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SHARIAH INDEX PERFORMANCE EVALUATION: STOCK ANALYSIS BASED ON THE FREE FLOAT RATIO IN ISSI

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ABSTRAK

Artikel ini bertujuan untuk mengevaluasi kinerja Indeks Saham Syariah Indonesia (ISSI) dengan menganalisis rasio *free float* dan dampaknya terhadap likuiditas, volatilitas, dan stabilitas harga saham. Rasio *free float* adalah indikator penting yang menggambarkan persentase saham yang dapat diperdagangkan di pasar terbuka, yang mencerminkan likuiditas dan stabilitas pasar saham. Data yang digunakan adalah data sekunder yang diperoleh dari website IDX, terdiri dari 599 saham terdaftar di ISSI untuk periode Agustus 2024. Saham dikelompokan berdasarkan tingkat likuiditas tinggi dan rendah, serta menganalisis status saham (naik, turun, dan tetap). Hasil penelitian menunjukkan bahwa sebagian besar saham dalam ISSI memiliki rasio *free float* relatif rendah, dengan rata-rata 24.28%, yang menunjukkan likuiditas yang terbatas. Selain itu, analisis volatilitas mengungkapkan bahwa saham dengan likuiditas tinggi cenderung lebih stabil dibandingkan saham dengan likuiditas rendah. Saham dengan status "Tetap" mendominasi dalam indeks, sementara saham dengan status "Naik" dan "Turun" relatif lebih sedikit. Artikel ini memberikan wawasan penting bagi investor dalam memilih saham berdasarkan likuiditas dan volatilitas, serta bagi regulator pasar modal dalam meningkatkan transparansi dan stabilitas pasar saham syariah di Indonesia. Faktor rasio *free float* dapat menjadi acuan yang relevan dalam mengevaluasi kinerja saham di pasar modal syariah.

Kata Kunci: ISSI; Indeks Saham Syariah Indonesia; Saham Syariah; Rasio Free Float; Volatilitas

ABSTRACT

This article aims to evaluate the performance of the Indonesian Sharia Stock Index (ISSI) by analyzing the free float ratio and its impact on liquidity, volatility, and stock price stability. The free float ratio is an important indicator that describes the percentage of shares that can be traded in the open market, reflecting the liquidity and stability of the stock market. The data used is secondary data obtained from the IDX website, consisting of 599 stocks listed on the ISSI for August 2024. Stocks are categorized based on their high and low liquidity levels, and their stock status is analyzed (rising, falling, or stable). The results show that most stocks in the ISSI have a relatively low free float ratio, with an average of 24.28%, indicating limited liquidity. Furthermore, volatility analysis reveals that stocks with high liquidity tend to be more stable than stocks with low liquidity. Stocks with a "Stable" status dominate the index, while stocks with "Rising" and "Declining" status

are relatively few. This article offers valuable insights for investors in selecting stocks based on liquidity and volatility, as well as for capital market regulators in enhancing the transparency and stability of the Indonesian sharia stock market. The free float ratio factor can be a relevant reference in evaluating stock performance in the Islamic capital market.
Keywords: *ISSI; Indonesian Sharia Stock Index; Sharia Stocks; Free Float Ratio; Volatility.*

A. INTRODUCTION

The Indonesian capital market has experienced rapid growth in recent years, in line with increasing public awareness of the importance of investing by Sharia principles (Hikmah & Selasi, 2025). One important instrument in the Sharia capital market is the Indonesian Sharia Stock Index (ISSI), which includes stocks that meet Sharia criteria, such as not engaging in usury, gambling, and other activities prohibited in Islam (Muslih et al., 2023).

Since its launch in May 2011, the ISSI has become a primary barometer for measuring the performance of Sharia-compliant stocks in Indonesia (Pratitis & Setiyono, 2021). This index reflects the movement of all stocks included in the Sharia Securities List (DES) established by the Financial Services Authority (OJK) in collaboration with the National Sharia Council-Indonesian Ulema Council (DSN-MUI) (Kurniawan & Orinaldi, 2023). By mid-2025, the ISSI had demonstrated significant growth, both in terms of the number of constituents and market capitalization, reflecting the expansion of the sharia economy and increasing investor interest in investment instruments compliant with Islamic principles (Kamal & Thamrin, 2021).

One factor influencing stock market performance, both Sharia and conventional, is liquidity (Muarif et al., 2021). This is reflected in the free float ratio (Nurhayati & Djaddang, 2023). The free float ratio refers to the number of shares that can be freely traded on the market, specifically those not owned by controlling shareholders and not locked up for a specified period (Wijaya et al., 2024). Stocks with a high free float ratio tend to have better liquidity. This can affect stock price volatility and stability (Budiningsih et al., 2022).

