

# The Impact Of The Pro-Israel Product Boycott On Stock Prices Companies Registered On Bei

Fauziah Ahsyam<sup>1</sup>, Sitti Syaharana<sup>2</sup>, Maya Alfira<sup>3</sup>, Sudarmi, Ayu Suraya<sup>4</sup>, Muchriana Muchran<sup>5</sup>

<sup>1</sup> Universitas Muhammadiyah Makassar1; [fauziahelsyam@gmail.com](mailto:fauziahelsyam@gmail.com)

<sup>2</sup> Universitas Muhammadiyah Makassar1; [sittisyaharana16@gmail.com](mailto:sittisyaharana16@gmail.com)

<sup>3</sup> Universitas Muhammadiyah Makassar1; [mayalfyra@gmail.com](mailto:mayalfyra@gmail.com)

<sup>3</sup> Universitas Muhammadiyah Makassar1; [dansudarmi@gmail.com](mailto:dansudarmi@gmail.com)

<sup>4</sup> Universitas Muhammadiyah Makassar1; [ayusuraya68@gmail.com](mailto:ayusuraya68@gmail.com)

<sup>5</sup> Universitas Muhammadiyah Makassar1; [muchranmuchriana@gmail.com](mailto:muchranmuchriana@gmail.com)

\*Correspondence: Fauziah Ahsyam

Email: [fauziahelsyam@gmail.com](mailto:fauziahelsyam@gmail.com)

Published: January,2024



**Copyright:**© 2023 by the writers Submitted for conceivable open access distribution under the agreements of the Innovative Lodge Attribution (CC BY) permit (<http://creativecommons.org/licenses/by/4.0/>).

**Abstract:** This research aims to analyze the impact of the pro-Israel product boycott on the share prices of companies listed on the Indonesia Stock Exchange (BEI). Boycotting pro-Israel products has become a widespread effort carried out by community groups who argue that Israel has violated human rights in Palestine. The method used in this research is a descriptive quantitative method with data analysis techniques using paired T-Test techniques using share price data of companies listed on the IDX during a certain period before and after the boycott of pro-Israel products. The share price data was obtained from trusted sources such as the official IDX website. The results of this research show that there is an impact on the share prices of 6 sample companies from the IDX whose products are pro-Israel.

**Keywords:** Product Boycott, Stock Prices

## INTRODUCTION

Boycotting pro-Israel products has become a controversial issue questions about its impact on the share price of listed companies on the Indonesian Stock Exchange (BEI). To understand the impact, it is necessary to look background geopolitical situation, market dynamics, and economic factors involved. The tension between Israel and Palestine has become the main focus in global geopolitical issues. Boycotts of pro-Israel products emerged as a responseregarding Israeli policy regarding conflicts in the region. activist group, civil society organizations, and individuals globally have taken up steps to curb support for products that related to Israel.

In Indonesia, this includes calls to avoid purchasing products produced by Israeli or related companies with that country. The Indonesian Ulema Council (MUI) issued a fatwa It is haram to buy products from manufacturers that support Israeli aggression. That matter stated in fatwa number 83 of 2023 concerning the law of support for Palestinian struggle (Kompas.com, 2023).

The impact of this boycott on the share prices of companies listed on the IDX is not can be ignored. One of the main impacts of a boycott is the potential for decline sales of targeted products or services. When consumers and groups certain groups decide not to buy products from that company if they boycott, the company may experience a decline in revenue (Compasiana, 2023). However, the impact is not always that clear. Factors Global economics and market behavior can play an important role. Stock price sometimes influenced by macroeconomic factors such as interest rates, global economic growth, and general geopolitical uncertainty.

By therefore, although boycotts can create short-term pressure on stock prices, this impact may be temporary if market conditions change. In order to deal with the impact of the boycott on stock prices on the IDX, Related companies need to take strategic steps. This includes effective communication with stakeholders, adaptation business strategy, and careful risk management. While boycotts can creates

---

uncertainty, companies are able to respond quickly and smart can minimize the negative impacts and even take advantage of it as an opportunity to strengthen their position within market.

Based on the impact of these problems, researchers are interested in conducted a study entitled "The Impact of the Pro-Israel Product Boycott Regarding the share prices of companies listed on the IDX."

