

Research Article

An Event Study on the Indonesian Ulema Council's Fatwa Regarding the Boycott of Israel and United States Affiliated Companies in Indonesia

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ABSTRACT

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This research aims to evaluate abnormal returns surrounding the announcement of the Indonesian Ulema Council's (MUI) Fatwa Number 83 of 2023 and to compare abnormal returns before and after the announcement. This study employed an event study approach. The population consists of companies listed on the Indonesia Stock Exchange (IDX). The research sample included nine companies affiliated with Israel and the United States, as well as nine non-affiliated companies from the same industry sectors to provide a balanced comparison. Abnormal returns were calculated using the single index model. The independent variable in this study was the return of the Composite Stock Price Index (IHSG), while the dependent variable was the stock return. The results indicated that there were no significant abnormal returns surrounding the announcement of MUI's Fatwa Number 83 of 2023 for either affiliated or non-affiliated companies. Furthermore, the findings revealed no significant differences in abnormal returns before and after the announcement for either group of companies.

1. INTRODUCTION

Armed conflict is a conflict or hostility carried out by a country against another country, such as a conflict between a country's government and rebels, a country's government against another country or all kinds of other forms of international or non-international disputes (Ho, 2019). One of the armed conflicts that has occurred to date is the conflict between the state of Palestine and the state of Israel. This conflict has actually been going on for several years previously, but the conflict in 2023 will result in more casualties from various ages among Palestinians. The attacks carried out by Israel against Palestine were considered to violate humanitarian law and were widely condemned by other countries so that they should be stopped immediately, this was because Israel was considered to have carried out acts of genocide against Palestinians by bombarding Palestinian territories, killing civilians, health workers, small children and toddlers (Simanjorang et al., 2023). Support for Palestine continues to be carried out by other countries in various parts of the world, one form of support is the call for Boycott, Divestment and Sanctions (BDS) of products related to Israel and America to put pressure on these countries in the economic and political fields. Boycott is an action taken by individuals or groups to refrain from using, purchasing, and integrating with someone as a form of protest. Besides, boycotting is a process or action to boycott something (Risqi et al., 2023).

In the perspective of muamalah, boycott is interpreted as a rejection or prohibition of all forms of activities carried out by humans in worldly affairs, whether in the form of property or

objects. The behavior of boycotting muamalah is included in the type of boycott of services, companies or institutions which include forms of actions, interactions, processes and services to others, such as: sponsoring, processing, distributing or producing food and drinks (Mokobombang et al., 2023). The law of boycotting in the field of muamalah in the form of food and drinks is explained in the Word of Allah in the letter Al-Baqarah verse 173 as follows:

أَمَّا حَرَّمَ عَلَيْكُمُ الْمَيْتَةَ وَالدَّمَ وَلَحْمَ الْخِنْزِيرِ وَمَا أُهِلَّ بِهِ لِغَيْرِ اللَّهِ فَمَنْ اضْطُرَّ غَيْرَ بَاغٍ وَلَا عَادٍ فَلَا إِثْمَ عَلَيْهِ إِنَّ اللَّهَ غَفُورٌ رَحِيمٌ

"Indeed, Allah has only forbidden you carrion, blood, pork, and animals which (when slaughtered) are called (names) other than Allah. But whoever is forced to (eat them) and does not want them and does not (nor) transgress limits, then there is no sin for him. Indeed, Allah is Forgiving, Most Merciful."

As one of the countries supporting the Palestinian struggle and supporting the movement to boycott products related to Israel and America, MUI issued a fatwa Number 83 of 2023 concerning the "Law on Support for the Palestinian Struggle" which was stipulated in Jakarta on November 8 2023. In the fatwa, MUI stated that "Supporting the struggle for Palestinian independence against Israeli aggression is obligatory, while supporting Israeli aggression against Palestinians or parties who support Israel. whether directly or indirectly, the law is haram" (MUI, 2023).

Quoted from a CNBC Indonesia article, companies listed on the Indonesian Stock Exchange (IDX) which are affiliated with Israel and its allies have experienced a decline in share prices since the MUI fatwa was issued. CNBC Indonesia concluded as follows: PT Mitra Adiperkasa Tbk was recorded as experiencing a correction with share prices falling by 11.87% in the last month, however within a week the company's shares returned to stagnation. PT Fast Food Indonesia Tbk was also affected by the boycott with a correction of 5.70% in the last month. Apart from that, PT Unilever Indonesia Tbk also experienced a decline with a correction of 4.44% in the last week" (Puspadini, 2023).

A decrease in share prices that occurs in a company will have an impact on the profits obtained. If share prices decrease, the purchasing power of shares offered in the capital market will also decrease, this will result in losses for the company. Apart from that, investors who invest capital in companies are also affected by the decline in prices, this is because the return on capital obtained by investors is in accordance with the profits obtained by the company (Kusnandar & Bintari, 2020).

The statement above is in accordance with research conducted by (Nurasiah et al., 2023) with the research title "Correction in share prices for products affiliated with Israel as a result of the boycott, divestment and sanctions (BDS) movement on the IDX for the 2023 period." The research results concluded that after the MUI issued fatwa no. 83 of 2023 which states support for Palestine, share prices weakened. So there is a significant difference between share prices before the BDS action and after the MUI fatwa.

