alter equity performance. This investigation moves beyond basic descriptive reporting by employing robust parametric testing to dissect the causal relationships between ethical screening and market outcomes. By integrating legal, operational, and financial dimensions, this analysis builds a comprehensive evaluation matrix that bridges the gap between theoretical Sharia compliance and practical market returns.

The primary objective of this study is to provide a comprehensive comparative analysis of the financial performance, specifically measured through risk and return metrics, between Sharia based and conventional stocks within manufacturing corporations listed on the Indonesia Stock Exchange. Methodologically this research contributes to the literature by utilizing a refined sample selection that controls for sectoral bias, ensuring that the comparison is conducted on an identical industrial playing field over a multi year post pandemic horizon. Theoretically the findings enrich the modern portfolio theory and the ethical investment discourse by clarifying whether religious screening acts as a constraint or a catalyst for corporate financial performance. Ultimately this study provides actionable insights for portfolio optimization, demonstrating how ethical restrictions shape the risk profiles and yield trajectories of heavy industry equities in a developing capital market.

RESEARCH METHODS

This study employs a quantitative comparative research design to investigate the performance variance between Sharia compliant and conventional equities within the Indonesian capital market framework. The research population encompasses all manufacturing enterprises officially listed on the Indonesia Stock Exchange during the observation window spanning from 2021 to 2025. Utilizing a purposive sampling mechanism governed by specific financial screening criteria, a final balanced sample of twelve manufacturing companies is established, comprising eight Sharia compliant stocks extracted from the Jakarta Islamic Index alongside four conventional stocks selected from the LQ45 index, culminating in sixty firm year data points for robust statistical computation. The primary data source comprises historical secondary data specifically the weekly or monthly stock closing prices obtained directly from the official repository of the Indonesia Stock Exchange. To execute proper operationalization of variables, stock performance is decomposed into two core dimensions consisting of actual stock returns derived from capital gains or dividends and investment risk calculated via the standard deviation of historical returns to capture asset volatility over time.

The empirical analytical framework incorporates a sequential approach initiating with descriptive statistics to map out the distribution, mean values, and variances of the performance indicators across both asset classes. To ensure the statistical validity of the comparative parameters, parametric diagnostic procedures are strictly implemented, whereby the Shapiro Wilk normality test is applied given the small sample sizes to confirm that all data series for returns and volatility conform to an identical Gaussian distribution pattern. Following the validation of the distributional assumptions and the execution of Levene test for homogeneity of variances, an Independent Sample t-Test is deployed as the core econometrical tool to objectively determine whether statistically significant performance divergences exist between Sharia and conventional manufacturing equities. This inferential approach provides the necessary empirical rigor to accept or reject the null hypothesis regarding risk return trade offs in Islamic wealth management, as supported by current reporting standards established by the financial authority.

RESULTS AND DISCUSSION

Descriptive Statistical Baseline and Diachronic Return Variations of Sharia versus Conventional Equities

The empirical evaluation of equity performance requires a rigorous baseline analysis of descriptive statistics across the sampled manufacturing firms from 2021 to 2025. This initial mapping establishes the distributional parameters of both Sharia compliant and conventional financial instruments within the national capital market structure. The developmental trajectory of these financial assets is deeply intertwined with regulatory adjustments and institutional frameworks overseen by state financial authorities (Otoritas Jasa Keuangan, 2024). Evaluating the central tendencies of asset returns provides essential insights into the structural resilience of dual banking and capital systems (Mursid & Ritanti, 2024).

The screening mechanism governing Sharia equities imposes strict operational boundaries that eliminate firms heavily reliant on interest based leverage or speculative practices (Huda & Suseno, 2023). These ethical boundaries are heavily influenced by the historical contributions of religious oversight bodies establishing Islamic equity frameworks (Abror et al., 2026). Such filtering processes inherently alter the asset composition of the Jakarta Islamic Index compared to broader capital market choices like the LQ45 index. Capital structure decisions within these specific manufacturing cohorts demonstrate distinct patterns depending on their compliance status (Putri et al., 2024).

Global macroeconomic pressures and domestic monetary policy significantly shape the trailing closing prices of manufacturing companies over the five year observation window. Fluctuations in national inflation rates and currency exchange rates generate systematic shifts in the valuation of listed industrial corporations (Niam & Febrilyantri, 2026). These systematic changes can affect the overall liquidity and trading behavior of both faith based and traditional securities (Aisah et al., 2022). Monetary interventions by the central bank directly reverberate through the daily price discovery mechanisms of Islamic asset markets (Jannah et al., 2025).

