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# Does the boycott affect Israel-affiliated companies in Indonesia?

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***Abstract***

*This study aims to analyze changes in abnormal returns and trading volume Activity (TVA) before and after the announcement of MUI Fatwa Number 83 of 2023 on companies that are targeted for boycott and allegedly affiliated with Israel. The researcher used an event study approach with an event window of 100 days before and 100 days after the announcement of MUI Fatwa Number 83 of 2023 to calculate abnormal returns and trading volume activity. The analysis step carried out in this study is to test the normality of the data first to see if the data has been distributed normally or not, then to test the hypothesis. For normally distributed data, the Paired Sample T-test will be used and the normally undistributed data will use Wilcoxon Signed Rank. The results of this study showed that there was no significant difference in abnormal returns before and after the boycott, but there was a significant difference in trading volume activity before and after. These findings reflect that the boycott has no significant impact and the impact of the boycott is only temporary. However, the action reacted to changes in market sentiment due to the boycott that affected the trading of shares of the boycotted target companies.*

***Keywords***: *boycott, abnormal return, trading volume activity*

## INTRODUCTION

Economic growth in this era of globalization has experienced rapid development. The development of technology has an effect on the intensity of people's economic and social life. So that the economy of a country cannot be avoided from the influence of economic changes in other parts of the world. An event that occurs globally is likely to affect the reaction in the capital market. The market's reaction to an event can be tested through the use of event study analysis reflected in how quickly information will enter the market.

Recent events that have resulted in a decline in the value and scandal of companies are indications of companies affiliated with the Palestinian-Israeli humanitarian conflict. The humanitarian crisis in Palestine has become the focus of global attention, and one of the deepening aspects is its impact on financial markets, especially the stocks of companies involved in supporting the conflict. The role of finance in the context of this conflict has been the subject of widespread debate and controversy. Investors and financial market participants are often faced with moral and ethical dilemmas regarding their investments(Asmara, 2023).

Based on this event, there were calls for a boycott of products from several indicated to be affiliated with the state of Israel, known as Boycott, Divestment and Sanctions (BDS). Boycotts represent the inability to purchase, utilize, or interact with people, groups, or nations in order to voice disapproval or apply pressure Samudra et al., (2024). The implementation of the boycott was motivated by the belief that the intended company had committed a violation, namely harming the moral order. The stronger this belief, the greater the negative influence on the boycotted product(Moez, 2021).Boycotts have many negative impacts on companies such as a decrease in product buying interestAhsyam et al., (2024) and Lascu et al., (2020). Boycotts can draw attention to a variety of social issues, such as labor rights violations, human rights violations, and discriminatory practices Vredenburg et al., (2020).Boycotts have the potential to encourage companies to implement more social and responsible practices and align with societal

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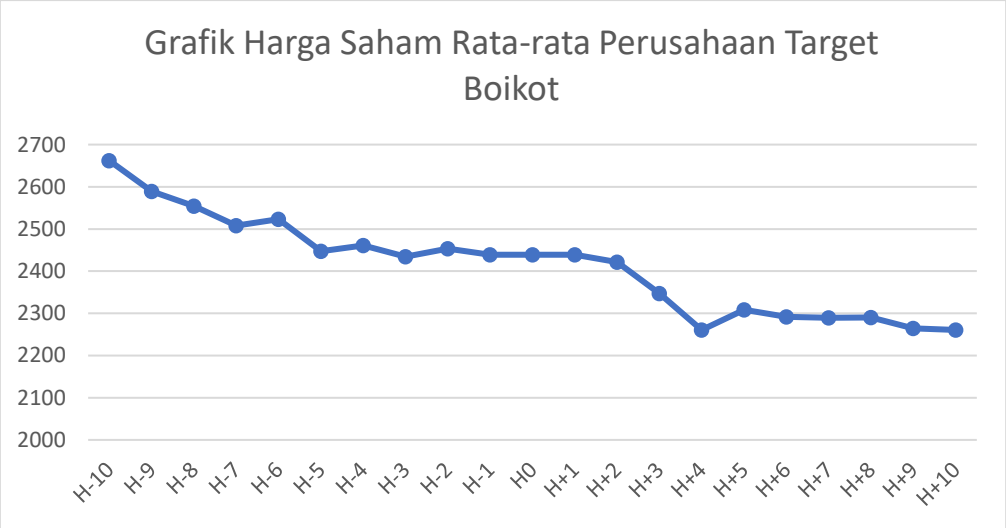
expectations. International companies often respond by implementing reforms, improving working conditions, and implementing sustainable business practices (Lasarov et al., 2023).

