

Comparison of Capital Market Reactions Before and After The Boycott of Products Due to War

Sukmawati^{1*}, Prihat Assih², Edi Subiyantoro³

¹Magister Program, Faculty of Economic and Business, University of Merdeka Malang,
Jl Terusan Raya Dieng 62-64 Malang, Indonesia

^{2,3}Fakultas Ekonomi dan Bisnis, Universitas Merdeka Malang,
Jl Terusan Raya Dieng 62-64 Malang, Indonesia

*Corresponding Author(s) Email: ssukmawati1399@gmail.com

Abstract

The capital market is affected by economic and non-economic variables. Wars and political turmoil profoundly affect stock prices in the stock market due to their strong correlation with a nation's economic stability. Product boycotts can precipitate crises for corporations, resulting in diminished sales and thus affecting the stock price performance of the impacted firms. This study analyzes the variations in anomalous returns preceding and following the declaration of war-related product boycotts for targeted firms and their non-targeted rivals. This is quantitative descriptive research. The population comprises firms registered on the Indonesian Stock Exchange from 2023 to 2024. The sample included 37 companies, obtained purposive sampling and secondary data from Yahoo Finance.com. Event research analytical techniques were used in the investigation. The Wilcoxon signed-rank test for non-normally distributed data and the paired-sample t-test for regularly distributed data were among the statistical analyses used. The findings indicate a substantial disparity in anomalous returns for enterprises subjected to boycotts before and after the declaration of war-related product boycotts. No substantial difference in anomalous returns was seen for non-boycotted rival companies before and after the announcement of war-related product boycotts.

Keywords: Abnormal Return, Event Study, Product Boycott

Article History:

Received: 2025-02-15

Revised: 2025-03-24

Accepted: 2025-05-13

Publish: 2025-06-02

DOI:

10.26905/jmdk.v13i1.15586

Licensed:

©2025 Jurnal Manajemen dan Kewirausahaan. This is an open access article distributed under the CC BY-SA 4.0 license

(<https://creativecommons.org/licenses/by-sa/4.0/>)

How to cite: Sukmawati., Assih, P., Subiyantoro, E. (2025). Comparison of Capital Market Reactions Before and After the Boycott of Products Due to War. *Jurnal Manajemen dan Kewirausahaan*, 13(1), 131-143. <https://doi.org/10.26905/jmdk.v13i1.15586>

INTRODUCTION

Both economic and non-economic factors significantly influence the stock market, as stock prices and trading volumes are closely tied to economic stability. Consequently, events such as wars and political turmoil may exert considerable impact on market performance (Sjahrir, 1995). Political events can lead to a decline in investor confidence, making the stock market increasingly sensitive to external fluctuations (Suryawijaya & Setiawan, 1998). This study examines the threat of product boycotts targeting companies associated with Israel, especially in the aftermath of the Israel-Palestine conflict, which prompted the Boycott, Divestment, and Sanctions

(BDS) movement initiated by the Palestinian National BDS Committee in 2005 (Republika, 2023). The capital market is affected by both economic and non-economic factors. Events such as wars and political instability can affect stock prices and trading volumes, given their strong linkage to economic stability (Sjahrir, 1995). Therefore, political tensions not only trigger market volatility but also amplify investor susceptibility to external shocks (Suryawijaya & Setiawan, 1998).

The danger of product boycotts against businesses seen to be associated with Israel is examined in this research, especially in light of the Israel-Palestine conflict that led to the Boycott, Divestment, and Sanctions (BDS) campaign in 2005, which the Palestinian BDS National Committee started (Republika, 2023). The BDS call intensified in October 2023, with the Majelis Ulama Indonesia (MUI) issuing a fatwa urging the public to avoid products affiliated with Israel (Kristina, 2023). These boycott actions have the potential to lead to crises for companies, such as increased employee turnover and declining revenues (McDonnell & Cobb, 2020). Moreover, boycotts can adversely affect business performance, consumer confidence, and reputation (Mulyono & Rolando, 2025). An event study analyzes fluctuations in stock values surrounding specific event dates, where a boycott may indicate adverse news that prompts a negative reaction from the capital market (Cox & Weirich, 2002; Davidson & Worrel, 1988; Feroz et al. 1991; Francis et al. 1994; Kellogg, 1984). This study aims to analyze variations in anomalous returns preceding and following the announcement of product boycotts related to conflict, enhancing market participants' comprehension of investment choices in emerging countries where product boycotts are still infrequent (Song & Han, 2017). The study questions are: Do the boycotted businesses' abnormal returns change before and after declaring a war-related product boycott, and do the competing firms that have not boycotted have different abnormal returns than the boycotted firms?

Research on the impact of product boycotts on capital market performance remains limited, particularly in developing countries. Previous studies have largely focused on market responses to political crises or corporate scandals, but few have examined boycotts driven by geopolitical conflicts (Delacote, 2009; King, 2011). Furthermore, most research on the effects of boycotts on stock prices has centered on developed markets, making this study a valuable contribution to literature in socially sensitive emerging markets. While the event study methodology has been widely applied to assess abnormal returns following specific events, its application in the context of politically motivated boycotts remains relatively novel and challenging (MacKinlay, 1997). Therefore, this research offers a fresh perspective on how capital markets react to global socio-political pressures that influence consumer behavior.

Product boycotts as a form of socio-political response are increasingly relevant in today's interconnected global business environment. Market reactions to boycott movements can serve as crucial signals for investors in managing risk. In developing countries, sensitivity to geopolitical issues may significantly affect perceptions of corporate value. Thus, empirical analysis of abnormal returns before and after boycott announcements is essential for enhancing investment strategies. This study aims to provide both theoretical insights and practical guidance for investors, regulators, and corporate managers navigating markets influenced by non-economic pressures.

LITERATURE REVIEW

Efficient Market Hypothesis

The Efficient Markets Hypothesis (EMH), introduced by Fama (1970), believes that all available market information is reflected in stock prices. When stock prices accurately represent all information accessible to the public, including financial data and exogenous events like product boycotts connected to conflict, the market is said to be efficient. Fama (1970) classifies market efficiency into three categories: weak efficiency (relying on historical data), semi-strong efficiency (utilizing all publicly accessible information), and strong efficiency (using both public and private information). This research examines modest efficacy in assessing market responses to boycott notifications. The anomalous return is the discrepancy between actual and anticipated returns, as determined by models like the Capital Asset Pricing Model (CAPM). Using the event study approach, this study predicts critical market responses in an efficient market by analyzing changes in anomalous returns before and after the boycott announcement (Mackinlay, 1997). The study of how fresh information affects stock prices is based on efficient market theory. The anomalous return is the dependent variable, whereas the boycott is the independent variable. This study demonstrates that product boycotts significantly impact a company's abnormal return. If no substantial influence is identified, the researcher must explain the rationale based on market circumstances or other pertinent considerations (Fama, 1970).