From the explanation above, the boycott movement and the issuance of the MUI fatwa resulted in a weakening of the share prices of companies affiliated with Israel and America. If share prices weaken, there is the potential for losses, this will have an impact on share returns and expected returns. The existence of instability between returns and expected returns can cause abnormal returns. Based on the latest research searches, research on abnormal stock returns of companies affiliated with Israel and America is currently still unfamiliar. The latest research only focuses on stock reactions in the capital market before and after the issuance of fatwa no. 83 of 2023. Therefore, researchers are interested in evaluating the abnormal stock returns of companies affiliated with Israel and America on the day the MUI Fatwa Number 83 of 2023 was issued, and before and after the MUI Fatwa Number 83 of 2023. In order to strengthen the data findings research, researchers took the same sample of shares of companies not affiliated with Israel and America before and after the MUI Fatwa Number 83 of 2023 to

compare the results study. Thus, this research can later be used as a reference and consideration for companies to be selective in making a decision. In addition, this research can be used as a reference for investors to consider companies that are suitable for investment.

2. METHOD

2.1 Type of Research

This research uses a quantitative approach using the event study method. Quantitative research is research that requires a lot of use of numbers, starting from data collection, data interpretation, and the appearance of the results (Syahrani, 2022). Event Study is an analysis of stock movements in the capital market to find out whether there are abnormal returns obtained by shareholders as a result of a certain event, so that later there will be a reaction to the market which can be measured by returns as the value of price changes or by using abnormal return (Hidayat, 2018). The purpose of an event study is to measure extra movements in stock prices (abnormal returns) that occur as a result of unanticipated information so that it is estimated that it will affect the company's potential earnings in the future (Kusnandar & Bintari, 2020). Several stages in event study research are as follows:

- 1) Estimation Event is an estimation event used to determine the alpha and beta coefficients. The time used in this research is -60 to -31 days before the time of the event or starting from 14 August to 25 September 2023.
- 2) Event Period is the event period used to analyze abnormal returns, the time used in this research is -30 days before and +30 days after the time of the event or starting from 26 September – 20 December 2023.
- 3) Event Window is an event event, the time used in this research is the event of the issuance of MUI Fatwa Number 83 of 2023, namely on November 8 2023 or referred to as $t = 0$.

2.2 Population and Sample

The population used in this research are companies listed on the Indonesian Stock Exchange (BEI). Meanwhile, the samples used in this research were nine companies affiliated with Israel and America as follows:

Table 1. Companies Affiliated with Israel and America

NO	COMPANIES AFFILIATED WITH ISRAEL AND AMERICA	CODE
1	PT Sarimelati Kentana Tbk	PZZA. JK
2	PT Fast Food Indonesia Tbk	FAST. JK
3	PT Mitra Adiperkasa Tbk	MAPI. JK
4	PT Unilever Indonesia Tbk	UNVR. JK
5	PT Erajaya Swasembada Tbk	ERAA. JK
6	PT Metrodata Electronics Tbk	MTDL. JK
7	PT Akasha Wira International Tbk	ADES. JK
8	PT Pioneerindo Gourmet International Tbk	PTSP. JK
9	PT Indofood Cbp Sukses Makmur Tbk	ICBP. JK

Source: <https://finance.yahoo.com/> (2024)

To strengthen the research findings, this study also analyzed the abnormal returns of nine companies that were not affiliated with Israel and America in the same industrial sector and observation period, nine companies that were not affiliated with Israel and America as follows:

Table 2. Companies Unaffiliated with Israel and America

NO	COMPANIES UNAFFILIATED WITH ISRAEL AND AMERICA	CODE
1	PT Sari Kreasi Boga Tbk	RAFI. JK
2	PT Champ Resto Indonesia Tbk	ENAK. JK
3	PT Matahari Department Store Tbk	LPPF. JK
4	PT Sumber Alfaria Trijaya Tbk	AMRT. JK
5	PT Era Media Sejahtera Tbk	DOOH. JK
6	PT Elang Mahkota Teknologi Tbk	EMTK. JK
7	PT JAPFA Comfeed Indonesia Tbk	JPFA. JK
8	PT Destinasi Tirta Nusantara Tbk	PDES. JK
9	PT FKS Food Sejahtera Tbk	AISA. JK

Source: <https://finance.yahoo.com/>

This research uses an event study approach to calculate abnormal returns. The data used is secondary data in the form of share prices of affiliated companies and unaffiliated companies in the form of time series obtained via the website <https://finance.yahoo.com/>.

Therefore, this research uses the dependent variable in the form of the Composite Stock Price Index Return (IHSG). Meanwhile, the independent variable of this research is Stock Return.

2.3 Data analysis method

The stages of data analysis carried out by researchers are as follows:

1) Calculating Stock Returns

Stock return calculations can be done using the following formula:

$$R_t = \frac{P_t - P_{t-1}}{P_{t-1}}$$

Information:

R_t = Stock return in the t-th period

P_t = Share price for the observation period

P_{t-1} = Stock price for the period before observation

2) Calculating the Composite Stock Price Index Return (IHSG)

Calculation of the composite stock price index return can be done using the following formula:

$$R_m = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}}$$

Information:

R_m = IHSG Return in the t-th period

$IHSG_t$ = IHSG observation period

$IHSG_{t-1}$ = IHSG for the period before observation

3) Carry out a Regression Test

The regression test was carried out to determine the alpha and beta coefficients. In this research, the regression test uses Microsoft Excel. The variables being regressed are variable.

