
A Discourse on the Market Reaction to the Fatwa Nr. 83 of 2023 of the Majelis Ulama Indonesia (MUI)

Safira Kamalia Ramadhani^{1*}, Nurhidayat²

safiraamalia256@gmail.com^{1*}

UIN Kiai Haji Achmad Siddiq Jember, Jl. Mataram No. 1 Mangli, Jember, Jawa Timur, Indonesia

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ABSTRACT

The study aims to measure the market reaction of manufacturing and modern retail companies listed on the Indonesian Sharia Stock Index (ISSI) in response to the *Majelis Ulama Indonesia (MUI)* or the Indonesian Ulema Council *Fatwa* No. 83 of 2023 regarding the recommendation to boycott Israeli-affiliated products. The reaction was measured based on 2 indicators, abnormal return and trading volume activity. The methodology used in this study is quantitative with an event study type of research, where observations are made on the average abnormal return and trading volume activity of companies for 30 days before and after the release of the *fatwa*. The determination of the sample used a purposive sampling technique from 17 companies as samples. The analysis technique used is comparative analysis which includes descriptive analysis, normality test, and hypothesis testing using paired sample t-test and Wilcoxon signed rank test. The results of this study indicate there is no significant abnormal return or average trading volume activity before and after the event for companies in the manufacturing sector and modern retail listed in the ISSI.

Keywords : **Abnormal Return; Trading Volume Activity; MUI Fatwa; Manufacturing Sector; Modern Retail Sector**

ABSTRAK

Penelitian bertujuan untuk menganalisis ada atau tidaknya reaksi pasar saham perusahaan sektor manufaktur dan retail modern yang terdaftar di Indeks Saham Syariah Indonesia terhadap perilisan Fatwa MUI No.83 Tahun 2023 terkait anjuran boikot produk terafiliasi Israel. Reaksi pasar dapat diukur berdasarkan 2 indikator, yakni pengembalian abnormal dan aktivitas volume perdagangan. Metodologi yang digunakan dalam penelitian ini adalah kuantitatif dengan jenis penelitian event study, dimana dilakukan pengamatan terhadap rata-rata pengembalian abnormal dan aktivitas volume perdagangan perusahaan selama 30 hari sebelum dan sesudah peristiwa perilisan fatwa tersebut. Penentuan sampel pada penelitian ini menggunakan teknik purposive sampling yang kemudian didapat 17 perusahaan yang menjadi sampel. Adapun teknik analisis yang digunakan adalah analisis komparatif yang meliputi analisis deskriptif, uji normalitas, serta pengujian hipotesis menggunakan paired sample t-test dan wilcoxon signed rank test. Hasil penelitian ini menunjukkan bahwa setelah diuji secara statistik tidak terdapat perbedaan yang signifikan baik rata-rata pengembalian abnormal maupun rata-rata aktivitas volume perdagangan sebelum dan sesudah peristiwa terhadap perusahaan sektor manufaktur dan retail modern

sub-sektor makanan dan minuman dan produk sehari-hari. Hasil penelitian ini berkontribusi untuk memahami stabilitas pasar dalam menanggapi peristiwa sosial-keagamaan, memberikan wawasan berharga bagi akademisi, investor, perusahaan, pembuat kebijakan, dan peneliti masa depan dengan menunjukkan dampak terbatas Fatwa MUI No. 83/2023 pada pengembalian abnormal dan aktivitas volume perdagangan di sektor yang diteliti.

Kata Kunci : Pengembalian Abnormal; Aktivitas Volume Perdagangan; Fatwa MUI; Sektor Manufaktur; Sektor Retail Modern

INTRODUCTION

The development of technology in the current digital era has driven the growth of the capital market in Indonesia. The capital market is a means of meeting between parties who need funds (issuers) and parties who have funds (investors) to trade various long-term financial instruments, such as securities (Ramadhan et al., 2023). In this case, the capital market is not only a complement to the financial sector with banking and financing institutions, but also plays an important role in a country's economy through its two main functions, namely the economic function as a means of allocating financial resources from investors to companies and the financial function that allows investors to make a profit (Ramadhani, 2020). Thus, based on these two functions, this study analyzes how the capital market reflects investors' response to MUI Fatwa No. 83/2023, where the economic function is reflected through the influence of the fatwa on the allocation of investor funds to FnB sector companies and daily needs, while the financial function is reflected in changes in abnormal returns and stock trading volume activity due to market reactions to the fatwa.