Signaling Theory

Signaling theory elucidates how shareholders evaluate a company's potential for future value enhancement depending on information provided by management. Company information offers investors indicators about the organization's financial status and commercial outlook (Brigham & Houston, 2006). When management's signal suggests favorable news, the stock price often increases. Conversely, if the signal conveys negative information, the company's stock price may decline (Sigar & Kalangi, 2019). When a corporation engages in behaviors that provoke a boycott, the market may interpret this as a detrimental signal, suggesting a decline in its reputation and

future profitability. Investors may react by divesting shares, resulting in a decrease in the company's valuation. Similarly, the company's income may decline due to diminished sales and increased expenses to counteract the impacts of the boycott (Nursetiana et al., 2025).

Market Anomalies

Market anomaly is one form of phenomenon that exists in the capital market. Market anomaly shows a phenomenon that occurs repeatedly and consistently deviates from informationally efficient market conditions (Jogiyanto, 2014). The market cannot be truly said to be efficient, because of the existence of market anomalies (irregularities) which are always associated as one form of phenomenon that disrupts the efficient market hypothesis (Saraswati et al., 2015). Anomaly is an unanticipated deviant event or incident that offers investors the opportunity to obtain abnormal returns (Tandellin, 2010).

Event Study

An event study is a research methodology that uses data from the financial markets to assess how certain events affect business value, as shown by stock prices and trading activity (Mackinlay, 1997). Dolley (1933) originally used this method to examine how stock splits affected stock prices. Event studies have been a significant part of economics journals since the 1960s (Barker, 1956; Myers & Bakay, 1948). Event studies use statistical techniques to assess how announcements or mergers affect stock value. The main emphasis is on abnormal returns, specifically the discrepancy between predicted and actual returns.

Return

Return denotes the profit generated from an investment. Two categories of return exist: anticipated return and actual return (Suteja & Gunardi, 2024). The return represents the result of an investment. It may denote either an actualized or an anticipated return. A return that has been realized is realized. It is based on historical information. This return is significant because it offers the foundation for evaluating anticipated future returns and risks and acts as a performance indicator for the business (Jogiyanto, 2014).

Abnormal Return

The anomalous return is the disparity between actual and anticipated returns (Hartono, 2017). It functions as a gauge of market responses to certain occurrences. When the actual return exceeds expectations, the anomalous return is deemed positive; conversely, if it falls short, it is seen as negative (Hartono, 2017). Abnormal returns may result from diverse occurrences, such as product boycott declarations prompted by warfare. This research used anomalous return as the dependent variable to characterize the market's response to boycott statements, often resulting in adverse consequences for the corporation.

Hypothesis

According to the efficient markets theory, markets respond quickly to fresh information, such as announcing a product boycott, which might result in low returns for the impacted company. Should the boycott declaration be seen as a signal of heightened risk, stock prices will decline (McDonnell & Cobb, 2020). Previous research by Yanti and Ermawati (2025) showed that product boycotts contribute to a decrease in the value of a company's stock price. Events provide enough information to trigger a market reaction. This indicates that the market considers the event important information that influences investor decisions in making transactions in the capital market. Companies from countries that support Israel are affected by declining stock prices and public interest in buying the company's products (Rahmani, 2023). Conversely, positive information, such as merger announcements, can generate positive abnormal returns (Fama et al., 1969). Therefore, the formulated hypothesis: H₁: There is a significant difference in abnormal returns before and after the announcement of product boycotts due to warfare on the boycotted companies.

Non-boycotted competing companies may experience positive abnormal returns when another company is boycotted. If the market perceives an opportunity for competitors to gain greater market share, their stock prices may rise (Kim & Kim, 1997). Research shows that consumer shifts from the boycotted company to competitors contribute to this increase. Thus, the hypothesis proposed is:

H₂: Non-boycotted rival firms may experience positive abnormal returns when other firms are boycotted.

Stock prices can rise if the market perceives an opportunity for competitors to gain greater market share (Kim & Kim, 1997). Research suggests that consumer diversion from boycotted firms to competitors contributes to this increase (Davidson & Worrel, 1988). Short-term event windows typically encapsulate early investor emotion and market responses to abrupt and significant occurrences. Investors frequently respond swiftly to the news, resulting in significant market volatility that yields anomalous returns (Raza et al., 2023). Consequently, the hypothesized proposition is:

H₃: There is a significant difference in abnormal returns before and after the announcement of product boycotts due to warfare on the non-boycotted competing companies.

Conceptual Framework of Research

The efficient market theory, introduced by Fama (1970), asserts that stock prices embody all accessible information. Market efficiency exists in three forms: weak efficiency (prices include past data), moderate efficiency (prices encompass all publicly accessible information), and strong efficiency (prices integrate all information, including both public and private data). This research examines moderate efficiency, pertinent for assessing market responses to public information on war-related product boycotts.

Stock prices instantly reflect the information of a boycott upon its announcement (Fama, 1970). Stock prices decline when the market perceives the boycott unfavorably, resulting in negative abnormal returns. The anomalous return denotes the divergence between actual and anticipated returns, illustrating the market's response to fresh information. This research examines stock returns before and during the boycott to evaluate market response, using returns as an indicator of price volatility (Hartono, 2017).

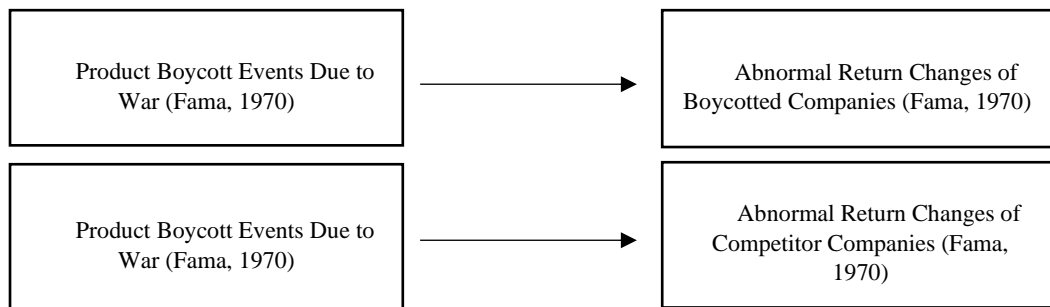


Figure 1. Conceptual Framework

METHOD

This study employs an explanatory design aimed at explaining the relationship between product boycott events and abnormal returns of companies. The research focuses on the impact of product boycott events due to warfare on the abnormal returns of both the targeted companies and their competitors. The independent variable is the product boycott, whereas the dependent variable is the anomalous return. The analysis included firms who produce or oversee the boycotted items, along with their rivals. The research is predicated on reports of product boycotts, particularly the date of the first boycott statement found in official papers or newspaper articles, and the anomalous return, which is the difference between the projected return during the boycott period and the actual stock return. The Capital Asset Pricing Model (CAPM), a market model, is often used for this. The formula below is used to determine abnormal returns:

$$RTN_{i,t} = R_{i,t} - E(R_{i,t}) \quad (1)$$

This quantitative study utilizes secondary data, including daily closing stock prices and the Composite Stock Price Index (IHSG) from Yahoo Finance. Data on boycotted companies are obtained from popular news sites. Documentation methods are used for data collection. The population includes all news articles on product boycotts, with competitors identified from *marketing91.com*. Purposive sampling is applied, leading to a sample of 9 relevant news articles about boycotted companies and 25 competitor companies. The data period used in this study spans from October 2023 to February 2024. This period was chosen because, in October 2023, calls to boycott products from companies perceived to be pro-Israel in the conflict against Palestine began to intensify, coinciding with the issuance of Fatwa MUI Number 83 of 2023. To avoid the potential influence of other events, this study observes a ten-day window before and after the occurrence of the event (Song & Han, 2017). The details of the population and sample can be seen in tables 1 and 2.

Table 1. Boycotted Companies News Sample

Website	Population of news articles	Irrelevant	Relevant	Amount of Sample
Detik.com	105	77	28	3
Kompas.com	22	11	11	0
Liputan6.com	32	22	9	3
Okezone.com	129	59	70	2
Tribunnews.com	66	37	29	1
Total	354	206	147	9

Table 2. Competitor Companies Sample

No	Code	Competitor
1	ENAK	Champ Resto Indonesia Tbk
2	PTSP	Pioneerindo Gourmet International Tbk
3	FOOD	Sentra Food Indonesia Tbk
4	ICBP	Indofood CBP Sukses Makmur Tbk
5	MYOR	Mayora Indah Tbk
6	KINO	Kino Indonesia Tbk
7	KLBF	Kalbe Farma Tbk
8	TCID	Mandom Indonesia Tbk
9	SIDO	Sido Muncul Tbk
10	LPPF	Matahari Department Store Tbk
11	RALS	Ramayana Lestari Sentosa Tbk
12	ACES	Ace Hardware Indonesia Tbk
13	ERAA	Erajaya Swasembada Tbk
14	RANC	Supra Boga Lestari Tbk
15	KAEF	Kimia Farma Tbk
16	TSPC	Tempo Scan Pacific Tbk
17	PEHA	Phapros Tbk
18	PYFA	Pyridam Farma Tbk
19	MERK	Merck Tbk
20	PRDA	Prodia Widyahusada Tbk
21	GLOB	Global Teleshop Tbk
22	MTDL	Metrodata Electronics Tbk
23	PTSN	Sat Nusapersada Tbk
24	CLEO	Sariguna Primatirta Tbk
25	MBTO	Martina Berto Tbk

The study encompasses identifying the event date and computing stock and market returns, anticipated returns, and anomalous returns. Hypothesis testing includes normalcy assessments, paired t-tests, and Wilcoxon signed-rank tests to evaluate the boycott's effect on aberrant returns. Conclusions are derived from significant levels. The duration of the estimating period and event window for each business is presented in Table 3 below:

Table 3. Duration of The Estimation Period and Event Window

Companies Event	Estimation Period		Event Window		
	t-120	t-21	t-10	t0	t+10
Fast Food Indonesia Tbk	04/05/2023	02/10/2023	17/10/2023	31/10/2023	14/11/2023
Sarimelati Kencana Tbk	08/05/2023	06/10/2023	24/10/2023	05/11/2023	20/11/2023
Unilever Indonesia Tbk	19/05/2023	17/10/2023	01/11/2023	15/11/2023	29/11/2023
Mitra Adiperkasa Tbk	22/05/2023	19/10/2023	02/11/2023	17/11/2023	01/12/2023
MAP Boga Adiperkasa Tbk	22/05/2023	19/10/2023	02/11/2023	17/11/2023	01/12/2023
Vale Indonesia Tbk	26/05/2023	25/10/2023	08/11/2023	22/11/2023	06/12/2023
MAP Aktif Adiperkasa Tbk	23/05/2023	20/10/2023	03/11/2023	17/11/2023	01/12/2023
Darya-Varia Laboratoria Tbk	05/06/2023	30/10/2023	14/11/2023	28/11/2023	12/12/2023
Aksha Wira International Tbk	24/05/2023	20/10/2023	06/11/2023	20/11/2023	04/12/2023

Formula of stock returns and market returns:

$$R_{i,t} = \frac{P_{i,t} - P_{i,t-1}}{P_{i,t-1}} \tag{2}$$

$$R_{i,t} = \frac{P_t - P_{t+1}}{P_{t+10}} \tag{3}$$

$$R_{Mt} = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}} \tag{4}$$

$$R_{Mt} = \frac{IHSG_t - IHSG_{t+1}}{IHSG_{t+1}} \tag{5}$$

Formula of expected return

$$E[R_{i,t}] = \alpha_i + \beta_i \cdot R_{M,t} + \varepsilon_{it} \quad (6)$$

Formula of abnormal return

$$RTN_{i,t} = R_{i,t} - E[R_{i,t}] \quad (7)$$

This research employs a normality test to ascertain if a data set follows a normal distribution. The presumption of normality is essential for most inferential statistical methods (Ghazali, 2011). The Kolmogorov-Smirnov test evaluates normalcy (Sulhan, 2012). The null hypothesis (H_0) states that the data before and after the event are typically distributed and is accepted if the significance value in the Kolmogorov-Smirnov test is greater than 0.05. The null hypothesis (H_1) states that the data before and after the event are normally undistributed and are rejected if the significance value is less than 0.05.

This research used paired sample tests to ascertain if the means of two related samples vary significantly. The significance of the variations between the average abnormal return (AR) of businesses boycotted because this statistical test assesses war events and those that weren't. The alternative hypothesis (H_1) is rejected, and the null hypothesis (H_0) is accepted if the t-value is greater than the significance threshold alpha or less than the t-table value. The null hypothesis (H_0) is rejected in favor of the alternative hypothesis (H_1) if the t-value is greater than the t-table value or the significance threshold is less than α .