The concept of free float is becoming increasingly important in modern investment analysis because it provides a more accurate representation of a stock's liquidity and market accessibility. The Indonesia Stock Exchange (IDX) has implemented the free float factor in its index calculations for the past few years, following the practice adopted by major global exchanges such as MSCI, FTSE, and S&P (Putri et al., n.d.). This approach is believed to produce an index that is more representative of actual market conditions (Rahmiyati & Anggrahito, 2023).

Numerous studies have been conducted on the effect of the free float ratio on stock market performance. One study, "The Effect of Free Float and Volatility on Stock Liquidity in Sharia Indices on the IDX," showed that the free float ratio also affects the liquidity of sharia stocks in several sharia indices on the IDX (Nailufar, 2024). Many other studies have also been conducted on stock performance in the ISSI, although they do not specifically utilize the free float ratio. A study titled "Analysis of Macroeconomic Factors Affecting Sharia Stock Prices in Indonesia" found the influence of macroeconomic variables (IPI, inflation, exchange rates) on sharia stock prices (Karni & Wiliasih, 2018).

The analysis of the free float ratio becomes increasingly relevant given the unique characteristics of Sharia stocks (Vidiati et al., 2024). Many sharia issuers are companies with concentrated ownership or have a significant portion of their shares held by long-term institutional investors. This can affect their free float levels. This condition has the potential to influence the trading dynamics of sharia stocks and ultimately impact the overall performance of the ISSI (Aryani & Fathoni, 2024).

This article aims to investigate the impact of stock liquidity, as measured by the free float ratio, on the performance of the ISSI index, with a focus on volatility, returns, and index stability. The data used in this study covers August 2024. Through a comprehensive analysis of historical data, trading patterns, and the characteristics of ISSI constituents, this study aims to provide valuable insights for investors, regulators, and academics on the factors influencing the dynamics of the Islamic capital market in Indonesia.

The results of this analysis can be used to develop more efficient Islamic investment strategies and refine the methodology for calculating Islamic indices, thereby better reflecting market realities. Thus, it is hoped that this will support the sustainable growth of the Islamic capital market ecosystem in Indonesia, which is a crucial pillar in the development of the Islamic economy as a whole.

B. RESEARCH METHOD

This study uses secondary data related to the stock index data listed on the Indonesian Stock Exchange (ISSI), specifically the free float ratio. The data was taken from the IDX website, www.idx.co.id. The data used was for the period August 2024. It includes stock prices and the proportion of freely tradable shares (free float) in the market. The stocks analyzed consisted of 599 stocks listed on the ISSI. This study uses a quantitative approach with categorical-based comparative analysis (Fracasso, 2021). The stock sample is classified into several categories and then compared based on specific characteristics (Sharon L. Lohr, 2020).

This approach divides the research sample into two categories based on a free float ratio threshold of 0.5 (50%), then compares the characteristics between the two groups to identify significant differences. The strength of this method lies in its ease of interpretation and its ability to identify apparent differences between categories.

The analysis is conducted by comparing stocks in the ISSI based on their free float ratios, which are divided into two categories. The first category comprises stocks with a free float ratio of≥ 0.5, which tend to exhibit high liquidity (Viratama et al., 2022). The second category is stocks with a free float ratio < 0.5, which tend to have low liquidity. The average free float ratio and volatility (standard deviation) are calculated for each category to measure stock price stability and liquidity (Manurung et al., 2024). The average free float ratio is calculated to provide an overview of the level of stock liquidity in the ISSI.

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The average free float ratio is calculated using the formula:

$$Rata - rata\ rasio\ free\ float = \frac{\sum(Rasio\ Free\ Float\ Saham)}{Jumlah\ Saham}$$

C. RESULTS AND DISCUSSION

A total of 599 stocks listed on the ISSI for the August 2024 period were analyzed for their highest and lowest free float ratios. The highest free float ratio was for stock code 538, with a free float ratio of 1.0 (100% liquidity). The lowest free float ratio was for stock code 531, with a free float ratio of 0.0004 (0.04% liquidity).

The free float ratios for stocks listed on the ISSI indicate that most stocks have relatively low free float ratios. The average free float ratio was 0.2428 (24.28%). Many stocks on the ISSI have limited liquidity. Stocks with high free float ratios (≥ 50%) are fewer, accounting for only 31 out of a total of 599 listed stocks.

Two stocks with very extreme free float ratios on the ISSI are stock code 538 and stock code 531. Stock code 538 has a free float ratio of 1.0, indicating very high liquidity. Stock code 531 has a free float ratio of 0.0004, indicating very low liquidity.

The distribution of stocks based on the analyzed status shows that there are 14 stocks with a stable status, eight stocks with a declining status, and three stocks with an increasing status.