The capital market shows high sensitivity to economic and non-economic factors, such as new policies or regulations (Setiawan & Izzatin Nisa, 2020). One of the non-economic factors that has the potential to affect the market is the geopolitical conflict between Israel and Palestine which has triggered various public reactions, including a campaign to boycott products related to Israel, where in several countries such as the USA and UK the boycott campaign has had a negative impact on the stock price of one of the companies affiliated with Israel (Hamida et al., 2024). On November 8, 2023, the Indonesian Ulema Council (MUI) issued MUI Fatwa No. 83 of 2023 which supports the struggle for Palestinian independence. The word Fatwa comes from the Arabic language, which is defined as an interpretation of sharia law that explains a particular problem (Andrio, 2024). MUI Fatwa No. 83 of 2023 contains an appeal to the Muslim community to boycott products or companies that have direct ties to Israeli entities as a form of support for Palestinian solidarity (Komisi Fatwa Majelis Ulama Indonesia, 2023). This fatwa also emphasizes the importance of sharia-based economic awareness in maintaining moral values and justice. Therefore, it is hoped that the Fatwa can influence investment decisions as reflected in the stock price activity of companies listed on the Indonesian Sharia Stock Index (ISSI). The Indonesian Sharia Stock Index or abbreviated as ISSI itself is one of the indicators that represents the performance of sharia stocks listed on the Indonesia Stock Exchange which was first launched on May 12, 2011 (Fuadi, 2020). Based on a survey conducted by the Kurious-Katadata Insight Center (KIC) on 2,554 Indonesians, around

36% of them consistently carry out boycott actions, while 47% support similar actions even though they have not done so (Muhamad, 2023).

The signal theory or signaling theory was first introduced by Spence in 1973, which stated that the sender as the owner of the information can convey signals in the form of information that describes the condition of the company, which information can later be useful for the recipient, namely investors (Kencana, 2021). The company must convey signals in the form of financial information to external parties with the aim of reducing information asymmetry. In addition, Noise Theory states that capital markets are often affected by temporary issues or rumors that are not necessarily proven to be true (Syaugui et al., 2024). In this case, the release of MUI Fatwa No. 83 of 2023 has the potential to create noise in the capital market that causes changes in stock prices in sectors affected by the boycott, such as the food, beverage, and modern retail sectors as reflected in ISSI.

Etymologically, market reactions come from the word "reaction" which means a response/response to an action and the word "market" which means a place where people make buying and selling transactions. So, a market reaction is a response or market response to an action. Market reactions are indicated through changes in the price of the associated security, which can be calculated by return or rate of return as a price fluctuation or by using abnormal returns (Sari, 2023). Reporting from Kompas.com shows that after the MUI fatwa was released, causing the performance of the food and beverage industry to decline, this was conveyed directly by Merri as the Director of the Beverage Industry, Tobacco Products, and Refreshments of the Ministry of Industry (H. P. Sari & Ika, 2024). In addition, there is also a massive impact of the boycott movement that has had an impact on the retail sector as conveyed by members of the Indonesian Retail Entrepreneurs Association (Aprindo) there is a decrease in turnover of at least 15%-20% on several products related to Israel (Nugraha, 2023). Based on the significant decline in performance in the food and beverage industry, as well as the major impact felt by the retail sector, this study aims to analyze the market reaction to stocks in the modern manufacturing and retail sectors included in ISSI, by focusing on Abnormal Returns and Trading Volume Activity before and after the release of the MUI fatwa. Abnormal return is the difference between the return obtained (actual return) and the return expected by investors (expected return) (Akhadiyah & Isbanah, 2021; Cung & Rakhmat, 2022; Kinasih & Laduny, 2021). Meanwhile, trading volume activity can be defined as a measure of a company's liquidity which can be seen from its stock trading activities in the capital market which can be used to measure the magnitude of transaction activity and investor interest in certain stocks (Amin, 2022).