The BDS global movement created three types of boycotts that are used to exert pressure on Israel: academic, cultural, and economic boycotts. The academic boycott focuses on Israeli academic institutions which means a refusal to cooperate with Israeli academic institutions. The cultural boycott seeks to prevent cultural artists from performing in Israel due to their human rights violations. The economic boycott seeks to pressure companies and investors doing business in Israel to stop Kincaid, (2020). From an economic perspective, the literature states that boycotts can have a significant impact on a company's reputation and financial performance and can harm the competitive advantage between companies and countries King, (2008). Companies facing boycotts often experience negative publicity, damage to their brand image, and declining sales Koku et al., (1997). The literature explores the long-term impact of the boycott on the value of the company, and finds that continued boycott activity can result in substantial financial losses for the targeted company (Vasi & King, 2012)

Boycotts in Indonesia began to intensify and became even more massive when the Indonesian Ulema Council (MUI) issued Fatwa Number 83 of 2023 concerning the appeal of Muslims to avoid using products affiliated with Israel and recommended the government to take decisive steps (FATWA MAJELIS ULAMA INDONESIA Nomor : 83 Tahun 2023, n.d.). Companies whose products are subject to boycotts will definitely make a bad stigma for the company because it does not care about the humanitarian issues that are happening.

**Graph 1 : Stock price data of companies targeted by boycotts**




Source: Yahoo finance

Based on graph 1, the average share price of the target company for the boycott starts from D-10 worth 2662. The day became more volatile until D-1 became 2438. The sharp decline occurred on D+4 at 2260 and ended on D+10 at 2261. Based on this phenomenon, the author wants to further research the factors that have an influence on the stock price of the target company boycott before and after the event.

Previous research has proven that the results of the study Farouh & Abdelrhim, (2021) shows that there is a significant difference between abnormal returns after the boycott. in research Jesus-Silva et al., (2023) find that continued boycott activities can result in large financial losses for companies targeted by the Boycott. Research Villagra et al., (2021) shows the company continues to show a negative reaction to the stock market boycott. Meanwhile, Chengying et al., (2022) revealed in the case study that the boycott of Chinese products in the American market only has a short-term or temporary impact and the results are not significant for the long term. The same thing can be seen in the research Rahayu, (2023) The results of the study showed that there was no significant difference in stock trading volume before and after the boycott.

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Based on some of the literature above, it can be concluded that there is a connection between the events that occurred. This study aims to analyze whether there are differences and impacts for companies in Indonesia affiliated with Israel in the period before and after the boycott event. This research focuses on the market reaction that occurred due to the boycott event. This research is important because it can be an input and consideration for market participants, such as investors, in making their investment decisions.

## LITERATURE REVIEW

### Signalling theory

Signal theory was developed To explain how decision-makers understand and react to circumstances in which information is asymmetrically distributed among the participants to a transaction and incomplete, Market et al., (1973). The topic of signal theory addresses the kinds of signals that a business should send to those who are examining its financial accounts or the kinds of data that management ought to give to the owners of the company. The signal can be new information or an addition to the old information previously stored by the recipient Yasar et al., (2020). These signals are in the form of GCG, stock returns, financial performance, company value or other information that shows a company's competitive advantage over other companies. The approach centers on the intentional dissemination of positive information with the aim of communicating positive features of the company which exhibit an invisible fundamental quality and can be a powerful expression of the behavior of the organization and its sub-branches and their interaction style Nyagadza et al., (2021). Good signals are those that the market can pick up on, have a positive perception, and are difficult for subpar businesses to copy. Subsequently, the company will send out signals by promptly disclosing its financial accounts and details on the governance it has accomplished within a specific timeframe.

### Event Study

An event study is an observation of stock movements in the capital market to find out whether there are abnormal returns obtained by shareholders as a result of certain events. Event studies can be used to measure the information content of an announcement. Mackinlay, (1997) mentioned that The purpose of event studies is to give the market rationality by guaranteeing that an event's impact will instantly affect a security's price on the capital market. Event research, in general, is a technique to quantify how an event affects a company's worth as it relates to price movements and capital market trading volume activity.