4) Calculating Expected Return

Calculation of expected return can be done using the following formula:

$$E(R_{it}) = \alpha + \beta R_{mt}$$

Information:

$E(R_{i,t})$ = expected return of stock i in period t

$\alpha + \beta$ = Alpha and beta coefficients

R_{mt} = market index return during the t-th period

5) Calculating Abnormal Returns

Calculation of abnormal returns can be done using the following formula:

$$AR_{it} = R_{it} - E(R_{it})$$

Information:

AR_{it} = abnormal return from stock i at time t

R_{it} = return from stock i at time t

$E(R_{it})$ = expected return from stock i at time t

6) Carry out a Normality Test

Normality testing uses the Statistical Program for Social Science (SPSS) with the Shapiro Wilk method. The significance level taken is 0.05 with the following assumptions:

- a) If the significance value is > 0.05 then the research distribution is normal.
- b) If the significance value is < 0.05 then the research distribution is not normal.

7) Carry out a Difference Test

A difference test was carried out to determine whether there was a difference in abnormal company stock returns before and after the MUI Fatwa No. 83 of 2023. The significance level taken was 0.05 with the following assumptions:

- a) If the significance value is < 0.05 then H_0 is rejected and H_a is accepted (Significant).
- b) If the significance value is > 0.05 then H_0 is accepted and H_a is rejected (not significant).

3. RESULTS AND DISCUSSIONS

3.1 Companies Affiliated

There are nine affiliated companies because the products produced come from Israel and America. These companies operate in different sectors, such as the Primary Consumer Goods Sector, the Non-Primary Consumer Goods Sector and the Technology Sector. Here are the profiles of each of these companies:

1. PT Sarimelati Kentana Tbk

PT Sarimelati Kentana Tbk was established on December 16, 1987, led by a president director named Hadian Iswara. The company is located at Jl. Jend. MT. Haryono Kav. 1.000, Tebet District, South Jakarta 12870. PT Sarimelati Kentana Tbk is engaged in the business of restaurants, catering, warehousing, distribution, and the food industry and food processing (including bread and cakes). On May 25, 2018, the company began listing its shares on the Indonesia Stock Exchange.

2. PT Fast Food Indonesia Tbk

PT Fast Food Indonesia Tbk was established in 1978, led by a president director named Ricardo Gelael. The company is located at Jl. Jend. MT. Haryono Kav.7, West Tebet Tebet. PT Fast Food Indonesia Tbk is engaged in the food and beverage business. On May 11, 1993, the company started listing its shares on the Indonesia Stock Exchange.

3. PT Mitra Adiperkasa Tbk

PT Mitra Adiperkasa Tbk was established in 1995, led by a director named H.B.L. Mantiri. The company is located at Sahid Sudirman Center Building, 29th floor, Jl. Jend. Sudirman kav. 86 Karet Tengsin Tanah Abang, Central Jakarta, DKI Jakarta. PT Mitra Adiperkasa Tbk is engaged in the business of General Trading, retail, cafe restaurants. On November 10, 2004, the company started listing its shares on the Indonesia Stock Exchange.

4. PT Unilever Indonesia Tbk

PT Unilever Indonesia Tbk was established on December 5, 1933, led by a president director named Benjie Yap. The company is located at Grha Unilever BSD Green Office Park Kav. 3 Jln BSD Boulevard Barat, BSD City Tangerang 15345. PT Unilever Indonesia Tbk is engaged in the Fast Moving Consumer Goods business. On January 11, 1982, the company began listing its shares on the Indonesia Stock Exchange.

5. PT Erajaya Swasembada Tbk

PT Erajaya Swasembada Tbk was established on October 8, 1996, led by a president director named Budiarto Halim. The company is located at Jl Gedong Panjang No. 29 - 31, Jakarta 11240. PT Erajaya Swasembada Tbk is engaged in the Distribution and Retail

Trader of Cellular Communication Products and Services and their supporting facilities. On December 14, 2014, the company began listing its shares on the Indonesia Stock Exchange.

6. PT Metrodata Electronics Tbk

PT Metrodata Electronics Tbk was established on April 25, 1975, but the company was still called PT Sarana Hitech Systems, led by a president director named Susanto Djaja. The company is located at APL Tower (Central Park Office Tower area), 37th Floor, Jalan Letjen S. Parman Kav. 28, Jakarta 11470. PT Metrodata Electronics Tbk is engaged in the Computer and Services business sector. On April 9, 1990, the company began listing its shares on the Indonesia Stock Exchange.

7. PT Akasha Wira Internasional Tbk

PT Akasha Wira Internasional Tbk was established in 1985, led by a President Director named Wihardjo Hadiseputro. The company is located at Jl. TB.Simatupang Kav. 89 RT 01 RW 02, Tanjung Barat Village, Jagakarsa District, South Jakarta - 12530. PT Akasha Wira Internasional Tbk is engaged in the Beverage and Snack business. On June 13, 1994, the company began listing its shares on the Indonesia Stock Exchange.

8. PT Pioneerindo Gourmet Internasional Tbk

PT Pioneerindo Gourmet Internasional Tbk was established in 1983, led by a President Director named Edi Triyanto. The company is located at Jl. Palmerah Utara No. 100 West Jakarta 11480. PT Pioneerindo Gourmet Internasional Tbk is engaged in the food and beverage business. On May 30, 1994, the Company started listing its shares on the Indonesia Stock Exchange.