The manufacturing sector is a company engaged in the production of finished goods from raw materials through a mechanical, physical, or chemical transformation process ((Maulana et al., 2023). In the context of this study, the manufacturing sector focuses on companies that produce food and beverages (FnB) and daily necessities that are relevant to public consumption. Meanwhile, the modern retail sector is a company engaged in the distribution and sale of products directly to consumers through modern business formats, such as supermarkets, hypermarkets, minimarkets, and e-commerce (YPontoh et al., 2024). This study focuses on retail companies that sell FnB products and daily necessities, which are registered with ISSI.

Based on the significant decline in the performance of the food and beverage industry, as well as the large impact felt by the retail sector, this study aims to analyze market reactions to stocks in the manufacturing and modern retail sectors included in the

ISSI, focusing on Abnormal Return and Trading Volume Activity before and after the issuance of the MUI fatwa. This study is designed to test two main hypotheses as follows: The first hypothesis (H1) posits that there is a significant market reaction to the release of MUI Fatwa Number 83 of 2023, specifically in the stocks of companies within the manufacturing sector, particularly those in the FnB sub-sector and producers of daily consumer products. And the second hypothesis (H2) extends this analysis to the modern retail sector, proposing that the stocks of companies operating in this sector, especially those dealing with FnB and daily consumer goods, also experience a significant market reaction following the fatwa's issuance.

Many similar studies have examined stock market reactions due to non-economic events. Previous research has proven that political and social factors, such as elections or boycott policies, have a significant influence on the stock market. For example, research on market reactions to the 2019 Indonesian election found abnormal changes in stock returns in certain sectors due to political policies (Adityaningrat & Indrianto, 2021; Muzdalifah, 2024). In addition, other research related to the boycott of Israeli products revealed a significant market reaction to this boycott event in several countries such as Malaysia, the USA, the UK, and Indonesia (Hamida et al., 2024; Jasa, 2024; Rajagukguk & Pratama, 2024). This study fills the gap in the literature regarding the impact of religious fatwas on the Islamic capital market in Indonesia, especially the FnB subsector and daily necessities products in ISSI, with a focus on the analysis of abnormal returns and trading volume activity which have not been widely explored in previous studies.

In this study, there is a scientific novelty with a focus on the influence of religious fatwas in Indonesia on the sharia stock market, which is still limited in literature. In contrast to the previous study, this study examines the impact of the release of MUI Fatwa No. 83 of 2023 on the modern manufacturing and retail sectors of the subsector in the Indonesian Sharia Stock Index (ISSI), measuring abnormal changes in returns and stock trading volume activities before and after the fatwa. This provides a new perspective in understanding the market's reaction to religious policies in the context of the Islamic capital market.

This research aims to analyze the market reaction to stocks in the food and beverage manufacturing subsector and the modern retail sector which is included in ISSI before and after the issuance of MUI Fatwa No. 83 of 2023. Market reaction is measured through abnormal returns and stock trading volume activity. This research methodology uses a quantitative approach by comparing abnormal return and trading volume activity data for 30 days before and after the event date. Statistical tests are carried out to test the significance of the differences in the values of the two indicators. This study not only provides academic contributions but also becomes a reference for investors, issuers, and policy makers in understanding market sensitivity to religious policies.

RESEARCH METHOD

The research method used in this study is a quantitative method with the type of event study research (event study) and comparative analysis technique (differential test). Event study is a method widely used in capital market research to analyze the impact of a particular event on the price of a security or the stock market as a whole, which is usually used to measure market reaction to certain information or events (Mailangkay et al., 2021). . In the context of this study, the event analyzed is the issuance of MUI Fatwa

Number 83 of 2023, which provides guidance on boycotting products affiliated with Israel. The research was conducted to prove whether there was a reaction from the capital market to the release of MUI Fatwa No. 83 of 2023 regarding the recommendation to boycott Israeli-affiliated products. The proof is carried out by testing whether there is a significant difference between the Average Abnormal Return (AAR) and the Average Trading Volume Activity (ATVA).