A non-parametric statistical test may be conducted if the difference test's normality evaluation indicates a non-normal distribution. Pairs of ordinal or interval data that are not normally distributed are assessed using this non-parametric statistical test. When the data does not satisfy the assumption of normalcy, the Wilcoxon signed-rank test might be used instead of the paired t-test. The Wilcoxon signed-rank test is another name for this evaluation. If the significance level in the Wilcoxon signed-rank test is greater than 0.05, the null hypothesis (H_0) is accepted. On the other hand, if the significance threshold is less than 0.05, H_1 is rejected.

RESULT

Overview of the Research Object

This research examines the effects of product boycotts brought on by the Israeli Palestinian conflict on several Indonesian businesses and contrasts them with their unaffected rivals. PT Fast Food Indonesia Tbk, PT Sarimelati Kencana Tbk, PT Unilever Indonesia Tbk, PT Mitra Adiperkasa Tbk, and PT MAP Boga Adiperkasa Tbk are impacted. Following Fatwa No. 83 of the Indonesian Ulema Council (MUI), which opposed the purchase of Israeli products, these firms were blocked because of their links to Israel. In contrast, competitors like PT Champ Resto Indonesia Tbk and PT Mayora Indah Tbk were unaffected as they are not linked to the conflict. Not all boycotted products are listed on the Indonesia Stock Exchange (BEI); for example, PT Sari Coffee Indonesia (Starbucks franchise) and PT Rekso Nasional Food (McDonald's franchise) were also included. The identification of boycotted products was based on news searches in 2023 using keywords related to the boycott, reviewing articles to compile relevant samples based on the initial publication date of the news.

This research employs historical stock price data and the Composite Stock Price Index (IHSG) to compute anomalous returns. The data is sourced from yahoofinance.com and encompasses ten days preceding and after the declaration of the product boycott, spanning from October 2023 to February 2024. The analysis comprises the subsequent steps as follow below.

Calculating Stock Returns and Market Returns

1. Actual Returns

Boycotted Companies

Fluctuated returns with the highest at t-2 (0.008) and lowest at t-1 (-0.030). The average before the event was -0.002, and after was -0.008.

Competitors

Highest return at t+5 (0.019) and lowest at t+7 (-0.010). The average before the event was 0.001, and after was 0.004.

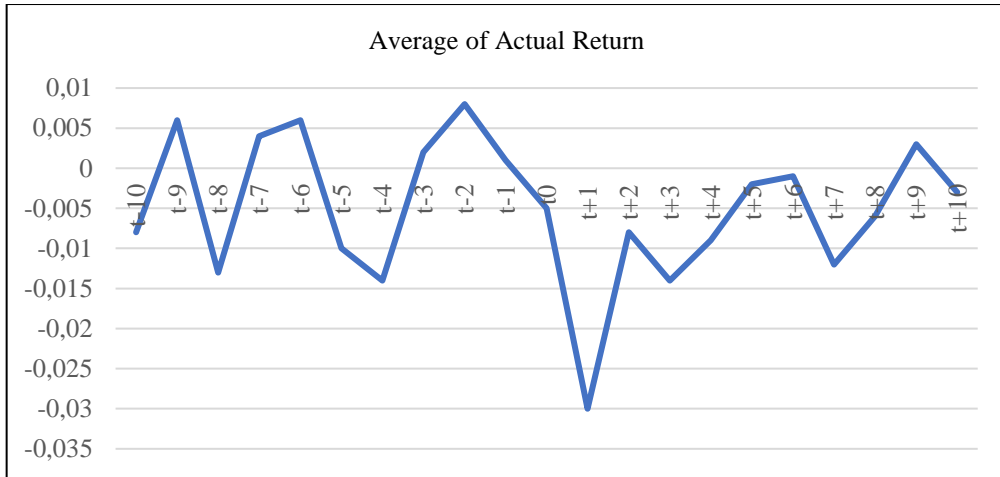


Figure 2. Average of Actual Return from Boycotted Companies

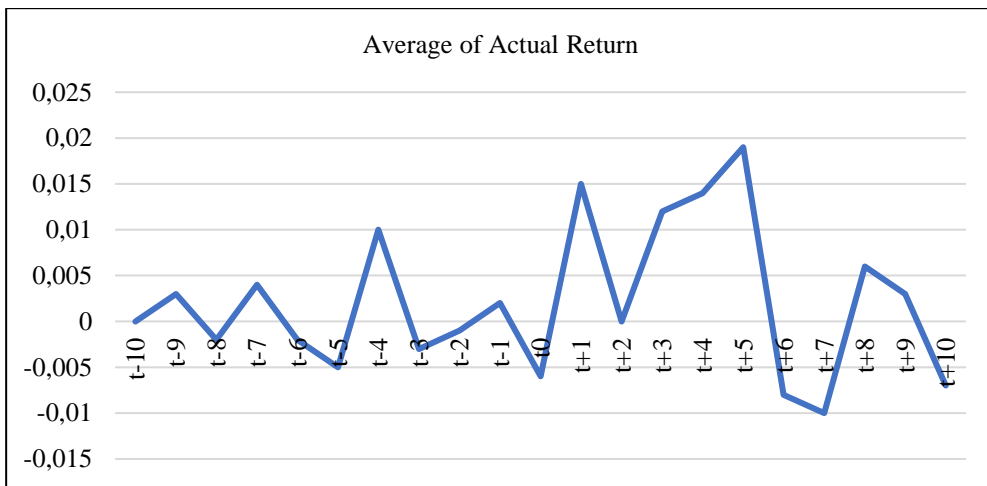


Figure 3. Average of Actual Return from Competitor

2. Market Returns

Boycotted Companies

Highest return at t-9 (0.009) and lowest at t-8 (-0.003). The average before was 0.002 and after was 0.001.