An event study is a study that studies the reaction of the market to an event in which the event or information is published as an announcement De Jong, (2007). An econometric methodology called the event research method is used to evaluate and develop conclusions regarding the influence of an event over one or more time periods. The most popular method consists of three steps: (1) determining the parameters inside the estimation period; (2) computing forecast errors and obtaining information on variance and covariance for a time or during the event window; combining data from all companies to determine the average impact; (3) Cross-sectional regression of anomalous returns on pertinent stock characteristics that ought to influence the event's impact Serra, (2004). Event studies are designed to examine how investors in the capital markets respond to an event about which information is made public. The goal of these events, which may take the shape of economic or non-economic occurrences, is to determine whether any unusual returns were made. When studying a wide range of events, including the issuance of new debt or equity, mergers and acquisitions, initial stock issuance, earnings announcements, announcements of macroeconomic variables like trade deficits, and others, the application of event studies is widely used in the field of finance (also accounting). A time span is typically used in an event study to demonstrate the existence of a market response to an event.

### Abnormal Return

The term abnormal return is widely used to describe the difference between the actual return that investors get from a particular financial asset and the return that investors expect.

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Abnormal returns can happen caused certain events, such as company announcements, stock splits, political climate, and geopolitical events. Market efficiency can be tested by looking at abnormal returns that occur. If one or more market players are able to produce extraordinary profits over an extended period of time, the market is considered inefficient. The excess return that is truly obtained in comparison to the normal return is known as the abnormal return or surplus return. Investors certainly want the returns they receive to be proportional to the sacrifices they make. But in reality, this is not always the case. Investors are often faced with the fact that the expected return is not in accordance with the return obtained Saputri & Setiawan, (2023). A positive abnormal return result indicates that the market reacts positively to an event. When this happens, investors will be able to make larger gains than normal because the real return will exceed the predicted return. However, if it happens the other way around, there will be a negative reaction from the market and the abnormal returns generated will also be negative (Uyun & Herwiyanti, 2024).

There are 3 statistical models that can be used to determine the expected return: the Mean-Adjusted Model, the Market, and the Market-Adjusted Model. The details of the three models are explained as follows: 1) Mean Adjusted Model: This model makes the assumption that the average return over the forecast period and the predicted return have the same constant value. Utilizing this model has the benefit of requiring less data and having quite straightforward computations. but it does not identify abnormal returns compared to the other two models; 2) Market Model: In the Market Model, the expected return is calculated using two steps. The first step is to create an expectation model using actual data over the estimation period. The second step uses the expectation model created in the previous step to estimate the expected return during the event window. This model has been used for previous studies because it provides more accurate results in generating abnormal returns. This model also considers risk-related stocks. Despite its benefits, this model has complex calculations and needs to collect more data than other models; and 3) Market-Adjusted Model: The market-adjusted model makes the assumption that using the market yield index at the time of the event is the best way to estimate a security's yield. As a result, the estimation period is not necessary to calculate the expected return because a security's return is assumed to be equal to the market return index. Although this model only requires a relatively small amount of data, its accuracy is below that of the marker model.

**Trading Volume Activity**

Trading volume activity is One of the elements that also affects changes in stock prices is the selling of each transaction that takes place on the stock market at a specific moment in time and stock. Trading Volume Activity is the result of the sale of any trade that occurs within a certain period of time for a particular stock on the Exchange, as well as factors that can affect stock price fluctuations. Volume activity indicates stock trading activity and displays how liquid and active a stock is traded on the capital market(Anwar et al., 2020).

Trading Volume Activity (TVA) shows the stock market's response to new information that occurs in the stock market through the movement of TVA. Information is valuable if the number of shares traded is more or less during a given period of events. Active trading of a stock, or a high trading volume, indicates that the stock is popular with investors and means that the stock is trading quickly. This information is very useful for investors who want to see market conditions where the more a stock is traded, the higher the return obtained. A sudden increase in trading volume is considered a sign of a sharp rise or decrease in price, as it reflects the interest of investors to buy the stock.