The population in this study is 72 companies in the modern manufacturing and retail sector of the FnB sub-sector and daily products listed on the Indonesian Sharia Stock Index (ISSI). The sample in this study was selected using a non-probability sampling purposive technique with the purposive sampling method. The purposive sampling technique is a sampling method classified as nonprobability sampling, where not all members of the population have the same opportunity to be selected as a sample, and the determination of the sample is based on certain characteristics or properties relevant to the population in accordance with the research needs and the topic under study (Aini & Mauliyah, 2023). The following are the criteria for determining the sample used in this study: 1.) Stocks of manufacturing companies that produce FnB products and daily necessities products that are allegedly affiliated with Israel listed on the Indonesian Sharia Stock Index (ISSI), 2.) Modern retail stocks that sell FnB products and daily necessities products that are indicated to be affiliated with Israel listed on the Indonesian Sharia Stock Index (ISSI), and 3.) Stocks of modern manufacturing and retail companies related to the FnB product sector and daily necessities products that are indicated to be affiliated with Israel were active during the research period, namely, 30 days before and 30 days after the release of MUI Fatwa No. 83 of 2023.

After the determination of the sample, it was found that 17 companies in the modern manufacturing and retail sector of the FnB sub-sector and daily products listed on the Indonesian Sharia Stock Index (ISSI) were sampled in this study. The data used is secondary data in the form of the closing price of the company's shares, stock trading volume, and also stock data disseminated during the 30-day period before and after the release of the Fatwa. Data were collected using documentation techniques and then analyzed with the help of IBM SPSS Statistics software version 30. The stages passed in analyzing the data are: 1.) Descriptive Statistical Analysis, 2.) Data normality test, 3.) Paired Sample T-Test (if the data is normally distributed), and 4.) Wilcoxon Signed Rank Test (if the data is not normally distributed). The Abnormal Return is calculated using Formula 1 as follows (Rosman & Yudanto, 2022):

$$AR_{it} = R_{it} - E[R_{it}] \quad (1)$$

Based on Formula 1, where AR_{it} is the Abnormal return of shares i in period t , while R_{it} is the Actual return of shares i in period t , and $E[R_{it}]$ is the Expected return of shares i in period t . To calculate the actual return, the researcher used the Formula 2 as follows:

$$R_{i,t} = \frac{(P_{it} - P_{i,t-1})}{P_{i,t-1}} \quad (2)$$

Based on Formula 2, where R_{it} is the Actual return of shares i in the period t , while P_{it} is the closing price of shares i in the event period t , and $P_{i,t-1}$ is the closing price of shares i in the event period $t-1$. Meanwhile, to calculate the Expected Return in the study, the Market Adjusted-Model is used with the Formula 3 as follows:

$$E[R_{i,t}] = \frac{IDX\ SHARIAH_t - IDX\ SHARIAH_{t-1}}{IDX\ SHARIAH_{t-1}} \quad (3)$$

Based on Formula 3, where $E[R_{i,t}]$ is the Expected return of shares i in the event period t , while $IDX\ SHARIAH_t$ is the ISSI i market index in the event period t , and $IDX\ SHARIAH_{t-1}$ is the ISSI i market index in the event period $t-1$. Furthermore, for *trading volume activity* can be calculated with the Formula 4 as follows:

$$TVA_{i,t} = \frac{\Sigma\ share\ i\ traded\ at\ time\ t}{\Sigma\ share\ i\ outstanding\ at\ time\ t} \quad (4)$$

Based on Formula 4, where $TVA_{i,t}$ is the trading volume activity of stocks i in the period t .

RESULTS AND DISCUSSION

Based on the sample criteria that have been set, there are 17 companies that are the sample of this study as shown in Table 1.

