The Influence of Financial Ratios, Sukuk Structure and Corporate Governance on Sukuk Ratings

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Abstract

This study aims to determine the effect of financial ratios, Sukuk structure, and corporate governance on the rankings of Sukuk issued by companies listed on the Sharia Securities List for the period 2014-2018. This study uses secondary data, namely financial reports and annual reports of companies listed in the 2014-2018 Sharia Securities List, Sukuk ranking data from the website of PT. PEFINDO and data on Sukuk were still circulating during the year of observation from the website of the financial services authority. A total of 34 Sukuk issued by companies listed on the Sharia Securities List during the study period became the population in this study. The sample obtained was 15 Sukuk during 5 years of observation, so that the final sample was obtained as many as 75 observation data. The research results prove that only the profitability ratio variable influences the Sukuk rating. Meanwhile, other variables, namely liquidity ratio, leverage ratio, activity ratio, Sukuk structure, and corporate governance, do not influence the Sukuk rating.
Keywords: *financial ratios; sukuk structure; corporate governance; sukuk ratings*

INTRODUCTION

One of the supporters of the development of the Sukuk is the emergence of a rating. Sukuk rating or rating is an important evaluation material in the source of information and signals regarding opportunities for debt failure and the risk of the company becoming an issuer. For investors who want to invest in bonds, the Sukuk rating can benefit from knowing the returns obtained along with the risks borne. This is an important basis because the better the ranking of a Sukuk, the lower the chance of default by the issuer (Nurakhiroh et al., 2014).

Many factors influence the rating agency in rating Sukuk. However, the rating agency has absolutely stated that there is no accurate formula used in determining a company's rating. Rating agencies use a variety of factors in assessing a company's Sukuk rating. One of the factors used by rating agencies is existing accounting information. This information is provided in the form of company financial statements (Brigham & Joel, 2011). According to Kasmir (2018), "financial statement analysis is an activity carried out after the financial

statements are prepared based on relevant data, and carried out with correct accounting and assessment procedures, which will reveal the company's real financial condition." One way to find out the company's financial condition is to calculate the desired financial ratios. The ratios in this study are profitability ratios, liquidity ratios, leverage ratios, and activity ratios (Curtis, et al., 2020). The better the ratio, the higher the ranking. Qualitative factors, namely environmental factors, guarantor provisions, stability, regulations, and so on (Kadim, Sunardi, & Husain, 2020).

Also, the Sukuk structure factor can affect the rank of the Sukuk; the structure of the Sukuk in this study refers to the type of contract used when the Sukuk was made (Ibrahim, Olarewaju, & Yearwood, 2021). The results of research by Abulgasem et al. (2015) prove that the structure of the Sukuk is positively related to the rank of the Sukuk. This means that the Sukuk structure can provide the information needed to predict the Sukuk rating process and has the ability to explain Sukuk ratings.

From January 2018, Sharia Capital Market Statistics data, released by the Financial Services Authority. The first Sukuk listed on the Indonesia Stock Exchange was the Sukuk of PT. Indosat Tbk. in September 2002 using a mudharabah agreement worth 175 billion, which was well responded to by the market. The basis for the fatwa used to issue mudharabah bonds at that time was the DSN-MUI fatwa No.32/DSN-MUI/IX/2002 concerning Sharia Bonds and fatwa No. 33/DSN- MUI/IX/2002 concerning Mudharabah Sharia Bonds. Since then, Sukuk has been developed in the Indonesian capital market and has been followed until now. Until January 2018, the total value of Sukuk in circulation was 15.740 trillion rupiahs. Based on Financial Services Authority Circular Letter 37/SEOJK.03/2016 concerning Rating and Rating Agencies Recognized by the Service Authority. Finance in Indonesia is PT. Fitch Ratings Indonesia and PT. Indonesian Securities Rating Agency. This study uses PT Pemeringkat Efek Indonesia, better known as PEFINDO as a reference in determining Sukuk ratings, because PEFINDO has given ratings to more than 500 companies local governments. Also, PEFINDO has rated capital market instruments such as bonds, Sukuk, medium-term notes. PEFINDO is also a market leader rating agency in Indonesia and a rating and rating agency listed on the Indonesia Stock Exchange (IDX). Using the rating given by PEFINDO, it is hoped that this research can cover most of the Sukuk that have been issued in Indonesia.