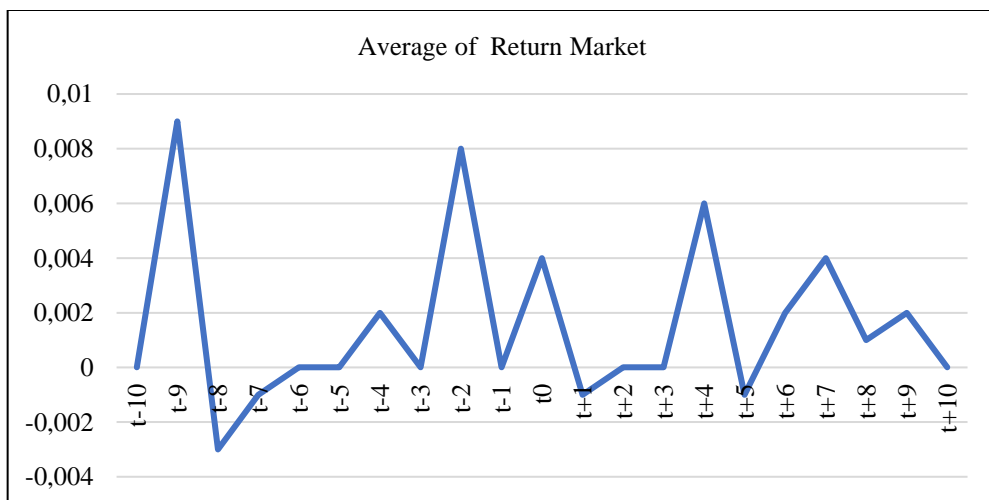


Figure 4. Average of Market Return from Boycotted Companies

Competitors

Highest return at t-3 (0.007) and lowest at t-8 and t+5 (-0.004). The average before was 0.002 and after was 0.001.

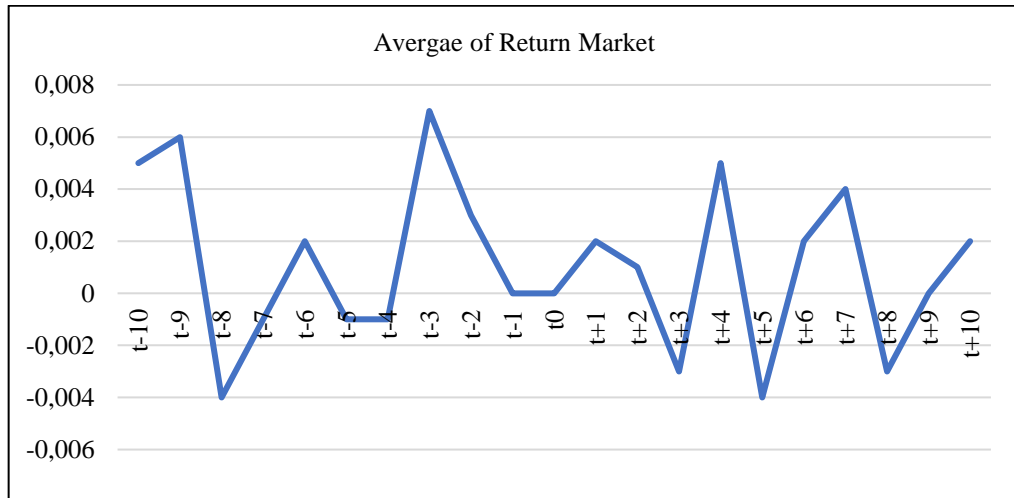


Figure 5. Average of Market Return from Competitor

Calculating Expected Return

1. Beta Calculation

A regression study of daily stock returns compared beta (β) to the market returns of nine blocked firms. Positive alpha indicates better-than-expected performance, while negative alpha indicates poorer performance.

Table 4. Calculations of Beta (β) from Boycotted Companies

Companies	α	β
FAST	0.000	0.191
PZZA	-0.001	0.531
UNVR	-0.002	0.863
MAPI	0.000	1.552
MAPB	-0.001	0.673
INCO	-0.003	0.347
MAPA	0.003	0.968
DVLA	-0.002	0.518
ADES	0.001	0.523

Table 5. Calculation of Beta (β) from Competitor

Companies	α	β	Companies	α	β
ENAK	0.001	0.110	RANC	0.000	-0.169
PTSP	0.000	0.701	KAEF	0.000	0.504
FOOD	0.000	0.201	TSPC	0.002	0.180
ICBP	0.001	-0.120	PEHA	-0.002	1.123
MYOR	0.000	0.076	PYFA	0.002	-0.050
KINO	0.000	0.136	MERK	-0.001	0.269
KLBF	-0.001	0.523	PRDA	0.000	0.693
TCID	0.000	-0.028	GLOB	0.001	-0.423
SIDO	-0.003	0.520	MTDL	-0.001	0.385
LPPF	-0.007	0.925	PTSN	0.001	0.732
RALS	-0.002	0.588	CLEO	0.001	0.612
ACES	0.003	0.839	MBTO	0.002	0.010
ERAA	-0.004	1.746			

2. Expected Return

The expected return was calculated for boycotted and non-boycotted companies, with averages showing fluctuations around the event dates: a) Boycotted Companies: Highest at t-2 (0.013) and lowest at t-8

(-0.012), average before -0.001 and after -0.003; b) Competitors: Highest at t+5 (0.013) and lowest at t-8, t+6, and t+7 (-0.009), with averages of -0.002 before and 0.001 after.