Table 1. Sample Company List

No.	Stock Code	Company Name	Sector classification
1	ADES	Akasha Wira International Tbk.	Manufacturing
2	FAST	Fast Food Indonesia Tbk.	Retail Modern
3	GOOD	Garudafood Putra Putri Jaya Tbk.	Manufactory
4	HERO	Hero Supermarket Tbk.	Retail Modern
5	ICBP	Indofood CBP Sukses Makmur Tbk.	Manufactory
6	INDF	Indofood Sukses Makmur Tbk.	Manufactory
7	KLBF	Kalbe Farma Tbk	Manufactory
8	MAPB	MAP Boga Adiperkasa Tbk	Retail Modern
9	MAPI	PT Mitra Adiperkasa Tbk	Retail Modern
10	MIDI	Midi Utama Indonesia Tbk	Retail Modern
11	MPPA	Matahari Putra Prima Tbk.	Retail Modern
12	MYOR	Mayora Indah Tbk.	Manufactory
13	PZZA	Sarimelati Kencana Tbk.	Retail Modern
14	RALS	Ramayana Lestari Sentosa Tbk.	Retail Modern
15	RANC	Supra Boga Lestari Tbk.	Retail Modern
16	SIDO	Industri Jamu dan Farmasi Sido Muncul Tbk.	Manufactory
17	UNVR	Unilever Indonesia Tbk.	Manufactory

Source: idx.co.id, 2024

Companies such as Akasha Wira International Tbk., Fast Food Indonesia Tbk., MAP Boga Adiperkasa Tbk., PT Mitra Adiperkasa Tbk., Sarimelati Kencana Tbk., and Unilever Indonesia Tbk. were chosen because these companies were listed on the boycott list issued by BDS (Boycott, Divestment, Sanctions). Meanwhile, Hero Supermarket Tbk., Midi Utama Indonesia Tbk., Matahari Putra Prima Tbk., Ramayana Lestari Sentosa Tbk., and Supra Boga Lestari Tbk. are samples because they sell various products that are included in the boycott list. And for Garudafood Putra Putri Jaya Tbk., Indofood CBP Sukses Makmur Tbk., Indofood Sukses Makmur Tbk., Kalbe Farma Tbk., Mayora Indah Tbk., and Industri Jamu dan Farmasi Sido Muncul Tbk. were chosen because even though they are local companies,

there are indications of links with Israel through shareholding by several foreign institutions that are known to support Israel-related entities, such as The Vanguard Group Inc., Norges Bank Investment Management, RBC Global Management (UK), Hormel Foods Corporation, MP Evans Group PLC, FIL Investment Management (Singapore) Ltd, First Sentier Investors (UK) IM Ltd, Morgan Stanley Investment Management, and others (Fatunnisa, 2024).

The following Table 2 presents the results of descriptive statistical tests for research samples of manufacturing sector companies.

Table 2. Descriptive Statistics (Sample of Manufacturing Sector Companies)

No.	N	Minimum	Maximum	Mean	Std. Deviation
AAR Before (Manufacturing Sector)	8	-3667666,00	2864075,00	-151443,50	1833891,51
After AAR (Manufacturing Sector)	8	-3894249,00	2915149,00	-1362050,88	2106392,16
ATVA Before (Manufacturing Sector)	8	58441,00	1038178,00	500964,50	364728,29
ATVA After (Manufacturing Sector)	8	45076,00	1053733,00	499112,38	334661,62
Valid N (listwise)	8				

Source: IBM SPSS Ver.30, 2024

Table 2 shows if this mean Average Abnormal Return (AAR) both before and after the event is negative, but after the event becomes more negative, indicating that this event may have a negative impact on the return. Meanwhile, the Average Trading Volume Activity (ATVA) before and after the event did not experience significant changes, although there was a slight decrease in the average volume. Meanwhile, Table 3 will present the results of descriptive statistical tests for research samples of modern retail sector companies

Table 3. Descriptive Statistics (Sample of Modern Retail Sector Companies)