This study refers to the research of Abulgasem et al. (2015), Zhou, Li, & Chen (2021), and Nuggroho (2021), which give the results that the Sukuk structure and corporate governance have a positive and significant effect on the Sukuk rating. The difference between this study and the research of Abulgasem et al. This research was conducted with the object of Sukuk owned by companies listed on the DES (Sharia Securities List) in the most recent period and a longer observation year (5 years), with the hope of describing the current condition of the phenomenon that is the theme This research is the Sukuk ranking, and the results of this study are more actual than previous studies.

LITERATURE REVIEW

1. Sukuk

According to the Fatwa of the MUI National Sharia Council (DSN) Number: 32/DSN-MUI/IX/ 2002, Sukuk are long-term securities based on sharia principles issued by companies (issuers) to Sukuk holders who are Sukuk in the form of profit-sharing/margin/fee and repay the bond funds at maturity. There are several types of contracts that can be used in the issuance of sukuk, namely: *Ijarah, Murabahah, Salam, Istishna', Musyarakah, Mudharabah, Wakalah, Muzara'ah, Musaqah* (Manan, 2015).

A rating agency uses three main components to determine a bond rating. First is the issuing company's ability to fulfill its financial obligations as agreed. The second is the structure and various provisions that are regulated in debt securities. The third is the protection provided and the position of claims from the holders of the debt securities in the event of dissolution/liquidity and other laws that affect the rights of creditors. Sukuk is a partial ownership in a debt (Sukuk *Murabahah*), an asset (Sukuk al *Ijarah*), a project (Sukuk *Musyarakah*) or an investment (Sukuk al Istithmar). Sukuk is Arabic for financial certificates but can be interpreted as the equivalent of Islamic bonds. Despite its distinct nature and strict regulation by sharia restrictions, Sukuk attracts international investors due to its compatibility with conventional securities structures. However, the versatility of this product makes it applicable to all types of legitimate assets that can generate a predictable income stream (Huda & Nasution, 2014).

One of the Sukuk ratings made by PT. PEFINDO in table 1 below:

Table 1. Interpretation of Sharia Instrument Ratings by PEFINDO

Symbol	Ranking of Long-Term Sharia Instruments
idAAA(sy)	The instrument with the highest rating. Issuer ability to meet its long-term financial commitments on Islamic funding contracts is superior relative to other Indonesian issuers.
idAA(sy)	Differs only slightly from the highest rank. The issuer's ability to meet its long-term financial commitments on the sharia financing contract, relative to other Indonesian issuers, is very strong
idA(sy)	Indicates that the issuer's ability to comply the long-term financial commitment in the Islamic financing contract relative to other Indonesian issuers is strong. However, it is more likely to be affected by adverse changes in economic conditions and conditions than an instrument with a higher rating.
idBBB(sy)	Indicates adequate protection parameters, however worsening economic conditions or changing circumstances will more likely undermine the issuer's ability to meet the long-term financial commitments of the sharia financing contract relative to other Indonesian issuers.
idBB(sy)	Indicates slightly weak protection parameters. The ability to meet its long-term financial commitments under the sharia financing contract

Symbol	Ranking of Long-Term Sharia Instruments
	relative to other Indonesian issuers will be greatly affected by adverse circumstances due to business, financial or economic uncertainty.
idB(sy)	Indicates weak protection parameters. The ability to meet long-term financial commitments under Islamic financing contracts, relative to other Indonesian issuers, will likely be weakened bad business, financial or economic conditions.
idCCC(sy)	Prone to default, and subject to repair the business and financial condition of the issuer to meet its long-term financial commitments in the sharia financing contract.
idD(sy)	when experiencing default at the first time over long-term financial commitments in the funding contract. An exception is granted for delays when the payment occurs within the grace period, or the postponement of payment is made in the context of resolving a commercial dispute which is deemed feasible.

Source: Pefindo (2015)

The characteristics and terms of Sukuk are a substitute for the previous term, which uses the term bond, where the term bond has the meaning of loan (debt); by adding Islamic, the meaning is contradictory because usually, the underlying mechanism of debt (loan) is interesting. In contrast, in Islam, that interest includes usury which is prohibited (Manan, 2009). Abu Hanifa and his student Abu Yusuf believed that the sale of something/property that the seller has not received is clear that its physical existence (where it can be checked) is allowed. So this is where the foundation of an instrument called the Sukuk in this modern century began.

Previous literature has found that choosing a Sukuk listed on the Indonesian Sharia Stock Exchange can be profitable because it is free of interest. This can be done using technical analysis (Basrowi, Fauzi, & Utami, 2020). Building a digital technology-based strategic planning model can also significantly support the sustainability of the Islamic capital market industry (Basrowi & Utami, 2020).

