

RESEARCH ARTICLE



The effect of consumer boycotts and macroeconomic variables on the stock prices of Israel-affiliated firms in Indonesia: Is the media a moderator?

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ABSTRACT

This study examines the effects of consumer boycotts, BI rate, and exchange rate on the stock prices of Israel-affiliated firms in Indonesia, and investigates whether media coverage moderates these relationships. Using monthly data from January 2019 to December 2024 (360 observations) sourced from Bank Indonesia and Investing.com, the analysis applies panel data regression and moderation regression analysis (MRA). The results indicate that consumer boycotts and exchange rates have a significant negative impact on stock prices, while the BI rate exerts a positive effect. However, media coverage does not significantly moderate the relationship between boycotts and stock prices. These findings highlight that public boycotts driven by geopolitical affiliations can generate non-financial risks and influence stock performance and investor behavior. Accordingly, Bank Indonesia should not only consider price stability in setting interest rate, but also consider the impact on financial markets and investor sentiment. Furthermore, the government is encouraged to strengthen coordination between macroeconomic policy and capital market supervision, while promoting investor literacy regarding non-financial factors such as reputation and socio-political dynamics.

KEYWORDS

Stock price; consumer boycott; BI rate; exchange rate; mass media

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1. Introduction

The existence of the capital market has an important role in the business world and the economy in general (Afandi & Pardistya, 2024). The capital market functions as a means of raising funds from people who want to invest their money through the

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purchase of shares or other financial instruments. The funds raised are used by companies for business development, expansion, and increasing working capital so as to support the growth of companies and the national economy (Gery, 2023). Stock prices on the stock exchange fluctuate over time, which is an attraction for investors to understand the dynamics of the capital market. Stock price is one of the main indicators in assessing the performance of the capital market and the economic condition of a country. As a reflection of investors' expectations of a company's future performance and prospects, stock prices play an important role in investment decision-making.

Jakarta Stock Exchange Composite ↓ 7.053,86 -121,96 (-1,70%)



Figure 1. Indonesia Composite Stock Price Index 2021-2025. *Source:* investing.com (2025)

Overall, the [Figure 1](#) shows that the JCI experienced an upward trend from mid-2020 to the end of 2022, then entered a consolidation and decline phase from 2023 to early 2025. The JCI reached its highest level above 8,000 in 2024, but experienced a sharp decline in early 2025. Early 2025 saw a sharp decline, with the JCI touching levels below 6,000. After the sharp decline, there was a rebound or technical recovery towards the middle of 2025, where the JCI managed to return to the 7,000 range. However, trading volume was still moderate, which could mean that this recovery is not yet supported by strong long-term investor sentiment. The sharp drop in early 2025 could have been caused by negative sentiment that was widespread in the media. The development of information and communication technology has significantly changed the global capital market landscape, especially in terms of the rapid and widespread dissemination of information.

Mass media, both print and internet, is now one of the important external factors that influence investor perceptions and stock price movements (Jin et al., 2022). In the context of capital markets, the intensity and manner in which the media reports information about a particular company or sector can create perceptions of risk or opportunity that have a direct impact on stock prices. Investors respond not only to the content of the news, but also to the emotionality and narrative constructed by the media (Tetlock, 2007). For example, negative news such as involvement in controversies, crises, or boycotts can reduce investor confidence and encourage sell-offs that result in lower stock prices.

One social phenomenon that shows the interaction between public opinion, media, and capital markets is the boycott campaign against companies that are considered affiliated with certain political entities (Chavis, & Leslie, 2009; Halimi et al., 2017). The current boycott that is being discussed is the boycott of products affiliated with Israel, due to the conflict between Israel and the Palestinian state (Avci, 2024; Grayston & Chang, 2011; Hamzah & Mustafa, 2019; Zejjari & Benhayoun, 2025).