**Hypothesis Development**

Several studies have discussed geopolitical events, such as boycotts, invasions, or sanctions, which can be used to help develop hypotheses. Based on this, an event that occurs has an impact or will react to other events depending on how quickly the information is obtained. Another study that discusses the impact of a boycott event similar to this study is found in a study conducted by Farouh & Abdelrhim, (2021) This study examines the effects of the Muslim boycott in France's financial markets in response to mockeries of the Prophet Muhammad (PBUH). Event

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studies are used to study data from the French stock market's five primary indicators and nine sectoral indicators. The day of the boycott event is September 15, 2020, calculated the cumulative average of the abnormal return value of each indicator for the period of the estimated occurrence of the event (-20...+20), (-10...+10), (-5...+5). Levesque & Nam, (2019) The study, which also discusses boycotts, aims to find out whether consumer boycotts have a significant impact on the stock prices of target companies with a sample of 23 companies listed on the New York Stock Exchange in the 30-day period before and after the boycott. From the social dimension, sustainability boycotts serve as a powerful mechanism to raise awareness about social issues, mobilize consumers, and allow companies to focus on social aspects (Nair & Thankamony, 2021).

Other research examining other geopolitical events is found in the research Rahayu, (2023) which examines the extraordinary returns and trading volume activity in South Africa, the alternative country, as a reflection of the market's response to the EU coal embargo on coal stocks. The analysis made use of the volumes and share prices of South African coal businesses that were listed before to and following the declaration of the EU coal embargo. In order to determine abnormal returns and trading volume activity, the researcher employed an event study approach with an event window of ten days prior to and ten days following the announcement. Amelya, (2022) The study analyzed the influence of the announcement of the Russian invasion of Ukraine on market reactions reflected in abnormal returns and trade volume activities in 7 countries, using secondary data and there were 29 oil and gas companies registered in each country and using the event study method. A study that examines different events Kollias et al., (2011) The study analyzed the impact of two terrorist incidents on the equity market sector: the bomb attacks that occurred in Madrid London. This research was conducted with an event study approach in assessing abnormal returns and the GARCH model in volatility.

Previous research has shown mixed results on abnormal returns, with some events producing significant differences in abnormal returns, and others independent of how much the event has impacted. However, boycotts that occur in various countries are considered to have a significant impact and can cause mixed market reactions. Since the boycott is assumed to affect the market, the first hypothesis is to test for significant differences in abnormal returns. Therefore, the hypothesis that will be formulated is as follows:

H0 : There is no difference in Abnormal Return before and after the boycott
H1: There is a difference in Abnormal Return before and after the boycott

Findings from previous studies show mixed results in trading volume activity. The boycott is assumed to have an impact on trading volume activity. This is due to the negative image received by the company that is the target of the boycott as well as the mixed market reaction that results in the company's revenue decreasing, influencing investors to make stock transactions by buying more shares of the company that is the target of the boycott. Therefore, the second hypothesis that will be formulated is as follows:

H0 : There is no difference in Trading Volume Activity before and after the boycott
H2: There is a difference in Trading Volume Activity before and after the boycott

**METHOD**

The sample to be analyzed in this study is companies that are targeted for boycott and listed on the Indonesian stock exchange. Sample selection in this study uses the purposive sampling method In the purposive method, the sample is selected based on the researcher's discretion using several criteria. The criteria specified are: 1) The company must be listed on the Indonesia Stock Exchange before the boycott event; and 2) the company is the target of a boycott based on information collected from various media. Based on these criteria, 8 companies were found to be the target of the boycott.
The following is a list of companies that are samples:

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**Table 1 : List of Companies that meet the sample criteria**

| No. | Companies | Stock Code |
|---|---|---|
| 1 | PT MAP Boga Adiperkasa Tbk | MAPB |
| 2 | PT Unilever Indonesia Tbk | UNVR |
| 3 | PT Fast Food Indonesia Tbk | FAST |
| 4 | PT Mitra Adiperkasa Tbk | MAPI |
| 5 | PT Akasha Wira International Tbk | ADES |
| 6 | PT Sarimelati Kencana Tbk | PZZA |
| 7 | PT Erajaya Swasembada Tbk | ERAA |
| 8 | PT Metrodata Electronics Tbk | MTDL |

The researcher used abnormal returns and trading volume activities of companies targeted by boycotts to see the difference. The data analysis is first presented with descriptive statistics of abnormal returns and trading volume activity before and after the boycott, testing the normality of the data and hypotheses based on the normality of the data. Datasets that are normally distributed will use the Paired Sample T-test, and those that are not normally distributed will use the Wilcoxon Signed Rank test.