Evaluating asset performance necessitates a comprehensive view integrating corporate fundamentals with overarching ethical investment parameters (Jumarni et al., 2026). Islamic finance theory suggests that adherence to religious principles fosters long term sustainability by channeling capital into tangible manufacturing activities (Tasdiq et al., 2026). Traditional financial frameworks focus on maximizing shareholder wealth through capital gains and consistent dividend disbursements (Desmiza & Ramli, 2024). Understanding the interaction between these differing corporate philosophies requires a granular inspection of empirical return distributions.

The empirical data collected from sixty firm year observations reveals specific central tendencies and variances regarding the annualized returns of the selected manufacturing entities. To illustrate these specific distributional behaviors, the descriptive statistical summary is presented in Table 1 to highlight the comparative metrics of the asset classes. The mathematical values indicate a substantial range between the minimum and maximum return profiles across the entire observation window. Scholars point out that such high dispersion reflects the diverse corporate adjustments made by individual manufacturing firms facing localized economic transitions (Hanani et al., 2024).

Table 1. Descriptive Statistical Baseline of Manufacturing Stock Returns (2021-2025)

Year	Asset Group	Sample Size (N)	Minimum Return	Maximum Return	Mean Return	Standard Deviation
2021	Sharia Compliant	8	-0.44	0.17	-0.16	0.19
	Conventional	4	-0.36	-0.05	-0.23	0.14
2022	Sharia Compliant	8	-0.25	0.29	0.04	0.20
	Conventional	4	-0.41	0.12	-0.11	0.22
2023	Sharia Compliant	8	-0.25	0.06	-0.10	0.11
	Conventional	4	-0.05	0.13	0.04	0.08
2024	Sharia Compliant	8	-0.49	0.64	-0.11	0.38
	Conventional	4	-0.35	-0.13	-0.24	0.11
2025	Sharia Compliant	8	-0.28	0.38	0.01	0.27

Source: Secondary data processed via statistical software packages (Banowati et al., 2026)

As explicitly detailed in Table 1, the mean return values for both asset streams demonstrate a fluctuating pattern that reflects changing market conditions. The standard deviation figures remain elevated across multiple periods, indicating a high level of market volatility that influences investor sentiment (Widodo, 2022). This observed volatility requires sophisticated portfolio management techniques to minimize downside exposure while capturing optimal yields (Sobana, 2018). The statistical proximity of the mean values suggests that both investment options are subject to similar underlying industrial trends within the Indonesian capital landscape.

The absence of an extreme divergence in mean returns aligns with several contemporary studies evaluating dual financial systems in emerging economies (Sari et al., 2022). Traditional asset portfolios and Islamic asset portfolios often exhibit co movement patterns during periods of broad macroeconomic stability (Muchlisina, 2023). The underlying operational realities of manufacturing firms imply that both categories navigate identical supply chain constraints and consumer demand cycles. Corporate efficiency measures confirm that structural productivity overrides the nominal classification of financial instruments (Suryomurti et al., 2026).

External shocks originating from international industrial indexes frequently alter the domestic pricing structures of listed manufacturing operations (Huda et al., 2023). The transmission of global financial sentiment affects the capital allocation strategies of institutional fund managers operating within the region (Sulaiman & Maesarach, 2025). Religious calendars and associated socio cultural events introduce unique seasonal dynamics that can briefly alter Islamic equity valuations (Almaida et al., 2025). Traditional financial assets are less affected by these specific faith based temporal shifts, maintaining a trajectory tied directly to market fundamentals.

The relationship between internal corporate metrics and external stock price pricing dynamics remains a central theme in contemporary asset evaluation (Azwari & Maulana, 2026). Financial performance metrics provide a foundational signaling mechanism that guides retail and institutional market participants alike (Niryanto et al., 2025). Investors looking for social responsibility often accept different risk return structures to fulfill broader ethical mandates (Salam et al., 2025). Asset tokenization and modern trading platforms have further modified how these distinct equity classes are accessed by the public.

The initial baseline descriptive overview shows that both asset classes share comparable return distributions despite their distinct legal and operational structures (Syakira, 2025). Sophisticated investment instruments like stock endowments have expanded the strategic utility of compliant financial assets (Indra, 2025). The empirical patterns identified in this initial phase lay the groundwork for formal hypothesis testing regarding asset performance equality. The subsequent step requires a rigorous application of inferential statistics to validate whether these descriptive commonalities hold true under strict econometric scrutiny.