2. Financial Ratio

Financial statement analysis is an activity carried out after the financial statements are prepared based on relevant data, and carried out with correct accounting and assessment procedures, which will reveal the company's actual financial condition. Financial ratio analysis is one of the techniques in analyzing financial statements to assess the financial performance of a company by connecting the various estimates contained in the financial statements in the form of financial ratios that explain to the analyst about the state or financial position of a company (Fahmi, 2014).

According to IAI (2014), PSAK1 financial report format consists of four forms of financial statements consisting of balance sheet financial statements, profit and loss financial statements, changes in equity, and cash flow financial statements, plus complementary financial statements in the form of notes to financial statements.

Financial statements form the basis for understanding the company's financial position, and for assessing the company's past financial performance and prospects for the future. Financial reports have the ability to clearly present the financial health of the company in order to provide informative business decisions (Harahap, 2013).

Financial ratio analysis begins with basic financial statements, namely from a balance sheet, income statement, and cash flow statement. The calculation of financial ratios will become clearer if it is linked, among other things, by using the company's historical pattern, the money is seen in the calculation for several years to determine whether the company is improving or worsening, or making comparisons with other companies in the same industry (Fahmi, 2015).

The literature states that there is an effect of financial ratios on an increase in the percentage of the company income. An increase in the profit to growth ratio makes the company's performance even better (Nugraha, Puspitasari, & Amalia, 2020). More deeply, to characterize a company's economic and financial status, stakeholders need to make more informed decisions. It should be noted that higher income in the company allows an increase in the company's financial performance (Rodridues & Rodrigues, 2018).

3. Corporate Governance

Good Corporate Governance can briefly be interpreted as a set of systems that regulate and control the company to create value-added for stakeholders. Good Corporate Governance can be defined as the structures, systems, and processes used by company organs to provide added value to the company in a sustainable manner in the long term. By still paying attention to the interests of other stakeholders, based on prevailing laws and norms (Arief, 2009).

According to The Indonesian Institute for Corporate Governance in GCG from a Knowledge, Perspective is; a. maintains the company's going concerned; b. increase company value and market confidence; c. reduces agency cost and cost of capital; d. improves performance, efficiency, and services to stakeholders; and e. protect organs from political intervention and lawsuits, and f. assisting the realization of a good corporate citizen. Therefore, the implementation of good corporate governance also provides benefits to company organs and members in supporting the achievement of company performance, fulfilling accountability, reducing agency costs, maintaining independence and professionalism of company organs and members, fulfilling compliance, managing risk, and other matters. Have an impact on the sustainability of the company and create ethical, fair and dignified work relationships (IIGC, 2010).

Previous studies have found that improving the quality of corporate governance hurts financial leverage. More deeply, in terms of company performance, it shows that financial leverage significantly reduces financial performance, especially when the

economy is in decline. And this can be balanced with the quality of good and sustainable corporate governance (Zhou, Li, & Chen, 2021; Nugroho, 2021).

RESEARCH METHOD

This study uses a quantitative method of Sukuk rating, the dependent variable in the Sukuk ranking study with an ordinal scale. An ordinal scale is given to indicate the level of the data, but the distance between the data is not clear. The level of data referred to here is the Sukuk rank rated by PT Pefindo. The measurement used to assess the Sukuk rating is divided into 2 categories of Sukuk ratings, namely, investment grade (AAA, AA) and low investment grade (A, BBB, BB, B, CCC, D). The financial ratios in this study are profitability ratios, liquidity ratios, leverage ratios, and activity ratios. The measurement of the implementation of Good Corporate Governance (GCG) is carried out using the calculation of the effectiveness of the board of commissioners using several indicators, namely activity, size, independence, and competence of the board of commissioners. The sample in this study is sukuk issued by companies listed on the Sharia Securities List for the period 2014 to 2018. A total of 34 Sukuk issued by companies listed on the Sharia Securities List during the study period became the population in this study. Purposive sampling was used as the method. Sampling, namely with certain criteria and considerations in order to obtain 15 samples for 5 years of observation, and obtained a final sample of 75 observational data. There are only 5 Sukuk items that have a mudharabah category structure with 3 idA- and 2 idA ratings, and the remaining 70 Sukuk items have an ijarah category. In addition, the rating that has the most frequency is AAA with 34 frequencies and the overall rating has an ijarah structure. In addition, there are 15 idD ratings that have an ijarah structure.