The event study was used in this study to observe the difference in whether there was an abnormal return and trading volume activity in the company that was the target of the boycott. The study of events provides an understanding of the market's response to information and how much that information affects stock price movements. In this study, the event that became the focus was the issuance of MUI Fatwa Number 83 of 2023. The boycott action is based on the date of the issuance of MUI Fatwa No. 83 of 2023 concerning the prohibition of Israeli support, which is November 8, 2023, which is the date of the event or t-0. Observations are made only when the market is open, with the exception of holidays and weekends, and continue to the next day when the market reopens. In this research, the event time window used is between D-100 to D+100.

Calculating Abnormal Returns

The calculation of abnormal returns is done through the following formula:

$$AR_{i,t} = R_{i,t} - E(R_{i,t})$$

$AR_{i,t}$ = Abnormal stock returns in the period t
$R_{i,t}$ = Actual return of shares i in the period t
$E(R_{i,t})$ = Estimated return of shares i in the period t

To get the actual return, the author uses the daily stock price obtained from secondary data and calculates it using:

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

$R_{i,t}$ = Actual return of shares i period t
$P_{i,t}$ = Stock price i in the period t
$P_{i,t-1}$ = Stock price i in the period t-1

Since the expected return is a component of the calculation of abnormal returns, the calculation of the expected return using the market model is obtained as follows:

$$E(R_{i,t}) = \alpha_i + \beta_i(Rm_{i,t}) + \varepsilon_{i,t}$$

$E(R_{i,t})$ = Estimated return on shares i in the period t
$\alpha_i$ = Intercept stok i
$\beta_i$ = Slope coefficient, which is the beta of stock i
$(Rm_{i,t})$ = Market return of shares i in the period t

After obtaining actual and abnormal return data, the authors can calculate abnormal

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returns to find out whether or not significant abnormal returns are found in this study to answer research questions. In addition, this study analyzes significant differences before and after the announcement of the EU embargo by calculating using the Average Abnormal Return (AAR) before and after the event. The formula is stated below:

$$\text{AARiPrevious} = \frac{\sum_{t=-n}^{t=-1} ARt.i}{\text{n}}$$

$$\text{AARiAfter} = \frac{\sum_{t=+n}^{t=+1} ARt.i}{\text{n}}$$

Information:

AARi : Abnormal Return of All Shares
$ARt.i$ : Abnormal Return of i shares on t date
N : Number of shares

Calculating Trading Volume Activity

The calculation of trading volume activity is provided in this study to see how the market responds from the perspective of the volume of traded stocks. a formula to calculate the trading volume of stocks as follows:

$$TVA_{i,t} = \frac{\text{stock trading volume i in the period t}}{number\ of\ outstanding\ shares\ i\ in\ the\ period\ t}$$

To estimate the difference in the volume of stocks traded before and after the event, the Average Trading Volume Activity (ATVA) takes place using the following calculations:

$$ATVA_i\text{Previous} = \frac{\sum_{t=-n}^{t=-1} \text{TVAi j}\ previous}{\text{n}}$$

$$ATVA_i\text{After} = \frac{\sum_{t=+n}^{t=+1} \text{TVAi j}\ after}{\text{n}}$$

Information:

ATVAi : The average trading volume activity of all stocks
TVAi,j : Trading volume of stock activity i for event j
N : number of samples observed

**RESULTS AND DISCUSSION**

The results showed that the average AAR before the boycott event was 0.00000, with the lowest value of -042237 and the highest value of 0.02284. while the average AAR after the coal embargo is -0.00002, with the lowest value being -0.026 and the highest value being 0.024. This shows that the response of investors tends to be negative because the market is down. This condition is supported by graph 2 which shows that the daily AAR in the event period tends to decline after surging.