9. PT Indofood Cpb Sukses Makmur Tbk

PT Indofood Cpb Sukses Makmur Tbk was established on August 14, 1990, but the company was still called PT Panganjaya Intikusuma, led by a president director named Anthoni Salim. The company is located at Sudirman Plaza, Indofood Tower, 23rd floor, Jl. Jend. Sudirman Kav. 76-78, Jakarta 12910. PT Indofood Cpb Sukses Makmur Tbk is engaged in the branded food product industry. On October 7, 2010, the company started listing its shares on the Indonesia Stock Exchange.

3.1.1 Share prices

Affiliated company share prices and the combined share price index are obtained via the website <https://finance.yahoo.com>. In this research, stock prices were taken for 91 days using three stages. The first stage is the estimation event by taking share prices for 30 days, namely 14 August 2023 to 25 September 2023. The second stage is the event period by taking share prices for 60 days with details of 30 days before the event period, namely 26 September 2023 to 7 November 2023 and 30 days after the event period, namely November 9 2023 to December 20 2023. The third stage is the announcement event (window) by taking the share price for 1 day, namely November 8 2023.

3.1.2 Calculation of Stock Returns and IHSG Returns

After getting the share prices of affiliated companies and the composite share price index, the next step is to carry out calculations to find returns. In this calculation, the data used is all stock price data for 91 days, starting from August 14 2023 to December 20 2023. The results of calculating affiliated company stock returns and the combined stock price index obtained the following average values:

Table 3. Average Stock Return

Code	Average	Code	Average
PZZA	-0.00148	MTDL	-0.00023
FAST	-0.00032	ADES	-0.00251

MAPI	-0.00149	PTSP	0.01067
UNVR	-0.00070	ICBP	-0.00064
ERAA	-0.00196	IHSG	0.00051

Source: Processed Using Microsoft Excel (2024)

Information:

PZZA. JK = PT Sarimelati Kentana Tbk
 FAST. JK = PT Fast Food Indonesia Tbk
 MAPI. JK = PT Mitra Adiperkasa Tbk
 UNVR. JK = PT Unilever Indonesia Tbk
 ERAA. JK = PT Erajaya Swasembada Tbk
 MTDL. JK = PT Metrodata Electronics Tbk
 ADES. JK = PT Akasha Wira International Tbk
 PTSP. JK = PT Pioneerindo Gourmet International Tbk
 ICBP. JK = PT Indofood Cbp Sukses Makmur Tbk
 IHSG = Composite Stock Price Index

3.1.3 Alpha and Beta Regression Test

After obtaining returns, the next step is to carry out a regression test to produce alpha and beta. The data tested is 30-day stock returns which are included in the estimation event category, namely stock return data from 14 August to 25 September 2023 or -60 to -31 days before the MUI announcement event. The variables used are the independent variable, namely the composite stock price index return and the dependent variable, namely stock returns. The results of the regression test are as follows:

Table 4. Regression Test		
Code	Alpha	Beta
PZZA	-0.00010	0.52259
FAST	0.00052	-0.53721
MAPI	-0.00461	2.51760
UNVR	0.00040	1.13034
ERAA	-0.00291	0.24335
MTDL	-0.00164	-0.00107
ADES	-0.00415	0.94419
PTSP	-0.00134	-2.42687
ICBP	-0.00022	-0.40054

Source: Processed Using Microsoft Excel (2024)

Information:

PZZA. JK = PT Sarimelati Kentana Tbk
 FAST. JK = PT Fast Food Indonesia Tbk
 MAPI. JK = PT Mitra Adiperkasa Tbk
 UNVR. JK = PT Unilever Indonesia Tbk
 ERAA. JK = PT Erajaya Swasembada Tbk
 MTDL. JK = PT Metrodata Electronics Tbk
 ADES. JK = PT Akasha Wira International Tbk
 PTSP. JK = PT Pioneerindo Gourmet International Tbk
 ICBP. JK = PT Indofood Cbp Sukses Makmur Tbk

3.1.4 Expected Return Calculation

After getting alpha and beta from each affiliated company, the next step is to calculate the expected return. In this calculation, the data used is the composite stock price index return which is included in the event and announcement period category of 61 days, starting from

September 26 to December 20 2023, and the alpha and beta are in accordance with the results of the regression test. The results of the expected return calculation show an average value based on each company as follows:

Table 5. Average Expected Return

Code	Rata-Rata
PZZA	0.00028
FAST	-0.00029
MAPI	-0.00022
UNVR	0.00061
ERAA	0.00013
MTDL	0.00000
ADES	0.00050
PTSP	-0.00130
ICBP	-0.00022

Source: Processed Using Microsoft Excel (2024)

Information:

PZZA. JK = PT Sarimelati Kentana Tbk

FAST. JK = PT Fast Food Indonesia Tbk

MAPI. JK = PT Mitra Adiperkasa Tbk

UNVR. JK = PT Unilever Indonesia Tbk

ERAA. JK = PT Erajaya Swasembada Tbk

MTDL. JK = PT Metrodata Electronics Tbk

ADES. JK = PT Akasha Wira International Tbk

PTSP. JK = PT Pioneerindo Gourmet International Tbk

ICBP. JK = PT Indofood Cbp Sukses Makmur Tbk

3.1.5 Abnormal Return Calculation

In this calculation, the data used is stock returns and expected returns which are included in the event period and announcement event category with a total of 61 days, starting from September 26 to December 20 2023. The results of the abnormal return calculation show the average abnormal return value as follows:

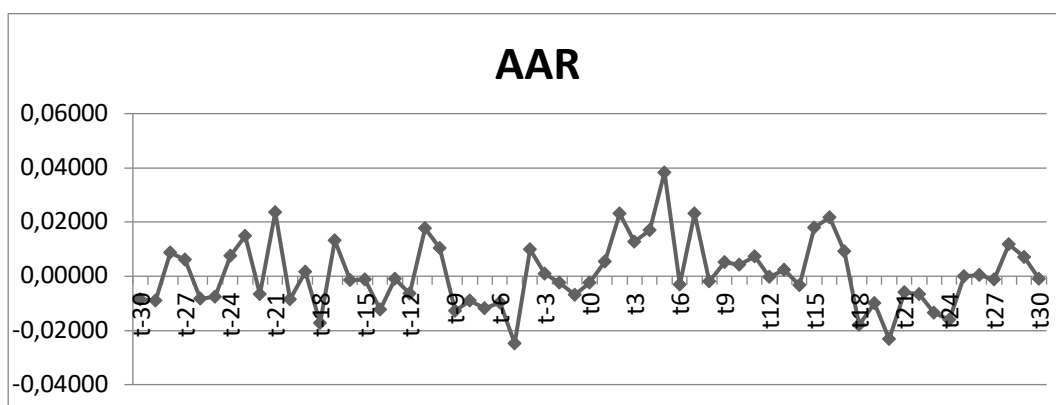


Figure 1. Average Abnormal Return of Affiliated Companies in Daily Form

Source: Processed Using Microsoft Excel (2024)

Based on Figure 1, affiliated companies experienced fluctuations in average abnormal returns during the 61 days observation period. When the average abnormal return obtained is positive, the graph will increase. Meanwhile, if the average abnormal return is negative, then the graph will experience a decline.

Table 6. AAR Before and After the MUI Fatwa
Average Abnormal Return

Companies name	Before	After
Affiliated Companies	-0.00171	0.00341

Source: Processed Using Microsoft Excel (2024)

Based on Table 6 above, the average abnormal return of affiliated companies before the fatwa obtained a value of -0.00171, while after the fatwa obtained a value of 0.00341, from these results it can be concluded that there was an increase in the average abnormal return of affiliated companies.

3.1.6 Normality test

The normality test is used to ensure that the data from the calculation of abnormal returns and average abnormal returns of affiliated companies is normally distributed or not. If the abnormal returns are normally distributed, then when testing differently, use the one sample t test model, but when the abnormal returns are not normally distributed then use the one sample Wilcoxon signed rank test model. Meanwhile, for the average abnormal return, if the data is normally distributed, then when testing differently, the paired sample t test is used, but when the average abnormal return is not normally distributed, the paired sample Wilcoxon signed rank test is used.

3.1.7 Test the Difference

In this case, the difference test is used to evaluate whether there is a significant abnormal return on the day around the announcement of MUI Fatwa No. 83 of 2023, and to evaluate whether there is a significant difference in abnormal returns before and after the MUI Fatwa No. 83 of 2023 on affiliated companies. The results of the difference test for abnormal returns on the day around the announcement of MUI Fatwa No. 83 of 2023 are as follows:

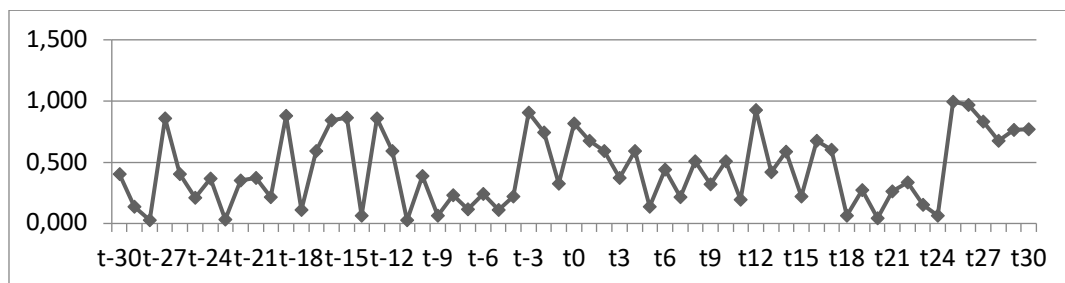


Figure 2. Hypothesis Difference Test 1 Affiliated Company
Source: Processed Using Microsoft Excel (2024)

Based on Figure 2 above, there are three data that have a significant (positive) effect because the significance value is <0.05 , namely t-28 with a significance of 0.027, t-23 with a significance of 0.035, and t-11 with a significance of 0.025. Meanwhile, at the time of the announcement of the MUI fatwa, it did not have a significant effect on the market, this can be seen when the t0 abnormal return obtained a significance value > 0.05 , namely 0.819. In addition, the days around the announcement of the fatwa such as t-5, t-4, t-3, t-2, t-1 and t1, t2, t3, t4, t5 also did not have a significant effect on the market because the significance value was > 0.05 .

The absence of a significant effect on the days around the announcement of the MUI fatwa shows that the boycott of products by companies affiliated with Israel and America did not react to the market. Although in the difference test, significant values were obtained at t-28, t-23, t-11, but this cannot be said to have an effect due to the announcement of the MUI fatwa,

because the significance that occurred in affiliated companies is too far from the date of the announcement of the MUI fatwa, this can be significant due to the influence of other events. So the hypothesis that states that there is a significant abnormal return on affiliated companies on the day around the announcement of MUI Fatwa No. 83 of 2023 can be rejected.