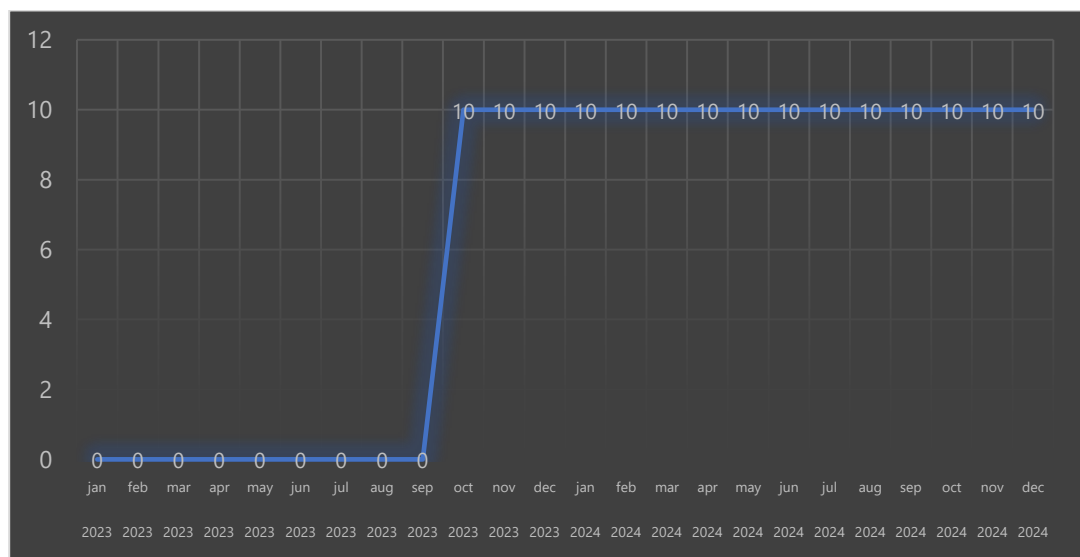


Figure 2. Intensity of boycott, divestment & sanctions movement 2023-2024. *Source:* bdsmovement.net

The peak of the Israeli Palestinian conflict occurred on October 7, 2023, as shown in Figure 2, which was followed by a boycott. The attack showed genocide or the extermination of a group. Palestinian President Mahmoud Abbas issued a statement

that Israel's military aggression was an act of genocide. Efforts from various parties to oppose Israel's policies one of them is through boycotts. This boycott includes the rejection of products affiliated with Israel in the international market with the name of this campaign is the Boycott, Divestment, Sanction (BDS) movement (Morrison, 2015).

The BDS movement has received widespread support from organizations and individuals around the world, including business and civil society organizations, which are expected to increase pressure on Israel (Dugard & Reynolds, 2013). The issuance of a fatwa from the Indonesian Ulema Council (MUI) Number 83 of 2023 concerning the law of support for the Palestinian cause is an important decision that confirms the solidarity attitude of Muslims towards the Palestinian people. In the fatwa, MUI advised Muslims to avoid buying and consuming products from Israel. The boycott is carried out as a form of support for the Palestinian independence struggle, as well as to weaken the Israeli economy which is considered to support military aggression against Palestine. Many of these franchises are owned by companies that have been listed on the Indonesian Stock Exchange (IDX).

In Indonesia, several companies with links to Israel that have been targeted by the boycott have experienced public pressure, including demonstrations and digital campaigns. Below are the stock movements of some companies affiliated with Israel and affected by the boycott (see Figure 3).



Figure 3. Stock movement of McD, Starbucks, Nestle, KFC 2023–2024. Source: investing.com

Share price movements of several franchise companies affiliated with Israel. Mitra Adiperkasa Tbk (MAPI) is a company that manages the Adidas, Nike, Reebok, and PUMA brands. Since October 16, 2023, MAPI shares have experienced a significant

correction of 11.08 percent (Puspadini, 2023). Fast food restaurant Kentucky Fried Chicken (KFC) was also affected by the boycott appeal. In Indonesia, KFC is managed by PT Fast Food Indonesia Tbk (FAST), and FAST's shares were recorded to have experienced a correction of 5.70 percent in November 2023. Furthermore, the company PT Unilever Indonesia Tbk (UNVR), which houses a number of well-known consumer goods brands, was also affected by the boycott (Puspadini, 2023). UNVR shares also experienced a correction of 4.44 percent during the boycott issue in the second week of November 2023. The boycott call did not only affect retail and fast food companies, but also spread to other industries such as PT Sarimelati Kencana Tbk (PZZA), which manages Pizza Hut restaurants. PZZA's shares fell by 2.38% in November 2023 after receiving the boycott call.