**Tabel 2 : AAR before-after boycott**

**Descriptive Statistics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| AAR Before Boycott | 100 | -.042 | .022 | .00000 | .009282 |
| AAR After Boycott | 100 | -.026 | .024 | -.00002 | .008460 |
| Valid N (listwise) | 100 | | | | |

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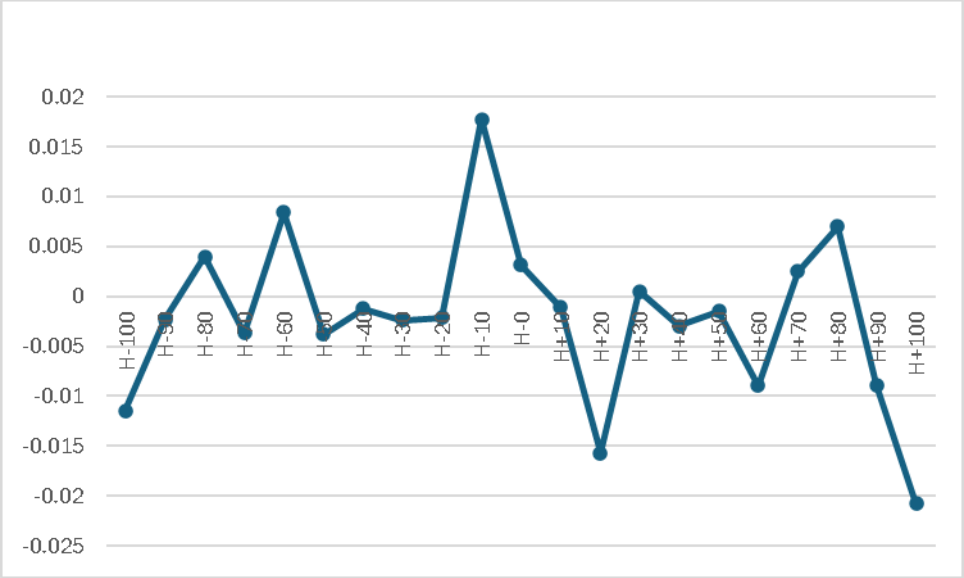
**Graph 2: AAR movement before and after the boycott**




The average ATVA before the boycott was 0.26855, with the lowest value being 0.10334 and the highest value being 1.10873 and the average ATVA after the boycott was slightly lower, which was 0.22613, with a low value of 0.08139 and a high value of 0.68212. The movement of the average ATV value can be seen from the daily data in Graph 3 which shows the average ATVA during the event window period; Displaying the mean after the boycott tends to give a negative reaction compared to the mean before the boycott

**Tabel 3 : ATVAbefore-after boycott**

**Descriptive Statistics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| ATVA Before Boycott | 100 | .103 | 1.109 | .26855 | .149790 |
| ATVA After Boycott | 100 | .081 | .682 | .22613 | .107384 |
| Valid N (listwise) | 100 | | | | |

**Graph 3 : ATVA movement before and after the boycott**

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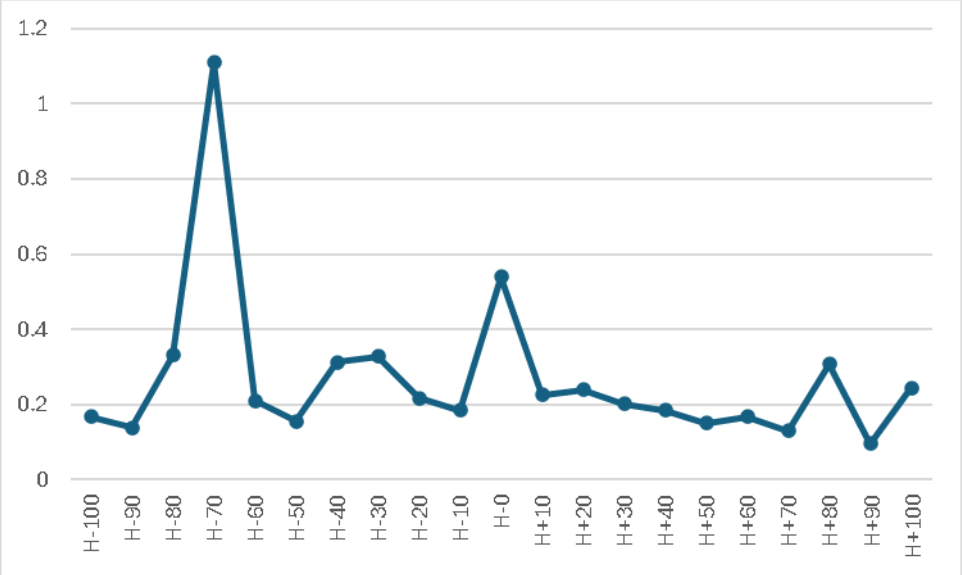


Abnormal Return

Normality Test

Based on the SPSS test. The normality of the data is determined by the p-value (expressed by the Sig.); If the p-value < 0.05 then the data does not follow the normal distribution, and if the p-value > 0.05 then the data follows the normal distribution. The p-value of AAR before the boycott was 0.052, and the value was more than 0.05; thus the AAR before the boycott is normally distributed. The p-value of AAR after the boycott was 0.162 which indicates that the data is also normally distributed. Since the two DATA are normally distributed, the authors will use the Paired Sample T-Test to assess the statistical hypothesis test in the next step.