## **Literature Review**

### **Israeli-Palestinian War**

The territorial problem between Israel and Palestine starts from Jerusalem as an important site for the respective countries' beliefs in Israel and Palestine, making it difficult for both countries to let go of Jerusalem, arrived in UN resolution 478 condemning the state of Israel to recognize Jerusalem as their territorial area. Land in Palestine from year to year increasingly reduced due to confiscation from Israel leaving only Palestine owns 22% of the remaining land, and Israel has taken control of the west bank and the Gaza Strip and claimed that their territory stretched from the Jordan River to the Mediterranean Sea (Rahmani, 2023).

The increasingly heated Israeli and Palestinian war began on the 7th October 2023, this conflict heats up because Hamas does not want the Al-Aqsa was attacked and controlled by Israel and also wanted a stop atrocities against Palestinians, as for the embedded conflict is Hamas controls the Gaza Strip politically and is the home of its citizens totaling 2.3 million inhabitants. Hamas also opposes the Oslo accords negotiated by Israel and the PLO in the mid-1990s and the group Hamas is committed to establishing a Palestinian state in its own territory (CNBC Indonesia, 2023). Hamas has a strong support network and interests the Hamas issue is proven by Pan Islamism, diplomatic support and humanitarian support (Rahmani, 2023).

### **Indonesia stock exchange**

Indonesian Stock Exchange (abbreviated BEI, or Indonesia Stock Exchange (IDX)) is an exchange resulting from the merger of the Jakarta Stock Exchange (BEJ) with Surabaya Stock Exchange (BES). For the sake of operational and transaction effectiveness, The government decided to merge the Jakarta Stock Exchange as a market shares with the Surabaya Stock Exchange as a bond and derivative market. Exchange The results of this merger began operations on December 1 2007. BEI uses a trading system called the Jakarta Automated Trading System (JATS) since May 22 1995, replacing the manual system used previously. Since March 2 2009 the JATS system itself has been replaced with new system called JATS-NextG provided by OMX (COCO, nd). stock Exchange Indonesia is centered in the Indonesian Stock Exchange Building, Commercial Area Sudirman, Jalan Jenderal Sudirman 52-53, Senayan, Kebayoran Baru, Jakarta South (COCO, nd).

### **Shares**

According to the Big Indonesian Dictionary (KBBI), shares mean "rights that people (shareholders) have in the company thanks to the transfer part of the capital so that they are considered to share in ownership and supervision" (CNBC, n.d.).

The form of shares is in the form of pieces of paper that state that the name listed on the sheet is the owner from a company with a percentage in accordance with the investment value invested in the company (CNBC, nd).

By holding shares, individuals and entities can claim ownership in a public company. That is, shareholders. With Whatever number of shares he has, he has the right to attend the Meeting General Shareholders (GMS) (CNBC, nd). Shareholders also have the right to receive dividends in accordance with the number of shares he owns. The dividend payout usually depends profits from the company and have been arranged according to the budget company basis. Issuing shares is one of the company's methods to be able to get fresh funds or capital for business development long term. Shares themselves can be bought and sold via the Stock Exchange with prices that change according to company conditions and also economic conditions (CNBC, nd).

### **Boycott Product**

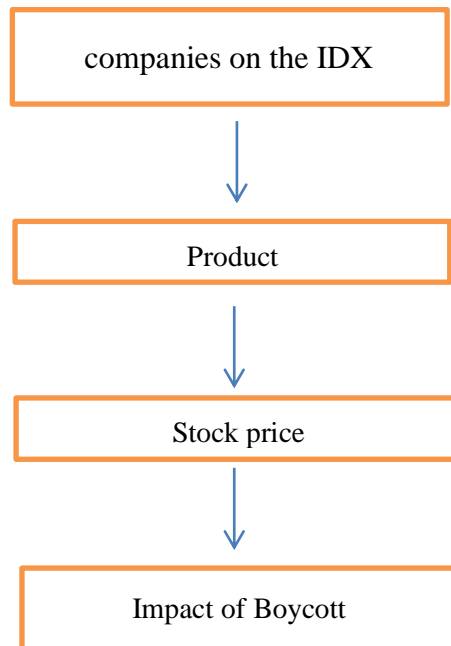
According to the Big Indonesian Dictionary (KBBI), boycott is a refusal to work The same. Boycott is a term that has several derivative words that you need understand, such as boycotting, boycotting, to boycotting. Boycott means is conspiring to refuse to cooperate (trade dealings, talks, participate, and so on). Boycott means the person (party) who boycotts, and boycott means the process, method, act of boycotting (Abdi, nd).