No.	N	Minimum	Maximum	Mean	Std. Deviation
AAR Before (Modern Retail Sector)	9	-5593410,00	2249340,00	-84310,11	2511642,76
AAR After (Modern Retail Sector)	9	-8120630,00	4877621,00	-1605559,56	3601828,65
ATVA Before (Modern Retail Sector)	9	4435,00	2469105,00	642312,33	883727,18
ATVA After (Modern Retail Sector)	9	4229,00	2618026,00	690872,56	963920,36
Valid N (listwise)	9				

Source: IBM SPSS Ver.30, 2024

Based on Table 3 of the results of the descriptive analysis test of the modern retail sector above, there is a significant decrease in the Average Abnormal Return after the

release of the MUI fatwa. Meanwhile, in the Average Trading Volume Activity there was a slight increase.

The analysis used in this study is a comparative analysis, where before testing the hypothesis, it is necessary to have data normality. In the following Table 4, the results of the data normality test will be presented.

Table 4. Data Normality Test

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Mr.	Statistic	df	Mr.
AAR Before (Manufacturing Sector)	0,228	8	.200*	0,919	8	0,423
After AAR (Manufacturing Sector)	0,201	8	.200*	0,914	8	0,380
ATVA Before (Manufacturing Sector)	0,165	8	.200*	0,917	8	0,408
ATVA After (Manufacturing Sector)	0,252	8	0,144	0,942	8	0,635
AAR Before (Modern Retail Sector)	0,254	9	0,098	0,841	9	0,059
AAR After (Modern Retail Sector)	0,223	9	.200*	0,947	9	0,652
ATVA Before (Modern Retail Sector)	0,306	9	0,015	0,783	9	0,013
ATVA After (Modern Retail Sector)	0,286	9	0,032	0,766	9	0,008

This is a lower bound of the true significance. Lilliefors Significance Correction

Source: IBM SPSS Ver.30, 2024

After being tested for normality, it is seen in Table 4 which shows the result that in the manufacturing sector data above shows the result of significance above 0.05 (sig.>0.05). Therefore, for samples of companies in the manufacturing sector of the FnB sub-sector and daily products, they can be tested with the parametric Paired Sample T-Test, because the prerequisites have been met. Meanwhile, in the modern retail sector data, the results for AAR show normal distributed data (significance>0.05), and ATVA data shows normal undistributed data (significance<0.05). So, for a sample of companies in the modern retail sector of the FnB sub-sector and their daily products, the test uses the parametric Paired Sample T-Test for its average abnormal return (AAR), and the nonparametric Wilcoxon Signed Ranks Test for its average trading volume activity (ATVA).

Next, after knowing the normality of the sample data the next step is to test the hypothesis. The hypothesis testing in this study was divided into 2, namely using the Paired Sample T-test and using the Wilcoxon Signed Rank Test, the use of both was determined based on the normality of the data. Table 5 will present the results of the Paired Sample T-test.

Table 5. Uji Paired Sample T-Test

		t	df	Significance	
				One- Sided p	Two- Sided p
Pair 1	AAR Before (Manufacturing Sector) - AAR After (Manufacturing Sector)	0,887	7	0,202	0,404
Pair 2	AAR Before (Modern Retail Sector) - AAR After (Modern Retail Sector)	0,966	8	0,181	0,362
Pair 3	ATVA Before (Manufacturing Sector) - ATVA After (Manufacturing Sector)	-0,988	8	0,176	0,352

Source: IBM SPSS Ver.30, 2024

Based on the Paired Sample T-Test test in Table 5 above, the results show that the significance is above 0.05 both tested in one direction and 2 directions. So, it can be concluded that if H_0 is accepted or means that there is no statistically significant difference between the abnormal return conditions of the manufacturing sector, abnormal returns in the modern retail sector, and trading volume activity in the manufacturing sector before and after the release of MUI Fatwa No. 83 of 2023 and the following Table 6 will present the results of the Wilcoxon Signed Rank Test.