**Table 3 : AAR normality test results**

| | | Kolmogorov-Smirnov[a] | | |
|---|---|---|---|---|
| | Before & After | Statistic | df | Sig. |
| AAR | AAR Before Boycott | .088 | 100 | .052 |
| | AAR AFter Boycott | .076 | 100 | .162 |

a. Lilliefors Significance Correction

Hypothesis Testing

**Table 4 : Results of the AAR hypothesis test**

**Paired Samples Test**

| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
|---|---|---|---|---|---|---|---|---|---|
| | | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference Lower | Upper | | | |
| Pair 1 | AAR Before Boycott - AAR After Boycott | .000023 | .012114 | .001211 | -.002381 | .002426 | .019 | 99 | .985 |

The results of the Paired Sample T-Test are shown in the Table; It can be concluded that the p-value (indicated by Asymp. Sig. 2-tailed) AAR before and after the boycott produces a value of 0.985, meaning that the p-value is more than 0.05. The results showed that there was no significant difference between the average abnormal return before the boycott and the average abnormal return after the boycott.

Trading Volume Activity

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Normality Test

Based on the table, it can be seen that the p-value of Average Trading Volume Activity (ATVA) before the boycott is 0.000, while the p-value after the boycott produces a value of 0.000. The results of the normality test showed that the p-value of the two data was < 0.05, then the two data were not normally distributed, and the corresponding statistical hypothesis test would be analyzed using the Wilcoxon Signed Rank Test.

**Table 5 : ATVA normality test results**

| | Kolmogorov-Smirnov[a] | | |
|---|---|---|---|
| | Statistic | df | Sig. |
| ATVA Before Boycott | .166 | 100 | .000 |
| ATVA After Boycott | .148 | 100 | .000 |

a. Lilliefors Significance Correction

Hypothesis Testing

The findings of the Wilcoxon Signed Rank Test are presented. The p-value of ATVA before and after the boycott gives a value of 0.019. This shows that the p-value < 0.05 thus, the ATVA before the boycott and ATVA after the boycott are significantly different from each other.

**Table 6 : ATVA hypothesis test results**

**Test Statistics[a]**

| | ATVA After Boycott - ATVA Before Boycott |
|---|---|
| Z | -2.338[b] |
| Asymp. Sig. (2-tailed) | .019 |

a. Wilcoxon Signed Ranks Test

b. Based on positive ranks.

**DISCUSSION**

**Tabel 7 : Hasil tes hipotesis**

| Variabel | Janis uji | p-value | Uji hipotesis | temuan |
|---|---|---|---|---|
| AAR | Paired Sample T-Test | 0.985 | Menolak hipotesis 1 | Tidak ada perbedaan signifikan |
| ATVA | Wilcoxon Signed Rank Test | 0.019 | Menerima hipotesis 2 | Terdapat perbedaan signifikan |

According to the paired sample t test result, it was stated that the AAR before and after the boycott produced a p-value of 0.985 which indicates that the value is more than 0.05. it means there is no significant difference in the AAR between 100 days before and 100 days after the boycott. This explains that investors in Indonesia are not easily affected by the issue of boycotts carried out by the Indonesian people after the publising of MUI Fatwa Number 83 of 2023. They believe that the boycott will have a major short-term financial impact on the corporation and the impact of the boycott is only temporary. Boycotts are also not new in Indonesia, several signals about the potential for boycotts have been obtained in advance by investors so that at the time of the publishing of MUI Fatwa Number 83 of 2023 it is not new information for investors because since October 7, 2023 news about the invasion and massive attack on Israel in the Gaza Strip by Hamas has spread, So it has no significant abnormal difference in return. Nonetheless, it should

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be noted that the nothingness of abnormal differences in returns does not matter that the boycott has no impact on the company at all. A permanent boycott can affect a company's sales, revenue, and financial performance in the long term which of course needs to be considered.