Boycott is a term that refers to a form of protest by a group of people against a particular issue, policy, rule, or situation by preventing it not to use, deal with, or reject all of its policies. So, boycott is a form of rejection of something that is considered unacceptable appropriate, unfair, or problematic (Abdi, nd).

Boycott can also be interpreted as agreeing or conspiring to refuse cooperation. This refusal to cooperate can occur in various ways fields ranging from trade, business, activities, participation of certain parties, and others so on (Abdi, nd).

### CONCEPTUAL FRAMEWORK

Based on the theoretical basis and problems expressed, the following are: framework of thought that researchers can present in conducting research, as follows :



**Figure 1. Framework of Thought**

## RESEARCH METHODS

### Types of research

The type of research used in this research is research descriptive quantitative. Quantitative research is research carried out with how to collect data in the form of numbers or data in the form of sentences converted into data in the form of numbers. Data in the form of numbers then processed and analyzed to obtain scientific information behind it all these numbers

### Data Types and Sources

#### Data Type

Quantitative data is the type of data used in this research. Data or information collected in the form of numbers is called data quantitative. Quantitative data can be processed using mathematical formulas in this numerical form, or can also be checked using techniques statistics.

#### Data source

The data source used in this research is secondary data, namely information collected from sources other than the researcher himself for that reason different. Secondary data for this research was obtained from the company's website as well The official website of the Indonesian Stock Exchange [www.idx.co.id](http://www.idx.co.id) which contains share price data.

### Population and Sample

#### Research Population

According to Salsabila and Widiatmoko (2022), population is a broad category includes things or individuals with certain attributes and characteristics selected by researchers to be examined and investigated so that they can be retrieved conclusion. The population of this study were 16 companies that were pro-profit Israel.

#### Research Sample

The sample is the result of a generalization that has attributes and certain characteristics that researchers choose to study. Purposive sampling used to select the sample for this study. Purposive sampling is a technique data collection that uses certain characteristics or criteria depends on the subject being examined. The following

are the sample criteria used in this research : 1) Companies whose products are pro-Israel. 2) Companies whose products are in boycott in Indonesia. 3) Companies registered on the IDX. 4) Companies that the share price is listed on the IDX.

The final sample, which includes 6 companies and 6 pieces of data overall, can be determined using sampling criteria mentioned above. Based on the criteria above that have been determined, the number of samples is obtained as follows :

Table 3. 2 List of Companies Used as Research Samples

No	Company Code	company name
1	ERAA	PT Erajaya Swasembada Tbk
2	MAPI	PT Mitra Adiperkasa Tbk
3	MAPB	PT Map Boga Adiperkasa Tbk
4	UNVR	PT Unilever Indonesia Tbk
5	FAST	PT Fast Food Indonesia Tbk
6	PZZA	PT Sarimelati Kencana Tbk

Source: Secondary data processed, 2023

### Data analysis method

The analytical method used in this research is method quantitative descriptive, explaining using mathematical test methods average difference (Paired Sample T test) which functions to test two samples pairs, do they have differences that are on average different or not. A paired sample is a sample with the same subject but experienced two different treatments.

Based on the problems discussed and the hypotheses that will be tested, then The analysis tool used is the Paired T-test technique, with a window period (Window Period) is the stock price 5 days before and 5 days after boycott announcement. To measure and analyze this research SPSS tools were used.

## RESULTS AND DISCUSSION

### The Impact of Pro-Israel Product Boycotts on Stock Prices

Results of stock price processing before and after being impacted boycott of pro-Israel products is shown in table 1 below :

Table 1. Descriptive Statistics of Stock Prices

Description	Mean (USD)	N	Std. Deviation
Stock Price Data Before Boycott	1538.73	30	1204.828
Stock Price Data After Boycott	1449.00	30	1128.253

Source: SPSS 26 Processing Results

Initial Stock Price = Price before boycott of pro-Israel products

Final Stock Price = Price after boycott of pro-Israel products

Researchers process stock price data based on the visible idx.co.id site that from the 6 sample companies it can be seen from the mean average price at that time before the boycott 1538.73 with a standard deviation of 1204.828 meaning varied. The average share price after the boycott was 1449.00 per share with a standard deviation of 1128.253. In conclusion there was a drop in stock prices from after the boycott and before the boycott on 6 companies originating from the Indonesian Stock Exchange (BEI).