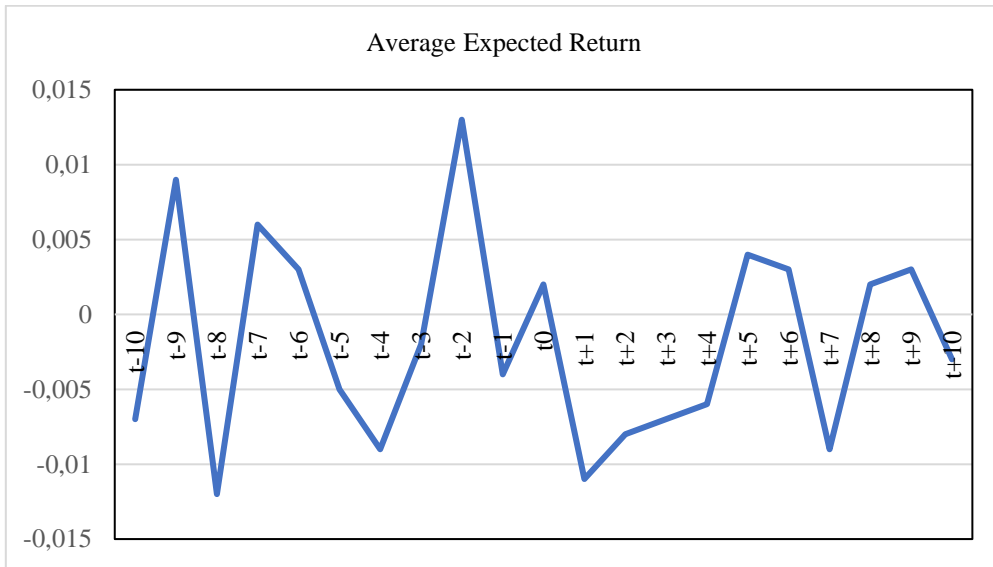


Figure 6. Average of Expected Return from Boycotted Companies

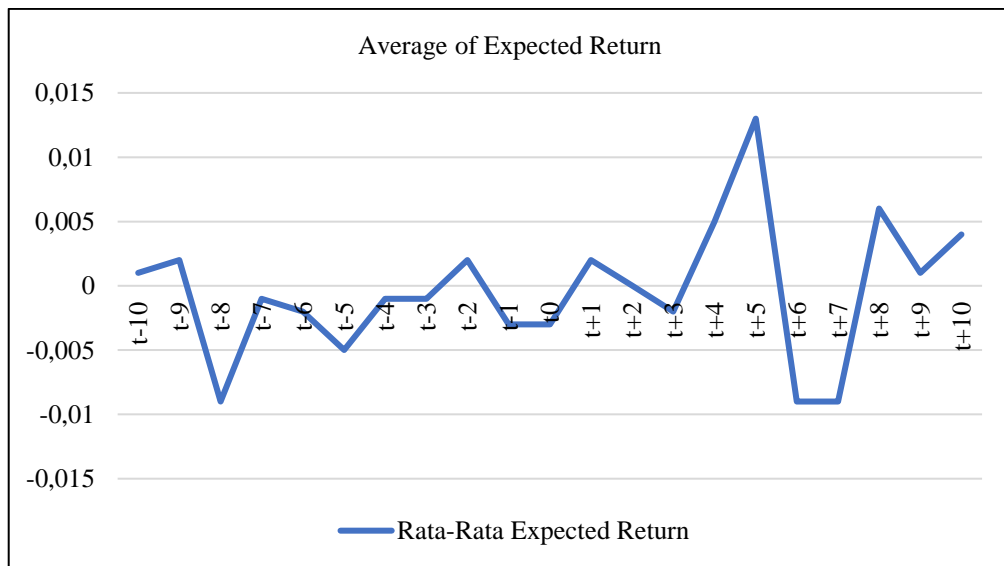


Figure 7. Average of Expected Return from Competitor

Calculating Abnormal Return

Abnormal Return Calculated by taking the difference between actual returns and expected returns. Boycotted companies highest at t-3 (0.004) and lowest at t+1 (-0.020), with an average before of -0.001 and after of -0.005, while Competitors Highest at t+1 (0.024) and lowest at t+10 (-0.018), average before 0.001 and after 0.002.

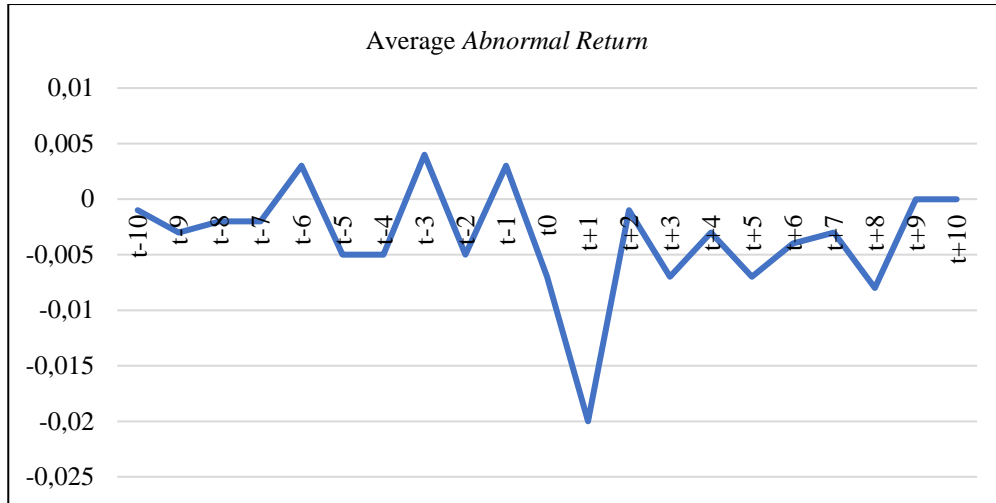


Figure 8. Average of Abnormal Return Boycotted Companies

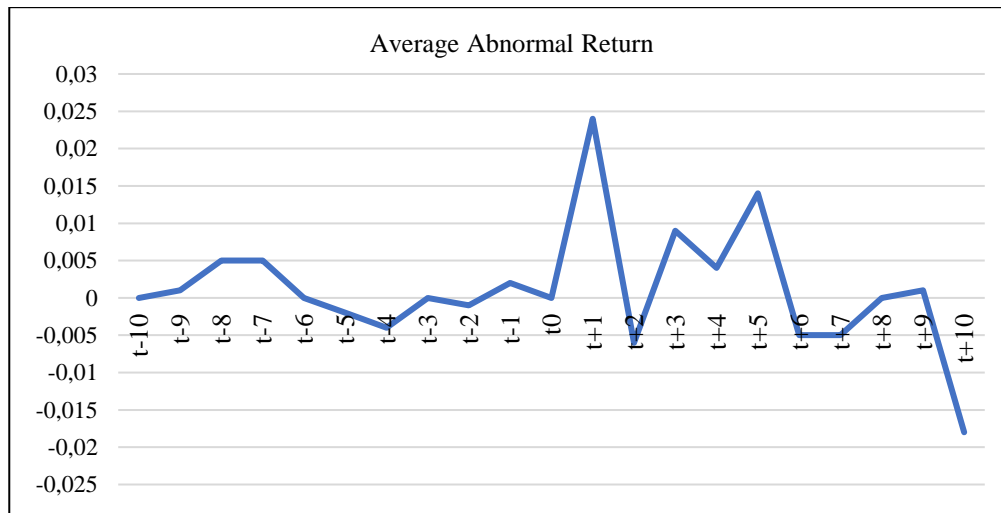


Figure 9. Average of Abnormal Return from Competitor

Normality Test

The data's normal distribution is examined using the normality test. A parametric analysis (paired samples t-test) is conducted if the data are normally distributed; a nonparametric analysis (Wilcoxon signed-rank test) is performed. The Kolmogorov-Smirnov test was used in this investigation. According to the findings, the significant values for anomalous returns (AR) before and after the boycott are 0.000 and 0.003, respectively, below the 0.05 cutoff. This suggests a nonparametric analysis is necessary since the data are not regularly distributed. With a significant value of 0.000, the AR findings for the rival companies that were not boycotted before and after the boycott are also not normally distributed.