The data used in this research is secondary data from the Indonesia Stock Exchange website (www.idx.co.od), the Financial Services Authority (www.ojk.go.id), and the Pefindo website (www.pefindo.com). This study uses logistic regression model equations to examine the effect of financial ratios, namely profitability ratios, liquidity ratios, leverage ratios, and activity ratios, Sukuk structure, and corporate governance on variables. dependent, namely the Sukuk rank.

RESULTS AND DISCUSSION

1. **Result**

To provide an overview and information about the research variables data, descriptive statistical tables were used. Descriptive statistical data serves to meet the characteristics of the sample used.

Return on asset (ROA) - This ratio measures the extent to which the company's ability to generate profits from the assets used in the company. The following will present descriptive statistics on the return on assets of the companies in the research sample.

Table 2. Descriptive Statistics of Return on Assets (ROA)

No	KODE	Return on asse (ROA)				
		2014	2015	2016	2017	2018
1	SMRA	0,101	0,057	0,029	0,023	0,030
2	ISAT	-0,035	0,011	-0,010	0,026	-0,039
3	ISAT	-0,035	0,011	-0,010	0,026	-0,039
4	SMRA	0,101	0,057	0,029	0,023	0,030
5	SMRA	0,101	0,057	0,029	0,023	0,030
6	PPLN	0,019	0,005	0,008	0,003	0,008
7	PPLN	0,019	0,005	0,008	0,003	0,008
8	PPLN	0,019	0,005	0,008	0,003	0,008
9	ADHI	0,070	0,053	0,043	0,049	0,056
10	ISAT	-0,035	0,011	-0,010	0,026	-0,039
11	PPLN	0,019	0,005	0,008	0,003	0,008
12	PPLN	0,019	0,005	0,008	0,003	0,008
13	BLTA	-0,058	0,019	-0,169	-0,107	0,076
14	BLTA	-0,058	0,019	-0,169	-0,107	0,076
15	BLTA	-0,058	0,019	-0,169	-0,107	0,076
	Max	0,101	0,057	0,043	0,049	0,076
	Min	-0,058	0,005	-0,169	-0,107	-0,039
	Rerata	0,018	0,024	-0,020	-0,004	0,023

Source: data processed, 2020

Based on table 2. the average ROA value of the companies that were the research samples during 2014-2018 had the lowest value in 2016, which was -0.020, and the company PT. Berlian Laju Tanker Tbk has the lowest ROA value with a value of -0.169, while the largest average ROA is owned by PT. Summarecon Agung Tbk in 2014 with a value of 0.101.

Current ratio - In this study, the ratio used to measure liquidity is the current ratio (CR). The following will present descriptive statistics of the current ratio of companies that were research samples in 2014-2018.

Table 3. Descriptive Statistics of the current ratio

No	KODE	Current Ratio				
		2014	2015	2016	2017	2018
1	SMRA	0,631	0,605	0,485	0,683	0,688
2	ISAT	2,461	2,022	2,364	1,709	2,661
3	ISAT	2,461	2,022	2,364	1,709	2,661
4	SMRA	0,631	0,605	0,485	0,683	0,688
5	SMRA	0,631	0,605	0,485	0,683	0,688
6	PPLN	1,025	1,514	1,205	1,483	1,392
7	PPLN	1,025	1,514	1,205	1,483	1,392
8	PPLN	1,025	1,514	1,205	1,483	1,392
9	ADHI	0,768	0,641	0,773	0,711	0,746
10	ISAT	2,461	2,022	2,364	1,709	2,661

No	KODE	Current Ratio				
		2014	2015	2016	2017	2018
11	PPLN	1,025	1,514	1,205	1,483	1,392
12	PPLN	1,025	1,514	1,205	1,483	1,392
13	BLTA	2,598	1,010	0,928	1,500	1,622
14	BLTA	2,598	1,010	0,928	1,500	1,622
15	BLTA	2,598	1,010	0,928	1,500	1,622
	Max	2,598	2,022	2,364	1,709	2,661
	Min	0,631	0,605	0,485	0,683	0,688
	Rerata	1,598	1,321	1,281	1,344	1,580

Source: data processed, 2020

Based on table 3. the average value of the current ratio (CR) for the entire observation year (2014-2018) has the highest value of 1.598 in 2014, while the lowest average value occurred in 2016, with the highest CR value for the entire observation year owned by PT. Indosat

Debt to Equity Ratio (DER) - The solvency ratio used in this study is the debt to equity ratio (DER). The following will be presented descriptive statistics of the debt to equity ratio (DER) of the companies that were the research samples in 2010-2018.