The company has several pro-Israel products which are currently happening. Testing The average difference test was carried out by researchers to see stock prices before the boycott and after the boycott of proIsrael products which are shown in table 2 below :

Table 2. Mean Difference Test

Description	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Stock Data Before Boycott - Stock Data After Boycott	89.733	125.956	22.996	42.701	136.766	3.902	29	.001

Source: SPSS 26 Processing Results

Prior Share Price = Share Price before pro-Israel product boycott ; Price closing October 16-20, 2023  
 Stock Price After = Stock Price after boycott of pro-Israel products; Price closing November 13-17, 2023

The results of processing the average difference test data are shown in table 2 above shows a significant decline in share prices in 6 sample companies from the Indonesian Stock Exchange (BEI). the product is pro Israel. The decline in shares is seen from the average data that has been recorded processed was 3,902 USD. The significance level is 0.001 so it can be concluded that there is a significant decrease in shares, until the hypothesis First, the boycott of pro-Israel products had an impact on stock prices accepted.

The research results show that there is an impact on stock prices 6 sample companies from the IDX whose products are Pro to Israel. This is due to investors' concerns about the threat of a boycott world community, the stability of company revenues could also be disrupted as a result there was a conflict over the boycott of pro-Israel products which was criticized by the public for brutal actions The genocide committed by Israel against Palestine. Found a company from The Pro Israel country provides product discounts at every shop outlet in various countries to reduce the opportunity for competitors to enter and outperform similar products.

### CONCLUSION

Researchers concluded that there was a boycott of pro-Israel has had a big impact on various companies carried out by Israel towards Palestine. Solidarity actions also took place in various countries for supports an independent Palestine and eradicating colonialism on the face of the earth. Scan The boycott action was seen in the decline in share prices for 16 selected companies from countries supporting Israel. The hypothesis stating that the boycott.

The impact pro-Israel products have on accepted stock prices is proven to be relevant. The results show that boycott sentiment or actions can influence market perception and share value of the companies involved.

### REFERENCES

- Abdi, H. (n.d.). Boycott is a form of protest against an action, get to know the types. <https://www.liputan6.com/hot/read/5118294/boikot-hadap-besar-protos-terhadap-tidak-aksi-kenali-Jenis-Jenisnya?page=3>
- Abdul Basit, S. H. (2021). Analysis of the Influence of Political Stability and Combination. 220–237. CNBC. (n.d.). Get to know what shares are, types, advantages and how to buy them. <https://www.cnbcindonesia.com/money/20220316113956-72-323220/mengenal-apa-itu-saham-jen-keuntungan-dan-cara-belinya>
- COCO. (n.d.). Indonesia stock exchange. <https://www.scribd.com/document/391967791/Makalah-Bursa-Efek-Indonesia>.
- Firdaus, F. R., & Supriyono, S. (2022). Analysis of the Action to Boycott Caricatures of the Prophet Muhammad in the Perspective of Conflict Theory and Social Action. PARADIGM JOURNAL: Journal of Sociology Research and Education, 3(2), 117–125. <https://doi.org/10.53682/jpsre.v3i2.3845>
- Kompas.com. (2023). There is a widespread boycott of pro-Israel products, what is the impact according to retail entrepreneurs? This article was published on Kompas.com with the title "Rapid Boycott of Pro-Israel Products, What is the Impact According to Retail Entrepreneurs?", Click to read: <https://money.kompas.com/read> (p. 1).

---

<https://money.kompas.com/read/2023/11/13/104335226/marak-boikot-produk-pro-israel-how-dampaknya-menurut-pengusaha-ritel>

- Kompasiana. (2023). The Impact of Boycotts in Economic Perspective: Consequences and Considerations (p. 1). Rahmani, A. N. (2023). The Impact of the Israel-Hamas War on Stock Prices and People's Interest in Buying Products Supporting Israel. 14(2), 2023. <http://doi.org/10.1159/000477654>The final published version is available at <http://www.karger.com/?doi=10.1159/000477654>.
- Rahmawati, S., Ali, S., Subagja, G., Bisnis, I. A., & Lampung, U. (2020). The Influence of Religious Values and Product Knowledge on the Decision to Boycott KFC Products (Study of Muslim Consumers in Bandar Lampung). *Journal of Competitive Business*, 1(1), 39–49.
- Yullah, A. (2016). Framing Analysis of Reporting on the Boycott of Israeli Products on the Islamic News Agency Mi'raj News Agency. 4(4), 267–281.