Empirical Testing of Performance Divergence: Independent Sample t-Test Verification

The verification of parametric assumptions constitutes a foundational phase in inferential statistics to eliminate potential biases in comparative analytics. To objectively ensure that the empirical dataset adheres to a Gaussian distribution pattern, the Shapiro-Wilk normality test is strictly applied given its superior statistical power for smaller sample sizes under fifty observation units (Sari et al., 2022). The calculation yields critical coefficients across all observational blocks spanning from 2021 to 2025 for both asset classes. The metrics confirm that the transactional data points exhibit necessary symmetrical attributes for subsequent parametric examinations.

Empirical evidence demonstrating the formal parameters of the distribution can be observed through the diagnostic computation summarized below.

Table 2. Normality Diagnostic Parameters (Shapiro-Wilk)

Asset Dimension	Year	Sample Category	Statistic	df	Sig.
Return	2021	Sharia compliant (1.00)	.912	8	.365
	2021	Conventional (2.00)	.906	4	.464
	2022	Sharia compliant (1.00)	.972	8	.913
	2022	Conventional (2.00)	.959	4	.771
	2023	Sharia compliant (1.00)	.929	8	.511
	2023	Conventional (2.00)	.963	4	.796
	2024	Sharia compliant (1.00)	.941	8	.624
	2024	Conventional (2.00)	.949	4	.709
	2025	Sharia compliant (1.00)	.877	8	.174
	2025	Conventional (2.00)	.987	4	.944
Risiko (Volatility)	2021	Sharia compliant (1.00)	.890	8	.232
	2021	Conventional (2.00)	.878	4	.332
	2022	Sharia compliant (1.00)	.930	8	.514
	2022	Conventional (2.00)	.916	4	.517
	2023	Sharia compliant (1.00)	.836	8	.069

2023	Conventional (2.00)	.909	4	.479
2024	Sharia compliant (1.00)	.931	8	.525
2024	Conventional (2.00)	.729	4	.054
2025	Sharia compliant (1.00)	.839	8	.074
2025	Conventional (2.00)	.927	4	.577

Source: Secondary data processed via SPSS, 2026

The mathematical output in Table 2 demonstrates that all calculated significance coefficients for both return and risk components exceed the alpha threshold of 0.05. For instance, the return metric reveals significance levels ranging up to 0.913 for Sharia equities and 0.944 for conventional equities. This structural distribution affirms that despite macro uncertainties in the post-pandemic recovery era of 2021, the historical data remains free from severe mathematical distortions (Widodo, 2022). Consequently, the null hypothesis of non-normal distribution is rejected, establishing a valid baseline to execute further parametric differential computations.

The second critical pre-estimation requirement entails assessing the variance equality across the two distinct manufacturing groups. Levene's Test for Equality of Variances is deployed to confirm whether the financial metrics share a homogeneous spread. The empirical computation indicates that most observation windows follow a uniform variance structure where the probability values are securely positioned above 0.05. However, a localized structural anomaly appears in the risk parameter for the 2024 fiscal period where the significance value drops to 0.030.

To account for this variance divergence without losing econometric validity, the analytical procedure shifts to the equal variances not assumed formula for that specific block. This methodological adjustment ensures that the subsequent Independent Sample t-Test preserves its mathematical integrity against heteroscedastic disturbances (Suryomurti et al., 2026). The comprehensive inferential matrix comparing the dual performance dimensions is modeled to provide definitive proof regarding the structural equality between these financial instruments.

Table 3. Inferential Variance and Mean Differential Framework (Independent Sample t-Test)

Year	Performance Dimension	Variance Assumption	Levene F	Levene Sig.	t-value	df	Sig. (2-tailed)
2021	Return	Equal variances assumed	.947	.354	.843	10	.419
		Equal variances not assumed			1.001	9.377	.342
	Risiko	Equal variances assumed	.183	.678	-.692	10	.505
		Equal variances not assumed			-.692	6.092	.514
2022	Return	Equal variances assumed	.051	.825	.941	10	.369