These findings are consistent with the study that was done by Amelya, (2022) which presents that the shares of Russia Ukraine Invasion of Oil and Gas did not provide a significant AAR difference in return because the issue regarding the announcement had been circulating before the official announcement was issued. But geopolitical events such as a boycott can still make a significant difference. Other research that also strengthens the findings of this research is found in the research Rahayu, (2023)Examining the market's reaction to the EU coal embargo announcement, coal imports from Russia in exporting countries showed that it had no significant difference in AAR before and after the announcement. This outcome is likely because the European Union has signaled by arguing a broad ban on Russia's energy sector thus, investors may have anticipated such an event in advance.

According to the Wilcoxon test, it was found that there was a significant difference in the ATVA before and after the boycott because it resulted in a p-value (0.019) greater than 0.05. This shows that the information on the publishing of MUI Fatwa Number 83 of 2023 has an attractive effect for investors to make transactions on the company's shares that are the target of the boycott. Diverse investor reactions occurred in response to the publishing of MUI Fatwa Number 83 of 2023 and the boycott that occurred. Boycotts of Israeli products can cause investors to react by selling or buying shares of related companies. Negative sentiment due to the boycott can encourage investors to sell, Conversely, other investors may actually buy the company's shares in the hope of profiting from the falling share price due to the boycott. When comparing the trading volume of equities before and after the boycott, there will be a variation in the trading volume of the target company's shares due to this investor reaction.

This is in line with research Amelya, (2022)which found the difference in TVA after the Russia-Ukraine invasion. This is because investors view Russia as the third largest oil supplier in the world, and when this event occurs and affects the oil supply, it makes investors make transactions. Research Ridhwan & Nugraha, (2020) also showed that there was a difference in TVA in Idxhidiv20 shares before and after it was announced about Covid-19 in Indonesia owing to investors' belief that the presence of Covid-19 in Indonesia has obstructed the economy in Indonesia.

## CONCLUSION

Based on the results of Paired Sample T-test, it had no differences in abnormal returns before and after the boycott. With these results, the first hypothesis was rejected. This finding indicates that investors have received signals about the potential boycott because the news of the Hamas invasion of Israel in the Gaza Strip has become world news before the publishing of MUI Fatwa Number 83 of 2023. With information about the potential for a stock market boycott, it has reflected this information. The issue of boycotts carried out by the Indonesian people after publishing of MUI Fatwa Number 83 of 2023 does not have much effect on investors in Indonesia. Investors seem to maintain interest and confidence in the value of stocks, even in the context of sensitive issues such as geopolitical conflicts involving Israel and Palestine. This may indicate that investors in Indonesia are more focused on the fundamental factors of the company and the overall economic condition rather than being influenced by specific political issues.

According to the Wilcoxon test result, there is a significant difference in trading volume activity before and after. The results made the second hypothesis accepted. This explains that different investor reactions in response to the boycott resulted in different trading volume activities. Investors reacted to the change in market sentiment due to the boycott. If investors expect a boycott to have a bad impact, then they may sell off. On the other hand, if investors are optimistic that the company can overcome the impact of the boycott and buy shares at a low price. The difference in trading volume activity is very visible when comparing data before and after the

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boycott where the boycott action affects the trading rate of the company's shares. This shows that this event affects investors in buying shares of companies that are the target of the boycott.

Based on the results of this reseach, the author provides several suggestions to investors and future researchers. For investors, the recommendation that can be given is to monitor the latest news and events that can affect market conditions. Although the market shows stability over the tested timeframe, the presence of new events or changes in the geopolitical situation can have a different impact. A deep understanding of religion, political issues, and their potential impact on stock values can support investors in making more informed investment decisions, it involves deep comprehension of the risks and opportunities that may come up from the situation. In the face of market dynamics that may change, portfolio diversification is also a strategy to consider. Investors can mitigate potential risks by spreading investments across different sectors.

For the next researcher, the recommendation given is to extend the observation period to see how the boycott event affects the market in the long term. This can help in knowing whether the effects of the boycott event last for a long time or are only limited to a short time. The use of the latest data to help in knowing how boycott events affect the market on a more specific and current level. The author can also compare the impact of the boycott that occurs between countries or in different periods to find out how much the boycott affects the market in different places and times.

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