On the other hand, stock prices are also very sensitive to macroeconomic conditions. One of the most crucial external factors is monetary policy, specifically the benchmark interest rate set by the central bank, the BI rate. The increase in interest rates theoretically has a negative impact on the stock market, as it increases the cost of capital for companies and reduces investment interest in risky instruments. In addition, another monetary policy that has an influence on stock prices is the exchange rate. The exchange rate refers to the price of one currency compared to another. In the context of macroeconomics and international finance, exchange rates play an important role in influencing international trade, capital flows, inflation, and price stability in domestic markets. The exchange rate is the price in the exchange of two different currencies, there will be a comparison of value or price between the two currencies, this comparison of value is called the exchange rate (Nopirin, 2012). The exchange rate in this case plays an important role in the economy of a country because foreign exchange rates can affect output, inflation, exports and imports and several other economic-related objectives.

The contribution of this research to previous studies is explained in several ways as follows. First, the researcher integrates a number of variables from previous studies, but what distinguishes this study is the use of additional independent variables, namely boycott, bi rate, and exchange rate. In addition, the use of media as a moderating variable can certainly contribute to developing a new model on boycotts in this case can strengthen and also weaken the effect on stock prices, so that it is beneficial for the development of science. The combination of socio-political factors such as boycotts, media exposure, and macroeconomic variables creates a complex dynamic that affects the capital market. Secondly, in this study, a

different research object is used, namely companies affiliated with Israel, which is adjusted to the phenomenon of the ongoing boycott turmoil, which is expected to provide a more complete understanding of the factors that contribute to changes in stock prices amid geopolitical dynamics and increasing social pressure. Based on this explanation, this study will examine the effect of consumer boycotts and macroeconomic variables, namely the bi rate and exchange rate on stock prices in companies affiliated with Israel with the media as a moderating variable.

2. Literature review

2.1. Consumer behavior theory and macroeconomic aspects

The grand theory used in this study is the theory of consumer behavior. Consumer behavior theory is an important foundation in understanding people's responses to products and services, including in the form of boycotts against companies (Kotler & Keller, 2016). This theory explains how individuals make purchasing decisions that are influenced by various psychological, social, and environmental factors. In the context of this research, consumer behavior theory is relevant to explain how people's perceptions and attitudes towards geopolitical issues, such as the Israeli-Palestinian conflict, can influence their decision not to buy products from certain companies associated with these issues. According to Peter & Olson (2010), consumer behavior is the dynamic interaction between influence and awareness, behavior and the environment in which humans exchange aspects of life.

In addition to the consumer behavior approach, macroeconomic conditions also play an important role in influencing a company's stock price. Factors such as interest rates (BI rate), currency exchange rates are key variables that reflect the stability and prospects of a country's economy. Monetarist theory and classical macroeconomic models state that interest rates have a negative relationship with stock prices. An increase in interest rates increases the cost of capital and decreases the present value of a company's future earnings, thus negatively impacting stock prices (Mishkin, 2015). However, under certain conditions, such as when rising interest rates reflect economic stability and inflation control, the market may respond positively. By combining consumer behavior theory and macroeconomic approaches, this research obtains a more comprehensive framework in analyzing stock prices, both from the psychological and social side of society (boycott) and from the broader macroeconomic fundamentals.

2.2. Stock price

Stock price is the market value of a stock that is determined by the forces of demand and supply in the capital market. In general, stock prices reflect investors' perceptions of a company's performance and future prospects. According to Nguyen & Pham (2021), stock prices reflect market expectations of a company's future cash flows discounted at a certain level of risk. As such, changes in stock prices often reflect changes in investors' expectations of a company's financial and operational conditions, as well as changes in external factors such as macroeconomic conditions and geopolitical dynamics. In modern financial literature, stock prices are understood to be the result of the interaction between information, investor expectations, macroeconomic conditions, and market psychological factors.

There are several main theories that explain how stock prices are formed and fluctuate in the capital market:

1. Efficient market hypothesis (EMPH)

This theory was proposed by Fama (1970) which states that stock prices reflect all information available in the market. In an efficient market, no investor can consistently earn abnormal profits because information has been evenly distributed and responded to by stock prices in a short time.

2. Capital Asset Pricing Model Theory (CAPM).

This theory explains that stock prices and expected returns are determined by systematic risk that cannot be diversified. The higher the risk of a stock to the overall market (measured through beta), the higher the rate of return expected by investors (Phan et al., 2018).