Table 6. Normality Test Result for Boycotted Companies

		AR_Before	AR_After
N		90	90
Normal Parameters	Mean	-0.0013	-0.0053
	Std. Deviation	0.01327	0.01636
Most Extreme Difference	Absolute	0.119	0.179
	Positive	0.110	0.112
	Negative	-0.119	-0.179
Test Statistic		0.119	0.179
Asymp. Sig. (2-tailed)		0.003 ^c	0.000 ^c

Table 7. Normality Test Result for Competitor Companies

		AR_Before	AR_After
N		250	250
Normal Parameters	Mean	0.007	0.0019
	Std. Deviation	0.01724	0.04390
Most Extreme Difference	Absolute	0.190	0.281
	Positive	0.190	0.281
	Negative	-0.153	-0.242
Test Statistic		0.119	0.281
Asymp. Sig. (2-tailed)		0.003 ^c	0.000 ^c

Wilcoxon Signed Rank Test

Upon verifying that the data lacked a normal distribution, the Wilcoxon test was performed. The test results indicate that the boycotted businesses exhibit a two-tailed asymmetry value of 0.038 (<0.05), signifying a disparity in anomalous returns pre- and post-boycott. Conversely, the rival companies not subject to the boycott have an asymmetry score of 0.138 (>0.05), signifying no disparity in anomalous returns.

Table 8. Wilcoxon Signed Rank Test Abnormal Return Result

Kategori	Asymp. Sig. (2-tailed)
Boycotted Companies	0.038
Competitor Companies	0.138

DISCUSSION

Differences in Abnormal Returns of Boycotted Companies

The findings of the Wilcoxon signed-rank test demonstrate support for the initial hypothesis. This indicates a disparity in anomalous returns preceding and following the war-related boycott of corporations. The information on the boycott was sufficiently substantial to affect market reactions and investor choices. This study, situated within the Israel-Palestine conflict, demonstrates that the boycott of Israeli products signifies a robust worldwide response. Numerous groups in Indonesia are imploring the public to refrain from purchasing these items. The boycott decreased stock values, as seen by the negative average anomalous returns. Before the boycott, PT MAP Boga Adiperkasa Tbk (MAPB) had the highest return at 0.003, while PT Akasha Wira International Tbk (ADES) had the lowest average abnormal return at -0.007. Following the boycott, PT Mitra Adiperkasa Tbk (MAPI) had the greatest abnormal return at 0.002, while PT Fast Food Indonesia Tbk (FAST) had the lowest at -0.015. For multinational companies whose products are targeted by boycotts, these results confirm that boycotts are not just a small wave, but a threat to financial performance. The decline in abnormal returns indicates that consumer sentiment and action have the driving force to depress stock valuations, even potentially damaging long-term reputations. Information about boycotted products encourages investors to conduct a more comprehensive analysis, not only based on financial reports, but also involving an assessment of reputational risk and public sentiment related to the company's position on sensitive issues. These findings support previous research indicating that the market reacts quickly to new information (McDonnell & Cobb, 2020; Nafisa et al., 2023; Rahmani, 2023; Yanti & Ermawati, 2025; Zeidan, 2013). The boycott is viewed as a risk signal, leading to a decline in stock prices due to decreased investor confidence.

Differences in Abnormal Returns of Non-Boycotted Competitors

The Wilcoxon test findings indicate that the second hypothesis is rejected because there is no difference in anomalous returns for non-boycotted rival companies. This suggests that information about the boycott is not significant enough to affect the market or investment decisions regarding the rival. Although it is generally expected that rival firms will benefit from a competitor boycott, this is not always the case. The products offered by the rival may not be sufficient substitutes for the products offered, so only a few consumers switch. Boycott sentiment has no measurable impact on the stock performance of firms operating in the same sector. The market clearly distinguishes between entities that are directly related and entities that are not, so the negative sentiment targeting affiliated firms has no impact on rival firms that are not related. This indicates that investors and market players tend to assess a company's performance based on its own fundamentals and business prospects, rather than on issues that are not directly relevant to the company's operations. For example, the average abnormal return for competing companies before the boycott was PT Pyridam Farma Tbk (PYFA) with -0.010 and PT Erajaya Swasembada Tbk (ERRA) with 0.007. After the boycott, the lowest abnormal return for ERRA was -0.006, while PT Martina Berto Tbk (MBTO) recorded the highest at 0.024. These results contrast with previous research showing that competing companies often experience positive abnormal returns because consumers switch from

boycotted companies (Kim & Kim, 1997). The findings of this study align with those of Huka & Kelen (2022), who determined that there was no substantial disparity in anomalous returns.

CONCLUSION

This study examines the variations in average anomalous returns preceding and following the war-induced product boycott, as discussed in the previous chapter. The finding indicates disparities in average anomalous returns preceding and following the product boycott. This indicates that knowledge of the boycott campaign is adequate to provoke a market response. Secondly, there is no disparity in average abnormal returns for non-boycotted competing companies before and after the product boycott. This is because these competing enterprises did not encounter a substantial rise in demand, hence not influencing their stock prices.

It is recommended that academics investigate the influence of events on the sectors or firm categories represented in the Composite Stock Price Index (IHSG) or concentrate on leading sectors as case studies to get more precise and reliable outcomes. Investors in the capital market, both present and prospective, should exercise greater selectivity in stock purchases and meticulously study the diverse available information. Not every type of market information possesses intrinsic value; investors must judiciously pick and scrutinize pertinent information to guide their judgments. The results of this study are anticipated to assist the government in formulating macroeconomic policies.