Table 6. Hypothesis Testing Wilcoxon Signed Ranks Test

	ATVA After (Modern Retail Sector) - ATVA Before (Modern Retail Sector)
With	-1.362b
Asymp. Sig. (2-tailed)	.173

*Wilcoxon Signed Ranks Test. Based on negative ranks.**Source: IBM SPSS Ver.30, 2024*

Table 6 of the Wilcoxon Signed Rank Test results shows that H_0 is accepted, which means that there is no significant difference between the ATVA before and after the event in the Modern Retail Sector, because the p-value is 0.173 greater than 0.05.

This study analyzes the stock market's reaction to the release of MUI Fatwa No. 83 of 2023 regarding the recommendation to boycott Israel's affiliated products in the manufacturing sector of the FnB sub-sector and daily products, as well as the modern retail sector of the FnB sub-sector and daily products. The analysis was carried out using abnormal return (AR) variables and trading volume activity (TVA) on data for 30 days before and after the release of the fatwa.

The results of the statistical test showed that there was no significant difference in AR and TVA before and after the event in the two sectors studied. Thus, the hypothesis that there is a market reaction to the release of this fatwa is rejected. This indicates that the release of the MUI fatwa does not provide a strong enough signal to influence investment decisions and investor behavior.

Some of the factors contributing to the lack of market reaction include the absence of an official statement or a specific product list from the government or MUI. This absence created uncertainty and caused investors to perceive the fatwa as "noise," which they deemed irrelevant to the company's fundamentals or potential investment profits. Moreover, many consumers continue to purchase products and shop at modern retail

companies due to their dependence on basic necessities or lifestyle products, which have become integral to their daily lives. The popularity and high quality of these products further reduce the likelihood of behavioral changes, as these items are often viewed as indispensable. Consequently, the release of the MUI Fatwa failed to provide relevant signals that could alter consumer or market behavior. In addition, many of the companies sampled in this study do not have direct affiliations with the products mentioned in the fatwa but merely include them as part of their inventory. This indirect relationship weakens the fatwa's potential impact on these companies, as the boycott does not directly target their core business operations. As a result, the fatwa's influence on these companies' stock prices remains minimal. Collectively, the absence of clear directives, the entrenched consumer reliance on these products, and the indirect corporate affiliations have contributed to the insignificant market reaction observed following the release of the fatwa.

This finding is consistent with the results of other studies such as those conducted by (Novanti, 2023; Pujiastuti, 2023; Yusuf Gunibala et al., 2024) which also show the absence of significant market reaction to boycotts or similar recommendations.

CONCLUSION

Based on the results of this study is that there is no Market Reaction to the Release of MUI Fatwa Number 83 of 2023 Regarding the Recommendation to Boycott Israeli Affiliated Products on the shares of companies in the manufacturing sector and the modern retail sector of the FnB sub-sector and daily products, Therefore, it can be seen that the MUI fatwa does not have a significant impact on market reactions, Because its influence on consumer decisions and company operations is relatively limited. Although fatwas aim to provide guidance to the public, their impact on the stock market is not always significant without being supported by concrete actions and broader policy changes. Because, in reality, there are still many people who still consume, and continue to buy products that are indicated to be affiliated with Israel. People's dependence on certain products that have become basic needs or part of their lifestyle also affects the lack of changes in market behavior.

RECOMMENDATION

The recommendations that researchers can provide in this study are expected for further researchers in calculating expected returns to use different methods such as the mean adjusted model and market model methods, because in this study the researcher used the market adjusted model method which may not fully capture all market dynamics. In addition, this study only focuses on companies registered with ISSI but does not compare market reactions from companies affiliated with boycotted products and unaffiliated companies, so for further research, an analysis can be carried out by comparing market reactions between companies affiliated with boycotted products with unaffiliated companies, to get a clearer picture of the specific impact of MUI fatwa No. 83 of 2023. And finally, although this study relies on quantitative methods, this study does not explore the underlying investor sentiment that drives market reactions, so it is hoped that further research can consider using research with a netnographic approach.

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