3. Signaling theory

This theory was proposed by Michael Spence in 1973 which explains that information sent by company management or through the media can be used as a signal by investors to make investment decisions. For example, news about boycotts, management changes, or financial report releases can provide positive or negative signals that affect stock prices. Tetlock & Gardner (2015) show that news published in the media has a significant correlation to stock prices, especially when the news contains elements of surprise or is emotional in nature.

4. Behavioral finance theory

This theory by Daniel Kahneman and Amos Tversky highlights that investors do not always act rationally and are often influenced by cognitive biases, emotions, and social pressure. In this context, stock prices can be influenced by market sentiment, herd behavior effects, and perceptions of risk. Bitencourt & Iquiapaza (2024) found that news-based sentiment indices were able to predict stock returns, suggesting that investors' perceptions and emotions towards the same information can result in highly fluctuating market prices.

5. Stock valuation theory

This theory states that the intrinsic value of a stock is the present value of all expected future cash flows from the stock, discounted at the relevant rate of return. Therefore, changes in stock prices reflect changes in estimated cash flows or changes in discount rates due to macroeconomic conditions. Research by Aftab et al. (2021) confirms that macro variables such as interest rates and exchange rates significantly affect stock valuations, which have a direct impact on stock prices in the market.

6. Asymmetric information theory

This theory was first proposed by Akerlof (1978). This theory is also relevant in the context of stock prices, where investors do not have equal access to information. This information imbalance can lead to excessive or disproportionate market reactions to news. Al-Shboul & Anwar (2016) shows that information disseminated through the media can reduce information asymmetry and improve market efficiency, although the effect depends on the type and credibility of the news source.

2.3. Boycott

A boycott is a collective action taken by consumers to reject products or services from a particular company (Benartin, 2023). In response to policies or actions that are considered unethical or unfair. This action is a form of protest carried out by a group or groups of people against certain individuals or organizations by refusing to use, buy, or deal with that party (Kurniawan et al., 2024).

The purpose of this action is an action to prevent the continuity of a business by forcing people not to buy the company's products and forcing people not to do business with certain parties. In general, the boycott movement is carried out in an organized manner and does not involve violent actions aimed at forcing or pressuring the boycotted party to change a regulation or policy that has been made (Heilmann, 2016).

The issuance of a fatwa from the Indonesian Ulema Council (MUI) Number 83 of 2023 concerning the law of support for the Palestinian cause is an important decision that confirms the attitude of Muslim solidarity with the Palestinian people. In the fatwa, MUI suggested that Muslims avoid buying and consuming products from Israel. The boycott is carried out as a form of support for the Palestinian independence struggle, as well as to weaken the Israeli economy which is considered to support military aggression against Palestine. In addition to Fatwa No. 83, MUI also issued Fatwa No. 14/Ijtima' Ulama/VIII/2024 on the Priority Use of Domestic Products, which encourages the consumption of local products.

In the case of the research conducted by the researcher, the use of the boycott concept is considered in accordance with the flow of this research. Based on the conflict that occurred between Israel and the state of Palestine. The boycott of products from Israeli-affiliated companies is part of a protest movement carried out by individuals, organizations, and groups that disagree with Israel's actions against Palestine. The boycott movement aims to pressure companies or economic entities that are considered to support or have links with the Israeli government, with the hope of influencing policy changes related to the Israeli-Palestinian conflict (Khoiruman & Wariati, 2023). Boycotts can be explained through several theoretical frameworks in economics and consumer behavior, including the stakeholder theory developed by R. Edward Freeman in 1984.

2.4. BI rate

The BI Rate or Bank Indonesia's benchmark interest rate is one of the main monetary policy instruments used to control inflation, maintain exchange rate stability, and support national economic growth.

According to Keynesian theory, interest rates play an important role in investment decisions, including stock purchases. The BI Rate signals the direction of monetary policy to financial market participants, including investors in the capital market.

When the BI Rate is raised, loan and savings rates tend to increase, which in turn can reduce consumption and investment, including interest in stock assets. According to Mishkin & Eakins (2015), the central bank's benchmark interest rate plays an important role in the monetary transmission mechanism that impacts the capital market. Changes in the BI Rate affect investors' expectations of risk, return and stock valuation. In practice, a decrease in the BI Rate is often interpreted as a signal of monetary expansion that encourages investment in the stock market, while an increase in the BI Rate is usually associated with monetary tightening that can reduce stock prices.