Table 4. Descriptive Statistics Debt to Equity Ratio (DER)

No	KODE	Debt to Equity Ratio (DER)				
		2014	2015	2016	2017	2018
1	SMRA	1,474	1,491	1,549	1,593	1,571
2	ISAT	2,751	2,971	2,764	2,768	2,954
3	ISAT	2,751	2,971	2,764	2,768	2,954
4	SMRA	1,474	1,491	1,549	1,593	1,571
5	SMRA	1,474	1,491	1,549	1,593	1,571
6	PPLN	2,666	0,633	0,447	0,535	0,609
7	PPLN	2,666	0,633	0,447	0,535	0,609
8	PPLN	2,666	0,633	0,447	0,535	0,609
9	ADHI	4,991	2,247	2,682	3,827	3,792
10	ISAT	2,751	2,971	2,764	2,768	2,954
11	PPLN	2,666	0,633	0,447	0,535	0,609
12	PPLN	2,666	0,633	0,447	0,535	0,609
13	BLTA	-1,587	1,747	1,345	1,543	1,463
14	BLTA	-1,587	1,747	1,345	1,543	1,463
15	BLTA	-1,587	1,747	1,345	1,543	1,463
	Max	4,991	2,971	2,764	3,827	3,792
	Min	-1,587	0,633	0,447	0,535	0,609
	Rerata	1,952	1,688	1,541	1,753	1,787

Source: data processed, 2020

Based on table 4. the value of debt to equity ratio during the observation year, the lowest value was owned by the company Berlian Laju Tanker Tbk in 2014 of -1,587 this

is because in that year BLTA had negative equity while the highest value was DER owned by PT. Adhi Karya Tbk in 2014 amounted to 4.991, with the highest average value occurring in 2014 valued at 1.952

Total Assets Turnover - The activity ratio that will be used in this research is Total Assets Turnover (TAT). The following will be presented descriptive statistics of the Total Assets Turnover of the companies that were the research samples in 2010- 2018.

Table 5. Descriptive Statistics of Total Assets Turnover (TAT)

No	KODE	Total Assets Turnover				
		2014	2015	2016	2017	2018
1	SMRA	0,363	0,300	0,259	0,242	0,243
2	ISAT	0,452	0,483	0,574	0,591	0,435
3	ISAT	0,452	0,483	0,574	0,591	0,435
4	SMRA	0,363	0,300	0,259	0,242	0,243
5	SMRA	0,363	0,300	0,259	0,242	0,243
6	PPLN	0,485	0,165	0,175	0,191	0,183
7	PPLN	0,485	0,165	0,175	0,191	0,183
8	PPLN	0,485	0,165	0,175	0,191	0,183
9	ADHI	0,827	0,560	0,552	0,553	0,503
10	ISAT	0,452	0,483	0,574	0,591	0,435
11	PPLN	0,485	0,165	0,175	0,191	0,183
12	PPLN	0,485	0,165	0,175	0,191	0,183
13	BLTA	0,258	0,017	0,166	0,250	0,269
14	BLTA	0,258	0,017	0,166	0,250	0,269
15	BLTA	0,258	0,017	0,166	0,250	0,269
	Max	0,827	0,560	0,574	0,591	0,503
	Min	0,258	0,017	0,166	0,191	0,183
	Rerata	0,456	0,272	0,312	0,334	0,298

Source: data processed, 2020

Based on table 5 the total asset turnover value in all observation years has the highest average value in 2014 of 0.456 with PT. Adhi Karya Tbk which has the highest TAT value of 0.827 in all years of observation. Meanwhile, the lowest value is owned by the company Berlian Laju Tanker Tbk in Year 2015 with a TAT value of 0.017.

The measurement of the implementation of Good Corporate Governance (GCG) is done by using the calculation of the effectiveness of the board of commissioners using several indicators, namely activity, size, independence, and competence of the board of commissioners. The following will present descriptive statistics of the application of Good Corporate Governance in the 2014-2018 research sample.

Table 6. Descriptive Statistics of Good Corporate Governance (GCG).