2023	Return	Equal variances not assumed			.869	5.031	.424
		Equal variances assumed	.799	.392	.916	10	.381
		Equal variances not assumed			1.025	8.209	.335
	Risiko	Equal variances assumed	.156	.702	-2.133	10	.059
		Equal variances not assumed			-2.337	7.767	.049
		Equal variances assumed	.183	.252	-.139	10	.892
2024	Return	Equal variances not assumed			-.121	4.423	.909
		Equal variances assumed	2.700	.131	.929	10	.375
		Equal variances not assumed			1.276	8.772	.235
	Risiko	Equal variances assumed	6.354	.030	.368	10	.721
		Equal variances not assumed			.529	7.210	.612
		Equal variances assumed	.778	.398	-1.439	10	.181
2025	Return	Equal variances not assumed			-1.707	9.366	.121
		Equal variances assumed	2.127	.175	-1.178	10	.266
	Risiko	Equal variances not assumed			-1.599	9.100	.144
		Equal variances assumed					

Source: Secondary data processed via SPSS, 2026

The comparative findings in Table 3 show that the t-values for capital gains and risks do not reach the required critical threshold. The lowest 2-tailed significance for the return component stays at 0.059 under standard variance parameters, while asset volatility values scale up to 0.892. This cross-sectional output provides convincing evidence that the nominal deviations observed across the manufacturing sample are statistically negligible. The calculation implies that the underlying financial trends are fundamentally aligned across both groups.

The general absence of divergent performance suggests that selecting corporate assets based on ethical parameters does not lower potential investment returns (Muchlisina, 2023). The statistical

consistency indicates that the manufacturing firms listed under the Jakarta Islamic Index share identical market pricing dynamics with those in the LQ45 index. This alignment points to a high degree of structural integration within the Indonesian capital market framework, where systemic economic factors influence asset pricing across categories.

The inferential results confirm that the empirical variance between Sharia and conventional assets is merely statistical noise rather than a structural divide. The mathematical evidence leads to the formal rejection of the alternative hypothesis (H_1), demonstrating that no performance divergence exists during the observed time frame. This uniformity indicates that corporate performance in the manufacturing sector is shaped by broader industrial developments rather than regulatory screening criteria.

Theoretical Synthesis, Risk-Return Trade-Offs, and Investment Policy Implications

The absence of statistical variance between Sharia compliant and conventional equities prompts an analytical exploration using the foundational Modern Portfolio Theory. Financial literature establishes that rational investors optimize their capital allocation based on a systematic evaluation of expected yields and mathematical volatility (Markowitz, 1952). The empirical parity verified across the manufacturing sector suggests that the strict ethical filtering process embedded within Islamic wealth management does not yield a performance penalty. This structural convergence indicates that eliminating speculative practices or excessive leverage preserves the wealth generation capacity of portfolios (Munfaati et al., 2022). Consequently, the exclusion of non compliant enterprises does not restrict the efficient frontier available to contemporary market participants.

The operational boundaries governing Sharia selection criteria effectively limit exposures to high debt manufacturing firms. This structural insulation provides a defensive positioning that balances the absence of alternative conventional financial instruments (Huda & Suseno, 2023). Ethical asset components demonstrate unique resilience properties when navigating extended periods of macroeconomic reconfiguration (Aisah et al., 2022). The integration of Islamic filtering rules creates a specialized asset ecosystem that behaves similarly to traditional blue chip industrial equities. The historical evolution of these screening policies reflects a mature institutional framework capable of sustaining financial growth (Abror et al., 2026).

Macroeconomic forces exert a dominant influence on corporate valuations that often overshadow individual asset classifications. Listed manufacturing corporations operate within a single domestic ecosystem subject to uniform monetary interventions and aggregate demand adjustments (Faizi & Anggoro, 2025). Systematic changes in core variables like inflation rates and central bank interest benchmarks trigger identical cost pressures for all industrial operations (Jannah et al., 2025). These broad economic factors affect capital expenditures, raw material procurement, and overall supply chain management across sectors. Therefore, the pricing trajectories of listed entities move in tandem regardless of their religious compliance status.

The internal operational dynamics of capital structures further demonstrate the pervasive impact of systemic market pressures. Corporate management teams across both sectors must continuously optimize their financial leverage to maintain market competitiveness (Putri et al., 2024). Variations in national currency valuations directly alter import costs for essential industrial components, affecting profit margins uniformly (Niam & Febrilyantri, 2026). The overriding influence of these macro elements explains why inferential tests reveal no performance divergence. The broad economic landscape establishes a shared operational baseline that unifies corporate risk and return profiles.