2.5. Exchange rates

The exchange rate refers to the price of one currency compared to another. In the context of macroeconomics and international finance, exchange rates play an important role in influencing international trade, capital flows, inflation, and price stability in domestic markets. The exchange rate is the price in the exchange of two different currencies, there will be a comparison of value or price between the two currencies, this value comparison is called the exchange rate (Nopirin, 2012). The exchange rate has a role in balancing the supply and demand of existing assets.

Interest Rate Parity (IRP) theory explains that interest rate differentials between two countries will be offset by changes in exchange rates. That is, the difference in interest rates will be reflected in market expectations of exchange rate fluctuations. According to Mishkin (2015), exchange rates are one of the main indicators of economic stability and can affect investment decisions, consumption, and the performance of companies that have international trade involvement. Changes in exchange rates between currencies of other countries are influenced by various factors that occur in the country concerned, namely the inflation rate, discount rate, output level, government intervention in the foreign exchange market, market expectations of the future value of the currency, or the interaction of these various factors. In the Portfolio Balance Approach, exchange rates are determined by investors' preferences for various financial assets across countries. When investors assess that a country's risk is increasing, they will withdraw capital, causing a depreciation of the country's currency.

2.6. Mass media

Mass media are tools in communication that can spread messages simultaneously, quickly to a wide, heterogeneous audience. Mass media can overcome time and space barriers, and are able to spread messages almost instantly at an unlimited time (Nurudin, 2009).

The framing theory introduced by Entman (1993) explains how the media shapes perceptions by choosing a particular point of view in conveying information. In the capital market, the way information is conveyed, both positive and negative, can have an impact on investor perceptions and trigger changes in stock prices. For example, *framing* that emphasizes the negative aspects of a company, such as its involvement in conflicts or ethical violations, can strengthen risk perceptions and encourage sell-offs by investors.

Liu et al. (2020) found that the intensity of media coverage affects a company's response to activist campaigns, which has an impact on stock price movements. Similarly, a study by Fang & Peress, (2009) states that companies that receive media attention tend to experience higher stock price volatility. This suggests that media *exposure* can increase market sensitivity to certain information.

The media variable in this study is measured based on the number of articles published each month by major online news portals in Indonesia, namely Detik.com, Kompas.com, CNN Indonesia.com, and Liputan6.com related to the issue of boycotting Israeli-affiliated companies and the Palestinian-Israeli conflict. This measure is considered to reflect the intensity of the issue's exposure in the media and is assumed to have an effect on investor perceptions and the stock prices of related companies.

3. Methods

3.1. Data

The data used in this study is secondary data. The entire data is in the form of monthly panel data, namely by combining cross section data with time series covering two time periods: before the boycott (January 2019–September 2023) and during the boycott (October 2023–December 2024), so the number of observations is 360 observations.

Table 1. Research sample companies

Company name	Boycotted brand	Stock code
PT Fast Food Indonesia Tbk	KFC	FAST
PT Map Boga Adiperkasa Tbk	Starbucks	MABP
PT Unilever Indonesia Tbk	Unilever	UNVR
PT. Indofood Sukses Makmur Tbk	Indofood	INDF
PT. Sari Melati Kencana Tbk	Pizza Hut	PZZA

Table 2. Variable definitions and data sources

Variables	Information	Definition	Measurement	Data Source
SP	Stock Price	Stock price is the market value per share at a certain time measured based on the closing stock price.	Closing stock price (IDR)	www.investing.com
MD	Mass Media	Mass media in this study is defined as the intensity of reporting from bold news portals on the topic of boycotting companies affiliated with Israel, as well as the issue of the Palestinian-Israeli war.	Number of news/month (ratio)	Official websites of national news portals, detik.com, Kompas.com, CNNIndonesia, and Liputan6.com
BC	Boycott	A dummy variable indicating the time period, where it is 0 before the policy is implemented (January 2019 - September 2023), and 1 after the policy is implemented (October 2023-December 2024).	Nominal	bdsmovement.net
BI	BI Rate	The interest rate policy set by Bank Indonesia as a reference in the operation of the money market and monetary policy.	Percent	Bank Indonesia
ER	Exchange Rate	The exchange rate of the rupiah against the US dollar based on the middle rate set by Bank Indonesia.	IDR/USD	Bank Indonesia

The population in this study are companies that are the object of the boycott. The sample selection uses purposive sampling method, where the sample is selected based on the criteria set by the researcher. The criteria set are as follows:

1. The company is listed on the Indonesian stock exchange and has registered an IPO starting in 2018.
2. The company's shares were actively traded before the boycott period.
3. The company has a brand that is the target of the boycott.