No	KODE			Indeks GCG		
		2014	2015	2016	2017	2018
1	SMRA	0,500	0,500	0,500	0,500	0,500
2	ISAT	0,833	0,833	0,750	0,917	0,917
3	ISAT	0,833	0,833	0,750	0,917	0,917
4	SMRA	0,500	0,500	0,500	0,500	0,500
5	SMRA	0,500	0,500	0,500	0,500	0,500
6	PPLN	0,750	0,833	0,833	0,833	0,833
7	PPLN	0,750	0,833	0,833	0,833	0,833
8	PPLN	0,750	0,833	0,833	0,833	0,833
9	ADHI	0,750	0,833	0,833	0,833	0,833
10	ISAT	0,750	0,750	0,667	0,833	0,833
11	PPLN	0,750	0,833	0,833	0,833	0,833
12	PPLN	0,750	0,833	0,833	0,833	0,833
13	BLTA	0,667	0,667	0,667	0,583	0,583
14	BLTA	0,667	0,667	0,667	0,583	0,583
15	BLTA	0,667	0,667	0,667	0,583	0,583
	Max	0,833	0,833	0,833	0,917	0,917
	Min	0,500	0,500	0,500	0,500	0,500
	Rerata	0,691	0,721	0,706	0,725	0,725

Source: data processed, 2020

Based on table 6. the largest GCG index value throughout the observation year was owned by the company PT. Indosat Ooreedo Tbk with a value of 0.917 which occurred in 2017 and 2018, while the GCG index is the lowest owned by the company PT. Summarecon Agung Tbk with a value of 0.5, which occurred in all years of research.

The following is a table that states the results of the test results for the distribution of structure data and the ranking of sukuk in this study.

Table 7 Sukuk Rating Frequency and Sukuk Structure

Count

		Struktur		Total
		Mudharabah	Ijarah	
Peringkat	idD	0	15	15
	idA-	3	0	3
	idA	2	0	2
	idA+	0	15	15
	idAA	0	3	3
	idAA+	0	3	3
	idAAA	0	34	34
Total		5	70	75

Source: data processed, 2020

Based on table 7, it can be seen from the 75 observation items that only 5 sukuk have a mudharabah category structure with 3 idA- and 2 idA ratings, and the remaining 70 sukuk items have an ijarah category. In addition, the rating that has the most frequency is idAAA with 34 frequencies and the overall rating has an ijarah structure. In addition, there are 15 idD ratings that have an ijarah structure

Ooreedo Tbk which occurred in 2018 was valued at 2,661. Testing the overall fit model is carried out by using the test of the –2 log-likelihood value. A low -2 log-likelihood value indicates that the model will be more fit. The results of the overall fit model test are obtained as follows:

Table 8. Determination Coefficient Test Results (Nagelkerke R. Square)

Model Summary

Step	-2 log likelihood	Cox & Snell R Square	Nagelk erke R Square
1	44,624[a]	,545	,727

a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found

Source: data processed, 2020

The final –2 log-likelihood score is 44,642. This allows a relationship between the independent variable and the dependent variable. Also, in Table 4.9, there are two measures of R square, namely Cox & Snell R Square and Nagelkerke R Square. Cox & Snell R Square uses a maximum value of less than 1, so it is difficult to interpret. Nagelkerke R Square modification of Cox & Snell R Square with values varying from 0 to 1. The value of Nagelkerke R Square is 0.727; this means that independent variables can influence 72.7% of the high and low category of Sukuk ratings. in this study and the remaining 27.3% is explained by other variables outside the research model.

The overall regression coefficient significance test of the 6 predictors as a whole was carried out using the omnibus test of model coefficient. Here are the overall test results

Table 9. Omnibus Test Of Model Coefficient

		Chi-square	**df**	**Sig.**
Step 1	Step	58,997	6	,000
	Block	58,997	6	,000
	Model	58,997	6	,000

Source: data processed, 2020

Table 9. shows the results of the omnibus test of the model coefficient test, it is found that the chi square value (decrease in the value of -2 log likelihood) is 58.997 with a significant value of 0.000, with a significant value less than 0.05, it can be concluded that together the ranking sukuk in sukuk issued by companies listed on the Sharia Securities List in 2014-2018 can be predicted by the 6 predictors in the model. This means that the joint use of independent variables, namely profitability ratios, liquidity ratios, leverage ratios, and activity ratios, sukuk structures and corporate governance can explain the occurrence of sukuk ratings on sukuk issued by companies listed on the Sharia Securities List in 2014. -2018, thus the hypothesis in this study which reads "Financial Ratios, Sukuk Structure and Corporate Governance together have an effect on the sukuk rating" is supported

Testing the effect of the independent variables partially on the dependent variable was carried out using the Wald test and the chi square approach was obtained as follows:

Table 10. Partial Test (Wald Test)