The results of this study are not in accordance with the research conducted by (Arifin, 2018) with the title "The Impact of Dividend Announcements on Abnormal Returns and Stock Trading Volume (Case Study of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2015-2017)". The test results show that there is a significant abnormal return around the dividend announcement, namely days $t-8$, $t-3$, $t+1$, $t+4$, $t+5$, and $t+8$. Significant positive abnormal returns before the dividend announcement and one day after the announcement indicate that the dividend announcement is considered good news by investors.

Meanwhile, the results of the difference test for significant differences in abnormal returns before and after the issuance of MUI Fatwa No. 83 of 2023 regarding affiliated companies are as follows:

Table 7. Hypothesis Difference Test for 2 Affiliated Companies

Paired Sample Wilcoxon Signed Rank Test	
	AARafter – AARbefore
Z	-.533 ^b
Asymp. Sig. (2-tailed)	.594

Source: Processed Using SPSS (2024)

Based on Table 7 above, the results of the difference test show that affiliated companies do not have a significant effect because the significance value is > 0.05 , which is 0.594. Therefore, the hypothesis stating that there is a difference in abnormal returns before and after the issuance of MUI Fatwa No. 83 of 2023 is rejected. This is due to several factors as follows:

- There was a very low fluctuation in stock prices during the period before and after the issuance of MUI Fatwa No. 83 of 2023. This is because the spread of news of the boycott movement carried out by the Indonesian people through social media was only carried out before and when the fatwa was issued. Approaching a few months after the issuance of the fatwa, the public was no longer actively spreading news related to the boycott movement, so that public trust faded.
- Lack of knowledge of MUI Fatwa No. 83 of 2023 that occurred among the public, so that the public ignored the fatwa. This incident occurred in an area located in Semarang, when takjil was distributed in a mall with a Starbucks menu, many people queued to get the takjil (Malau, B.S.L. 2024).
- Products produced by affiliated companies are part of the economic needs of the community, such as food, cosmetics, household needs, and others. So that it is difficult for people to stop buying these products.
- Affiliated companies such as PT Erajaya Swasembada Tbk promote and reduce the selling price of Apple brand electronic goods to reduce the company's sales losses due to the boycott. In addition, PT Unilever Indonesia Tbk provides social assistance in the form of humanitarian assistance for Palestinians as a form of concern for the genocide that occurred in Palestine. This makes the image and good name of the company get a positive response from the public (Nurdifa, R. N. 2023).
- Threatened termination of employment for employees who work in stores that produce products affiliated with Israel and America (Rachmawati, D. 2023).

The results of this study are in accordance with the research conducted by (Kumala & Astuti, 2019) entitled "Differences in Abnormal Returns Before and After the Ex-Dividend Date Announcement (Study of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2017-2019)". The results of the study concluded that there was no difference in abnormal returns before and after the ex-dividend date announcement in Manufacturing

companies in 2017-2019. This is caused by investors who are less sensitive to information, resulting in the market in Manufacturing companies reacting slowly or even not reacting so that the difference in abnormal returns caused by the ex-dividend date announcement event is not known significantly.

3.2 Unaffiliated Company

3.2.1 Share prices

Share prices of unaffiliated companies and the composite share price index are obtained via the website <https://finance.yahoo.com>. In this research, stock prices were taken for 91 days using three stages. The stages and mechanisms for collecting share price data for unaffiliated companies are the same as the stages and mechanisms for collecting share price data for affiliated companies.

3.2.2 Calculation of Stock Returns and IHSG Returns

The calculation of stock returns and the combined stock price index for unaffiliated companies is the same as the calculation for affiliated companies, the amount of data used is 91 days starting from 14 August 2023 to 20 December 2023. The results of calculating the stock returns of unaffiliated companies and the combined stock price index are obtained values average as follows:

Table 8. Average Stock Return and IHSG Return

Code	Average	Code	Average
RAFI	-0.00257	EMTK	-0.00062
ENAK	-0.00014	JPFA	-0.00149
LPPF	-0.00469	PDES	0.00219
AMRT	-0.00013	AISA	0.00029
DOOH	0.00888	IHSG	0.00051

Source: Processed Using Microsoft Excel (2024)

Information:

RAFI. JK = PT Sari Kreasi Boga Tbk

ENAK. JK = PT Champ Resto Indonesia Tbk

LPPF. JK = PT Matahari Department Store Tbk

AMRT. JK = PT Sumber Alfaria Trijaya Tbk

DOOH. JK = PT Era Media Sejahtera Tbk

EMTK. JK = PT Elang Mahkota Teknologi Tbk

JPFA. JK = PT JAPFA Comfeed Indonesia Tbk

PDES. JK = PT Destinasi Tirta Nusantara Tbk

AISA. JK = PT FKS Food Sejahtera Tbk

IHSG = Composite Stock Price Index

3.2.3 Alpha and Beta Regression Test

After obtaining returns, the next step is to carry out a regression test to produce alpha and beta. The data tested is the stock returns of unaffiliated companies for 30 days which are included in the estimation event category, namely 14 August to 25 September 2023 or -60 to -31 days before the MUI announcement event. The variables used are the independent variable, namely the composite stock price index return and the dependent variable, namely stock returns. The results of the regression test are as follows:

Table 9. Regression Test

Code	Alfa	Beta
RAFI	-0.00502	1.35122

ENAK	-0.00065	1.04109
LPPF	-0.00417	2.88256
AMRT	0.00052	-0.36340
DOOH	0.01462	0.97532
EMTK	-0.00511	2.03097
JPFA	-0.00344	0.34804
PDES	0.02267	-3.56069
AISA	-0.00510	0.83749

Source: Processed Using Microsoft Excel (2024)

Information:

RAFI. JK = PT Sari Kreasi Boga Tbk

ENAK. JK = PT Champ Resto Indonesia Tbk

LPPF. JK = PT Matahari Department Store Tbk

AMRT. JK = PT Sumber Alfaria Trijaya Tbk

DOOH. JK = PT Era Media Sejahtera Tbk

EMTK. JK = PT Elang Mahkota Teknologi Tbk

JPFA. JK = PT JAPFA Comfeed Indonesia Tbk

PDES. JK = PT Destinasi Tirta Nusantara Tbk

AISA. JK = PT FKS Food Sejahtera Tbk

3.2.4 Expected Return Calculation

In this calculation, data used is the composite stock price index return which is included in the event and event announcement period category of 61 days, starting from September 26 to December 20 2023, and the alpha and beta are in accordance with the results of the regression test. The results of the expected return calculation show an average value based on each company as follows:

Table 10. Average *Expected Return*

Code	Average
RAFI	0.00072
ENAK	0.00056
LPPF	0.00155
AMRT	-0.00019
DOOH	0.00053
EMTK	0.00109
JPFA	0.00019
PDES	-0.00190
AISA	0.00045

Source: Processed Using Microsoft Excel (2024)

Information:

RAFI. JK = PT Sari Kreasi Boga Tbk

ENAK. JK = PT Champ Resto Indonesia Tbk

LPPF. JK = PT Matahari Department Store Tbk

AMRT. JK = PT Sumber Alfaria Trijaya Tbk

DOOH. JK = PT Era Media Sejahtera Tbk

EMTK. JK = PT Elang Mahkota Teknologi Tbk

JPFA. JK = PT JAPFA Comfeed Indonesia Tbk

PDES. JK = PT Destinasi Tirta Nusantara Tbk

AISA. JK = PT FKS Food Sejahtera Tbk

3.2.5 Abnormal Return Calculation

In this calculation, the data used is stock returns and expected returns which are included in the event period and announcement event category with a total of 61 days, starting from

September 26 to December 20 2023. The results of the abnormal return calculation show the average abnormal return value as follows:

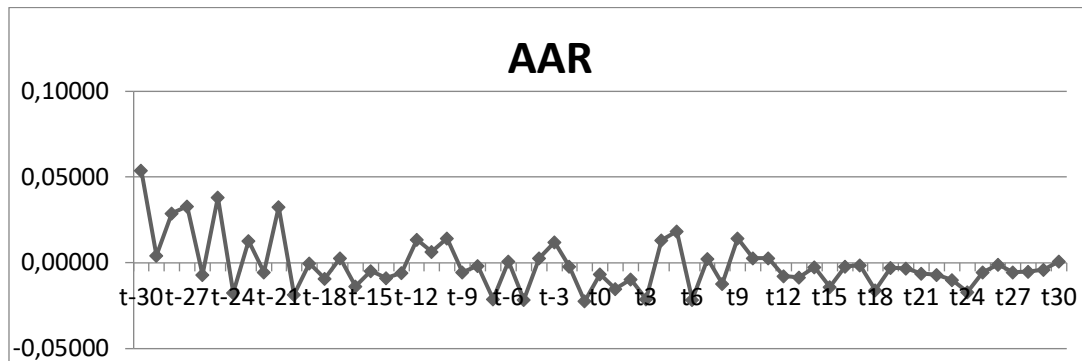


Figure 3. Average Abnormal Return of Unaffiliated Companies in Daily Form
Source: Processed Using Microsoft Excel (2024)

Based on Figure 3, unaffiliated companies experienced fluctuations in average abnormal returns during the 61 day observation period. When the average abnormal return obtained is positive, the graph will increase. Meanwhile, if the average abnormal return is negative, then the graph will experience a decline.

Table 11. AAR Before and After the MUI Fatwa

Average Abnormal Return		
Companies name	Before	After
Unaffiliated Company	0.00134	-0.00477

Source: Processed Using Microsoft Excel (2024)

Based on Table 11 above, the average abnormal return of unaffiliated companies before the fatwa obtained a value of 0.00134, while after the fatwa obtained a value of -0.00477, from these results it can be concluded that there was a decrease in the average abnormal return of unaffiliated companies.

3.2.6 Normality Test

The normality test is used to ensure that the data from the calculation of abnormal returns and average abnormal returns for unaffiliated companies is normally distributed or not. If the abnormal returns are normally distributed, then when testing differently, use the one sample t test model, but when the abnormal returns are not normally distributed then use the one sample Wilcoxon signed rank test model. Meanwhile, for the average abnormal return, if the data is normally distributed, then when testing differently, the paired sample t test is used, but when the average abnormal return is not normally distributed, the paired sample Wilcoxon signed rank test is used.