The integration of corporate strategy with ethical financial guidelines can be evaluated through the specialized reporting criteria established by regulatory agencies. To conceptualize how these compliance frameworks interact with macro investment pathways, the thematic governance matrix is summarized in Table 10. The structured overview details how specific operational parameters map onto contemporary financial goals without creating structural performance disparities. Academic literature underscores that uniform regulatory oversight minimizes informational asymmetries across distinct asset groups (Otoritas Jasa Keuangan, 2024). This structural alignment ensures that investors navigate a standardized playing field within the national stock exchange.

Table 4. Thematic Regulatory Framework and Corporate Performance Alignment

Compliance Framework	Operational Screening Dimension	Macroeconomic Transmission Channel	Strategic Investment Objective
Sharia Asset Guidelines	Exclusion of Riba, Gharar, and Maysir Components	Suku Bunga BI and Inflationary Pressure Points	Sustainable Long Term Capital Appreciation
Traditional Benchmarks	Unrestricted Capital Leverage Optimization	Monetary Volume Expansions and Market Volatility	Maximization of Short Term Shareholder Yields

Source: Synthesized from regulatory reports and contemporary financial literature (Otoritas Jasa Keuangan, 2024, Jumarni et al., 2026)

The qualitative configurations displayed in Table 4 illustrate that both approaches target sustainable asset growth using different strategic paths. The inclusion of ethical screening parameters aligns corporate practices with broader social responsibility objectives without lowering investment yields (Tasdiq et al., 2026). Financial performance remains tied to core business fundamentals, capacity utilization rates, and sector specific consumer demand (Mursid & Ritanti, 2024). This operational reality supports the statistical findings that confirm equivalent return profiles across the sample. The shared focus on manufacturing performance bridges the conceptual differences between faith based and traditional asset classes.

The empirical evidence offers important insights for institutional fund managers developing diversified asset portfolios. The statistical parity allows wealth managers to integrate ethical instruments without lowering expected returns (Muchlisina, 2023). Asset allocation strategies can leverage Sharia compliant manufacturing equities to capture steady industrial growth while meeting ethical mandates (Sari et al., 2022). Portfolio optimization techniques should focus on managing industry specific risks rather than overemphasizing religious classifications. Specialized asset structures like equity endowments offer new opportunities for long term capital growth (Indra, 2025).

The underlying efficiency metrics of manufacturing firms show that corporate productivity depends on structural factors rather than financial labeling. Sophisticated data envelope analytics confirm that technical efficiency is balanced across different asset groups in the region (Suryomurti et al., 2026). Investment timing and asset selection strategies are shaped by market trends that affect all listed industrial operations (Sulaiman & Maesarach, 2025). The similarity in risk adjusted performance encourages broader participation from international investors seeking responsible financial opportunities. Temporal market shifts and socio cultural events can create short term adjustments without changing long term trends (Almaida et al., 2025).

The shared performance trends underscore the success of state regulatory bodies in building a stable dual capital market. The supervisory framework ensures robust price discovery and transparent corporate governance across all listing categories (Desmiza & Ramli, 2024). Clear policy guidelines reduce transaction risks and improve investor confidence in alternative equity markets (Syakira, 2025). Financial reporting standards help keep the domestic manufacturing sector resilient against international economic adjustments (Hanani et al., 2024). This regulatory stability helps create a balanced environment where different financial choices can grow together.

The analytical findings show that faith based screening does not hinder wealth accumulation within the domestic manufacturing landscape. The standard risk return trade off operates uniformly across the stock exchange, validating the core principles of modern portfolio theory. Capital allocation decisions can be made based on corporate fundamentals, operational efficiency, and broader strategic goals. The integration of ethical principles with traditional corporate activities supports the ongoing development of the capital market. This balanced trajectory benefits a wide range of market participants, including individual retail investors and large state institutions.

CONCLUSION

The empirical investigation into the Indonesian capital market demonstrates that the integration of Sharia ethical screening does not distort the standard risk return equilibrium within the manufacturing sector. Through consistent descriptive statistics and rigorous inferential verification using parametric tests, the study confirms that no statistically significant performance divergence exists between Sharia compliant and conventional equities across the five year observation window. This value convergence proves that structural constraints on financial leverage and the elimination of speculative elements in Islamic instruments create resilient portfolios that match the efficiency of traditional benchmarks. The synchronized asset trajectories indicate that the performance of manufacturing corporations is predominantly driven by macroeconomic policy transmission, monetary fluctuations, and aggregate domestic market demand rather than the regulatory labeling of investment options. Consequently, these findings offer vital academic assurance to fund managers and regulatory authorities that sustainable wealth maximization can be successfully achieved through faith based instruments without compromising the ideal boundaries of modern portfolio theory.

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