Variables in the Equatioon

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1	ROA	242,283	113,044	4,594	1	,032	2E+105
	CR	2,276	1,992	1,305	1	,253	9,737
	DEF	1,133	1,795	,398	1	,528	3,104
	TAT	-13,155	12,175	1,168	1	,280	,000
	Struktur(1)	15,672	16190,994	,000	1	,999	6403296
	GCG	2,992	8,127	,136	1	,712	20.014
	Constant	-6,544	5,548	1,392	1	,238	,001

a. Variable(s) entered on step 1: ROA, CR, DER, TAT, Struktur, GCG

Source: data processed, 2020

Based on the results of the calculations in table 10, it has the following explanation:

a. The results of testing the profitability ratio variable (ROA) to the Sukuk rating are based on the Wald value obtained at 4.594 with a significant value of 0.032. The significant value of the ROA variable (0.032) <0.05 so that indicates a significant influence of the ROA variable on the Sukuk ranking, with a coefficient value of 242.283, these results provide evidence that the profitability ratio variable (ROA) has a positive effect on the Sukuk ranking, hence the hypothesis that states that "the profitability ratio affects the Sukuk rating," is supported.

b. The test results of the liquidity ratio (CR) variable to the Sukuk rating are based on the Wald value obtained at 1.305 with a significant value of 0.253. These results provide evidence that the liquidity ratio (CR) variable does not affect the Sukuk rating, so the hypothesis states "The liquidity ratio affects the Sukuk rating" is not supported.

c.   The test results of the leverage ratio variable (DER) on the Sukuk rating are based on the Wald value obtained at 0.398 with a significant value of 0.528. These results provide evidence that the leverage ratio (DER) variable does not affect the Sukuk rating, so the hypothesis states "the leverage ratio affects the Sukuk rating" is not supported.

d.   The results of testing the activity ratio variable (TAT) to the Sukuk rating are based on the Wald value obtained at 1.168 with a significant value of 0.280. These results provide evidence that the activity ratio variable (TAT) does not affect the Sukuk rating, so the hypothesis states "the activity ratio affects the Sukuk rating" is not supported.

e.   The test results of the Sukuk structure variable on the Sukuk rating based on the Wald value were 0,000 with a significant value of 0.999. These results provide evidence that the Sukuk structure variable does not affect the Sukuk rating, so the hypothesis which states "Sukuk structure affects the Sukuk rating" is not supported.

The results of testing the profitability ratio variable (ROA) to the Sukuk rating are based on the Wald value obtained at 4.594 with a significant value of 0.032. The significant value of the ROA variable (0.032) <0.05 so that indicates a significant influence of the ROA variable on the Sukuk ranking, with a coefficient value of 242.283, these results provide evidence that the profitability ratio variable (ROA) has a positive effect on the Sukuk ranking, hence the hypothesis that states that "the profitability ratio affects the Sukuk rating," is supported.

DISCUSSION

1.   The influence of Financial Ratios, Sukuk Structure and Corporate Governance on Sukuk Ratings

Based on the results of hypothesis testing on the omnibus test of model coefficient, it is found that the significant value is 0.000, with a significant value less than 0.05, it can be concluded that together the financial ratios, sukuk structure and corporate governance have an effect on the sukuk rating. This shows that financial ratios, namely profitability ratios, liquidity ratios, leverage ratios, and activity ratios as well as the structure of sukuk and corporate governance together have an effect on the sukuk rating.

Sukuk are issued under clear sharia principles. The research results show that together the financial ratios, Sukuk structure, and corporate governance affect the Sukuk rating; these results illustrate that the better the company's financial ratios, the more activities the company carries out. The more activities a company carries out with a corporate governance mechanism can increase investors' trust and expectations in investing in the company, the higher the company's Sukuk rating will be (Mujiati & Datien, 2019; Saad, Haniff, Ali, 2020).

The results of this study are in line with Mardiah's (2016) research, proving that all independent variables, namely Liquidity, Productivity, and Leverage, have an effect on the Sukuk rating, both partially and simultaneously, as well as Kiaee & Soleimani's research (2019) which shows that the company's Sukuk structure can provide a good contribution to the Sukuk rating, and research by Paranandhi and Haryanto (2013) which shows that corporate governance has a positive and significant effect both simultaneously and partially on bond ratings.

2. **The Influence of Financial Ratios on Sukuk Ratings**

Based on the calculation results, it can be seen that partially or individually for financial ratios, only the profitability ratio variable influences the Sukuk rating. The test results indicate that the better the profitability of the Sukuk issuing company, the higher the Sukuk rating. These results also illustrate that knowing the benefits shown in the profitability ratio can plan investment against the Sukuk rank; Islam teaches its followers to carry out religious rituals, which are often called worship and also teaches how to carry out economic activities and manage assets. Islamic financial planners try to carry out the maximum exploration so that investment and financial management procedures comply with the laws stipulated in the Al-Quran and Hadith. Meanwhile, other financial ratio variables, namely liquidity ratio, leverage ratio, and activity ratio, do not influence the Sukuk rating. The results of this study contradict the results of research by Malia and Andayani (2015), which provide evidence that simultaneously or partially, there is an effect of liquidity, profitability, and leverage on the Sukuk rating.