REFERENCES

- Barker, C. A. (1956). Effective stock splits. *Harvard Business Review*, 34(1), 101–106.
- Brigham, E. F., & Houston, J. F. (2006). *Dasar-Dasar Manajemen Keuangan*. Salemba Empat.
- Cox, R. A. k., & Weirich, T. R. (2002). The stock market reaction to fraudulent financial reporting. *Managerial Auditing Journal*, 17(7), 374–382. <https://doi.org/https://doi.org/10.1108/02686900210437471>
- Davidson, W. N., & Worrel, D. L. (1988). The Impact of Announcements of Corporate Illegalities on Shareholder Returns. *Academy of Management Journal*, 31(1), 195–200. <https://doi.org/https://doi.org/10.5465/256506>
- Delacote, P. (2009). On the Sources of Consumer Boycotts Ineffectiveness. *Journal of Environment and Development*, 18(3), 306–322. <https://doi.org/10.1177/1070496509338849>
- Dolley, J. C. (1933). Characteristics and procedure of common stock split-ups. *In Harvard Business Review*, 11.
- Fama, E. . (1970). Efficient Capital Markets: A Review of Theory and Empirical Work. *Journal of Finance*, 25(2).
- Fama, E. F., Fisher, L., Jensen, M. C., & Roll, R. (1969). The Adjustment of Stock Prices to New Information. *International Economic Review*, 10(1), 1–21.
- Feroz, E. H., Park, K., & Pastena, V. S. (1991). The Financial and Market Effects of the SEC's Accounting and Auditing Enforcement Releases. *Journal of Accounting Research*, 29, 107–142.
- Francis, J., Philbrick, D., & Schipper, K. (1994). Shareholder Litigation and Corporate Disclosures. *Journal of Accounting Research*, 32(2), 137–164. <https://doi.org/https://doi.org/10.2307/2491279>
- Ghazali, I. (2011). *Aplikasi Analisis Multivariate dengan Program SPSS*. Badan Penerbit Universitas Diponegoro.
- Hartono, J. (2017). *Teori Portofolio dan Analisis Investasi*. BPFE UGM Yogyakarta.
- Huka, C. K. Y., & Kelen, L. H. S. (2022). Dampak Invasi Rusia Ke Ukraina Terhadap Average Abnormal Return Perusahaan Industri Energi Yang Terdaftar Di Bursa Efek Indonesia. *Juremi: Jurnal Riset Ekonomi*, 2(1), 73–82. <https://doi.org/10.53625/juremi.v2i1.2234>
- Jogiyanto. (2014). *Teori Portofolio dan Analisis Investasi*. BPFE.
- Kellogg, R. L. (1984). Accounting activities, security prices, and class action lawsuits. *Journal of Accounting and Economics*, 6(3), 185–204. [https://doi.org/https://doi.org/https://doi.org/10.1016/0165-4101\(84\)90024-7](https://doi.org/https://doi.org/https://doi.org/10.1016/0165-4101(84)90024-7)
- Kim, K. A., & Kim, J. W. (1997). Market Reactions to the Announcements of Product Boycotts. *Journal of Business Research*, 40(1), 15–20.
- King, B. (2011). The Tactical Disruptiveness of Social Movements: Sources of Market and Mediated Disruption in Corporate Boycotts. *Social Problems*, 58(4), 491–517. <https://doi.org/10.1525/sp.2011.58.4.491>
- Kristina. (2023, November). MUI Haramkan Dukung Agresi Israel ke Palestina, Ini Bunyi Lengkap Fatwanya. *Detik.Com*.
- Mackinlay, A. C. (1997). American Economic Association Event Studies i n Economics and Finance. *Source Journal of Economic Literature Journal of Economic Literature*, 35(1), 13–39.
- MacKinlay, A. C. (1997). Event studies in economics and finance. *Journal of Economic Literature*, 35(1), 13–39.
- McDonnell, M. H., & Cobb, J. A. (2020). Take a Stand or Keep Your Seat: Board Turnover after Social Movement Boycotts. *Academy of Management Journal*, 63(4), 1028–1053. <https://doi.org/doi:10.5465/amj.2017.0890>
- Mulyono, H., & Rolando, B. (2025). Consumer boycott movements: Impact on brand reputation and business performance in the digital age. *Multidisciplinary Reviews*, 8(9), 2025291. <https://doi.org/10.31893/multirev.2025291>
- Myers, J. ., & Bakay, A. (1948). Influence of stock split-ups on market price. *Harvard Business Review*, 26, 251–255.
- Nafisa, U. Z., Makaryanawati, M., & Yusoff, H. (2023). Event Study Announcement of Fraud and Abnormal

- Returns of BUMN Companies. *Jurnal Akuntansi Aktual*, 10(2), 129–140.
- Nursetiana, H., Anisa, W., & Pratama, V. Y. (2025). *Analysis Of International Boycott On Stock Performance And Value Of Manufacturing Companies On The IDX. 1*, 74–92. <https://doi.org/10.20473/baki.v10i1.67085>
- Rahmani, A. N. (2023). Dampak Perang Israel-Hamas Terhadap Harga Saham Dan Minat Beli Masyarakat Produk Pendukung Israel. *Academy of Education Journal*, 14(2), 1444–1456. <https://doi.org/10.47200/aoej.v14i2.2104>
- Raza, S., Baiqing, S., Kay-Khine, P., & Ali Kemal, M. (2023). Uncovering the Effect of News Signals on Daily Stock Market Performance: An Econometric Analysis. *International Journal of Financial Studies*, 11(3). <https://doi.org/10.3390/ijfs11030099>
- Republika. (2023). *Mengenal Akar Gerakan BDS yang Ingin Lumpuhkan Ekonomi Israel*. Republika.
- Saraswati, Y. R., Setiorini, C., & Cornelia, D. A. (2015). Rogalsky Effect jurnal. *Jurnal Riset Akuntansi Dan Perpajakan JRAP*, 2(1), 43–54.
- Sigar, P., & Kalangi, L. (2019). Pengaruh Ukuran Perusahaan Dan Pertumbuhan Penjualan Terhadap Harga Saham Pada Perusahaan Manufaktur Sektor Industry Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal EMBA*, 7(3), 3029–3039.
- Sjahrir. (1995). *Analisis Bursa Efek*. Gramedia Pustaka utama.
- Song, C., & Han, S. H. (2017). Stock Market Reaction to Corporate Crime: Evidence from South Korea. *Journal of Business Ethics*, 143(2), 323–351. <https://doi.org/https://doi.org/10.1007/s10551-015-2717-y>
- Sulhan, M. (2012). Panduan Praktis Analisis SPSS untuk Manajemen (Keuangan, SDM, dan Pemasaran). *Malang: Center Laboratory and ICT (CLICT) UIN Malang*.
- Suryawijaya, & Setiawan. (1998). Reaksi Pasar Modal Indonesia Terhadap Peristiwa Politik Dalam Negeri (Event Study Pada Peristiwa 27 Juli 1998). *Jurnal Kelola Manajemen*.
- Suteja, J., & Gunardi, A. (2024). *Manajemen Investasi dan Portofolio*. Refika Aditama.
- Tandellin, E. (2010). *Analisis Investasi dan Manajemen Portofolio*. BPF.
- Yanti, R. Y., & Ermawati, L. (2025). *ProBisnis : Jurnal Manajemen Analisis Harga Saham Sebelum Dan Sesudah Pemboikotan Produk Terhadap Harga Saham Pada Perusahaan Yang Terafiliasi Oleh Israel Yang Terdaftar Di Bursa Efek Indonesia*. 16(01), 12–21.
- Zeidan, M. J. (2013). Effects of Illegal Behavior on the Financial Performance of US Banking Institutions. *Journal of Business Ethics*, 112(2), 313–324. <https://doi.org/https://doi.org/10.1007/s10551-012-1253-2>