Table 1. Shares with Fixed Status

No	Stock Code	Stock Name	Free Float Ratio
1	INCO	PT. Vale Indonesia	0.2039
2	SSMS	Sawit Sumbermas Sarana	0.2171
3	TLKM	Telekomunikasi Indonesia	0.4778
4	BBNI	PT. Bank Negara Indonesia	0.4231
5	BMRI	PT. Bank Mandiri	0.5135
6	BBCA	PT. Bank Central Asia	0.3660
7	AALI	Astra Agro Lestari	0.2555
8	ISAT	PT. Indosat Tbk	0.2537
9	UNVR	Unilever Indonesia	0.4100
10	EXCL	XL Axiata	0.2789
11	ICBP	Indofood CBP Sukses Makmur	0.2109
12	GGRM	Gudang Garam	0.1812
13	CPIN	Charoen Pokphand Indonesia	0.2711
14	LPPF	Matahari Department Store	0.2203

Table 2. Stocks with Down Status

No	Stock Code	Stock Name	Free Float Ratio
1	TLKM	PT. Telekomunikasi Indonesia	0.4778
2	BBCA	PT. Bank Central Asia	0.3660
3	AALI	Astra Agro Lestari	0.2555
4	ISAT	PT. Indosat Tbk	0.2537
5	EXCL	XL Axiata	0.2789
6	GGRM	Gudang Garam	0.1812
7	ICBP	Indofood CBP Sukses Makmur	0.2109
8	CPIN	Charoen Pokphand Indonesia	0.2711

Table 3. Stocks with Up Status

No	Stock Code	Stock Name	Free Float Ratio
1	TLKM	PT. Telekomunikasi Indonesia	0.4778
2	BBCA	PT. Bank Central Asia	0.3660
3	BMRI	PT. Bank Mandiri	0.5135

Volatility analysis for both groups of stocks (high and low liquidity) reveals that stocks with high liquidity exhibit slightly higher volatility compared to those with low liquidity.

Volatility is calculated using the standard deviation formula (deviation from the average value of the free float ratio)¬

$$\text{Volatilitas} = \sqrt{\frac{\sum(X_i - \mu)^2}{n}}$$

X_i is each free float ratio value

μ is the average free float ratio

n is the number of shares

For stocks with high liquidity, the free float ratio is higher (≥ 0.5), indicating that these stocks are traded more frequently on the open market. Based on the calculation, the volatility for high-liquidity stocks is 0.1155.

For stocks with low liquidity, the free float ratio is lower (<0.5). This means that a large portion of the shares are held by controlling parties or are locked up. The calculation shows that the volatility for low-liquidity stocks is 0.1114.

Volatility = 0.1155 indicates that free float fluctuations for these stocks are relatively moderate, and their share prices are more affected by market movements. Despite some fluctuations, these stocks are relatively more straightforward to trade.

Volatility = 0.1114 indicates that the free float fluctuations for these stocks are slightly more stable, although they still exhibit price movements. These stocks are less traded, so their price movements are more limited.

An analysis of 599 stocks listed on the ISSI for the August 2024 period shows that most stocks have a low free float ratio. The average free float ratio was recorded at 24.28%. This reflects the limited level of liquidity in the Islamic stock market. Stock code 538 has the highest free float ratio of 1.0 (100%), while stock code 531 has the lowest free float ratio of 0.0004 (0.04%). Only 31 stocks with a high free float ratio (≥ 50%) out of a total of 599 stocks account for 51%. This indicates that the majority of Islamic stocks are still dominated by controlling ownership and are not widely traded freely in the market. There are 14 stocks with a stable status, eight stocks with a declining status, and three stocks with an increasing status. Several stocks are listed in more than one category due to status changes that occurred during the observation period. The volatility analysis results indicate that stocks with high liquidity exhibit a slightly higher level of fluctuation. Stocks with high liquidity have a volatility level of 0.1155. Low-liquidity stocks have a volatility of 0.1114. This indicates that stocks with a high free float tend to be more actively traded and more responsive to market movements. Meanwhile, stocks with a low free float are relatively more stable but less liquid. This finding underscores the importance of considering the free float ratio when evaluating the performance and attractiveness of Islamic stocks listed on the ISSI.

D. CONCLUSION

Based on an analysis of 599 stocks listed on the ISSI for the August 2024 period, the majority of stocks have a relatively low free float ratio, averaging around 24%, reflecting limited liquidity in the Islamic stock market. Only around 5% of stocks have a high free float ratio (≥50%), indicating concentrated ownership by controlling shareholders. There is a significant gap between the most liquid and least liquid stocks, indicating a high disparity in public ownership. Most stocks move in the stable category, while the remainder experience increases or decreases. Liquid stocks have slightly higher volatility than illiquid stocks, but the difference is relatively small. This indicates that liquidity is not the only factor influencing Islamic stock price fluctuations. PT Bank Mandiri (BMRI) shares recorded the highest free float ratio among the stocks analyzed by status, reflecting a better level of ownership transparency. These findings emphasize the importance of considering the free float ratio as an indicator in Islamic investment decision-making and encourage the need to increase public participation in share ownership to create a more liquid and efficient market.

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