The results of the study, which provide evidence of no influence, indirectly show that the high or low debt-to-equity ratio that describes the company's funding sources cannot predict the Sukuk rating accurately. Total debt that is higher than total equity does not always indicate a company's poor financial performance. A larger source of funding comes from debt; if the company can allocate optimal funding for assets, it will generate greater income. If the company's income is large, the company can be willing to pay the Sukuk nominal and fee (Rahmawati, 2020). This result also means that high leverage does not necessarily lead to a low Sukuk rating.

3. **The Influence of Sukuk Structure on Sukuk Ratings**

Based on the results of hypothesis testing on logistic regression, a significance value of 0.999 was obtained. The level of significance in this variable is greater than 0.05 (0.999> 0.05), thus H6 is rejected. This indicates that the sukuk structure has no significant effect on the sukuk rating. The results that do not have an effect are in line with the research of Malia and Andayani95, only the liquidity and solvency variables have an effect on the sukuk rating, while the productivity, structure and profitability variables have no effect on the sukuk ranking. The results that do not have an effect are in line with the research of Malia and Andayani (2012), only the liquidity and solvency variables

have an effect on the Sukuk rating, while the productivity, structure, and profitability variables have no effect on the Sukuk rating.

The Sukuk structure that does not have a significant effect on the Sukuk rating, it is possible that in giving a rating agency rating for registered Sukuk, it tends to pay more attention to the company's financial factors and the company's ability to pay the Sukuk nominal in full, and the company's timeliness of paying the nominal Sukuk at maturity and not looking at it. on the type of Sukuk structure issued (Ahmed, Islam, & amran, 2019; Qizam, 2021).

This means that neither the Sukuk ijarah nor the Sukuk mudharabah issued do not affect the Sukuk rating. So the Sukuk ijarah issued does not guarantee that the Sukuk has a high rating. Likewise, the type of Sukuk mudharabah issued does not necessarily have a low Sukuk rating.

4. The Influence of Corporate Governance on the Sukuk Rating

Based on the results of hypothesis testing on logistic regression, the significance value of corporate governance is 0.712. The level of significance in this variable is greater than 0.05 (0.712> 0.05), thus H7 is rejected. This shows that the implementation of corporate governance does not have a significant effect on the sukuk rating. These results are similar to the results of research conducted by Setyapurnama and Norpratiwi (2012), which proved that not all corporate governance elements affect Sukuk rankings. These results also explain that the implementation of corporate governance as measured by the size of the effectiveness of the board of commissioners in the company does not significantly affect the Sukuk rating.

The implementation of good corporate governance intends to take new values, beliefs, and basic assumptions from things that are characterized as non-transparent, unfair, unclear accountability and responsibility into new things that are characterized by the main principles: transparency, accountability, responsibility, independence, and fairness (Muhammad & Aisyah, 2021).

As a rule that must be implemented, Sukuk issuers prohibit all levels consisting of the Board of Commissioners, Board of Directors, and all work units from carrying out transactions that are against the law and the principles of Good Corporate Governance, but this is only done to comply with legal requirements. a situation where the proportion of independent boards of commissioners is low may result in the independent board of commissioners not or not being able to dominate the policies taken by the board of commissioners globally. If the independent commissioner has a majority vote of more than half of the total number of commissioners, it is possible that the independent commissioner will be more effective in carrying out the role of monitoring and supervision in the company.

CONCLUSION

This study aims to determine the effect of financial ratios, Sukuk structure, and corporate governance on the rankings of Sukuk issued by companies listed on the Sharia Securities List for 2014-2018. The financial ratios used in this study are profitability ratios, liquidity ratios, leverage ratios, and activity ratios. At the same time, corporate governance is calculated using the calculation of the effectiveness of the board of commissioners using several indicators, namely activity, size, independence, and competence of the board of commissioners. The research results prove that only the profitability ratio variable influences the Sukuk rating. Meanwhile, other variables, namely liquidity ratio, leverage ratio, activity ratio, Sukuk structure, and corporate governance, do not influence the Sukuk rating. For further researchers, it is hoped that they can add to the research period and add other independent variables to obtain various data, and it is hoped that the results will be more visible.

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