3.2.7 Test the Difference

In this case, the difference test is used to evaluate whether there is a significant abnormal return on the day around the announcement of MUI Fatwa No. 83 of 2023, and to evaluate whether there is a significant difference in abnormal returns before and after the MUI Fatwa No. 83 of 2023 on unaffiliated companies. The results of the difference test for abnormal returns on the day around the announcement of MUI Fatwa No. 83 of 2023 are as follows:

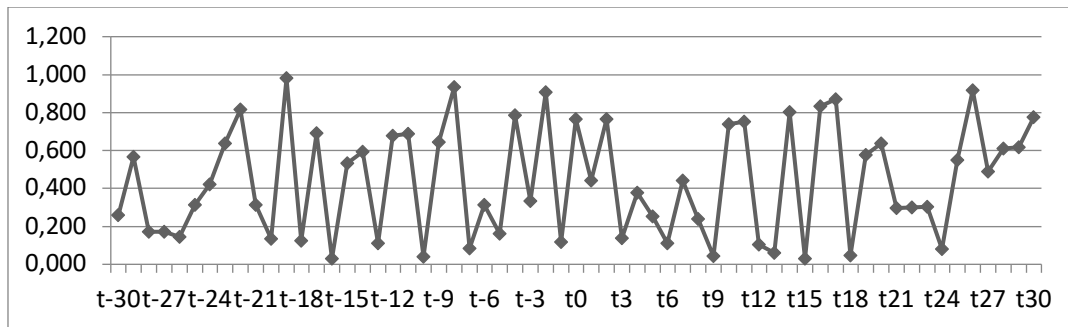


Figure 4. Different Test of Hypothesis 1 Unaffiliated Company

Source: Processed Using Microsoft Excel (2024)

Based on Figure 4 above, after conducting a difference test, there are five data that have a significant effect because the significance value of the difference test results is <0.05 , namely t-16 with a significance of 0.031, t-10 with a significance of 0.041, t9 with a significance of 0.043, t15 with a significance of 0.029 and t18 with a significance of 0.046. Of the five data, there are two abnormal returns that are positive, namely at t-10, t9. While the other three abnormal returns are negative, namely t-16, t15, t18.

Meanwhile at the time of the announcement of the MUI fatwa, it did not have a significant effect on the market, this can be seen at t0 the abnormal return obtained a significance value >0.05 , namely 0.767. Although in the difference test, significant values were obtained at t-16, t-10, t9, t15, t18, however, this cannot be said to have an effect due to the announcement of the MUI fatwa, because the significance that occurred in unaffiliated companies was too far from the date of the announcement of the MUI fatwa, this could be significant due to the influence of other events. So the hypothesis that states that there is a significant abnormal return for unaffiliated companies on the day around the announcement of MUI Fatwa No. 83 of 2023 can be rejected.

The results of this study are not in accordance with the research conducted by (Arifin, 2018) with the title "The Impact of Dividend Announcements on Abnormal Returns and Stock Trading Volume (Case Study of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2015-2017)". The test results show that there is a significant abnormal return around the dividend announcement, namely days t-8, t-3, t + 1, t + 4, t + 5, and t + 8. Significant positive abnormal returns before the dividend announcement and one day after the announcement indicate that the dividend announcement is considered good news by investors.

Meanwhile, the results of the difference test for significant differences in abnormal returns before and after the issuance of MUI Fatwa No. 83 of 2023 regarding unaffiliated companies are as follows:

Table 12. Different Hypothesis Tests for 2 Unaffiliated Companies

Paired Sample Wilcoxon Signed Rank Test	
Z	AAR _{after} – AAR _{before}
Asymp. Sig. (2-tailed)	-1.599 ^b
	.110

Source: Processed Using SPSS (2024)

Based on table 12 above, the results of the difference test show that unaffiliated companies do not have a significant effect because the significance value is >0.05 , which is 0.110. Therefore, the hypothesis stating that there is a difference in abnormal returns before and after the MUI Fatwa No. 83 of 2023 is rejected. This is due to several factors as follows:

- a) The products produced by unaffiliated companies do not conflict with the MUI Fatwa No. 83 of 2023. So that buying and selling activities in the community are not bound by any criteria.
- b) The stock prices that occurred during the observation period experienced very low fluctuations, so unaffiliated companies did not have a significant impact on the fatwa.

The results of this study are in accordance with the research conducted by (Kumala & Astuti, 2019) entitled "Differences in Abnormal Returns Before and After the Ex-Dividend Date Announcement (Study of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2017-2019)". The results of the study concluded that there was no difference in abnormal returns before and after the ex-dividend date announcement in Manufacturing companies in 2017-2019. This is caused by investors who are less sensitive to information, resulting in the market in Manufacturing companies reacting slowly or even not reacting so that the difference in abnormal returns caused by the ex-dividend date announcement event is not known significantly.

4. CONCLUSION

This study aims to evaluate abnormal returns on the days around the announcement of MUI Fatwa No. 83 of 2023 and to evaluate abnormal returns before and after the MUI Fatwa No. 83 of 2023. The results of the study indicate that there is no significant abnormal return on the days around the announcement of MUI Fatwa No. 83 of 2023 for affiliated companies and unaffiliated companies. Although a significant value was obtained in the difference test, it cannot be said that it has an effect due to the announcement of the MUI fatwa. This is because the significance that occurs is too far from the date of the announcement of the MUI fatwa, so it can be significant due to the influence of other events. Meanwhile, the results of the abnormal return study before and after the MUI Fatwa No. 83 of 2023 show that there is no significant difference in abnormal returns before and after the MUI Fatwa No. 83 of 2023 for affiliated companies and unaffiliated companies because the significance value is > 0.05 .

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