The research sample companies used in this study are presented in [Table 1](#), while [Table 2](#) provides the variable definitions and data sources. The dependent variable is stock price, the independent variables are boycott, BI rate, and exchange rate, and media serves as the moderating variable.

3.2. Data analysis

The econometric models of this study is specified in Equations (1) and (2).

Model 1:

$$\text{Log}(SP_{it}) = \alpha + \beta_1 BC_{it} + \beta_{12} BI_{it} + \beta_{13} \text{Log}(ER_{it}) + e_{it} \quad (1)$$

Model 2:

$$\text{Log}(SP_{it}) = \alpha + \beta_{21} BC_{it} + \beta_{22} MD_{it} + \beta_{23} BC_{it} * MD_{it} + e_{it} \quad (2)$$

Where log denotes the natural logarithm; *SP* is the dependent variable (stock price); α is the constant; β represents the regression coefficients of the independent variables; *BC* is the boycott; *MD* is the mass media; *BI* is the BI rate; *ER* is the exchange rate; *e* is the error term; *i* denotes the cross-sectional unit (firm); and *t* denotes the time period.

4. Results

4.1. Results of model selection

Based on [Table 3](#), for Model I, namely the effect of boycott, BI rate and exchange rate on stock prices. Model II, namely the effect of boycott changes on stock prices, media as a moderating variable, obtained a probability value on the Cross-section Chisquare smaller than alpha (α) ($0.0000 < 0.10$), then H_0 is rejected. This means that the FEM is better than the CEM model in the Chow test. Next, the Hausman test was conducted. This test aims to select the most appropriate model between the FEM and the REM used to estimate panel data.

[Table 3](#) Model I, II, shows that the probability value on Cross-section Random is greater than alpha (α) ($0.0000 > 0.10$), which means that H_0 is accepted so that the

REM model is more appropriate to use than the FEM model in the Hausman test. Furthermore, the Lagrange Multiplier (LM) test is carried out to determine the most appropriate model between CEM and REM. In Table 3 models I and II show the probability value on Breusch-Pagan is smaller than alpha (α) ($0.0000 < 0.10$), so H_0 is rejected, meaning that the REM model is proven to be more appropriate and selected as a more appropriate model.

Table 3. Results of model selection

Model		Effect Test	Statistic	Prob.	Decision
Model I (KTP)	Chow Test	Cross-section F	744.7358	0.0000	FEM
		Cross-section Chi-square	808.1434	0.0000	
	Hausman Test	Cross-section random	0.000000	1.0000	REM
	Lagrange Multiplier Test	Breusch-Pagan	10963.66	0.0000	REM
Model II (MD*BK)	Chow Test	Cross-section F	971.66679	0.0000	FEM
		Cross-section Chi-square	895.81427	0.0000	
	Hausman Test	Cross-section random	0.000000	1.0000	REM
	Lagrange Multiplier Test	Breusch-Pagan	10718.11	0.0000	REM

Source: Authors calculation

4.2. Results of static panel data regression

The estimation results in Table 3 Model 1 show that the coefficient value for boycott is -0.1531 with a significance of 0.0000, which is smaller than the 10 percent significance level ($\alpha = 0.10$), indicating that boycotts have a negative effect on stock prices. Economically, this means that every increase in boycott intensity by 1 percent will reduce the share price of the company PT Indofood Sukses Makmur Tbk (INDF), PT Unilever Indonesia Tbk (UNVR), PT Sari Melati Kencana Tbk (PZZA), PT Fast Food Indonesia (FAST), PT Map Boga adiperkasa Tbk (MABP) by 0.1531 percent, *ceteris paribus*.

Furthermore, Table 3 Test 1 also explains that the BI rate shows a positive relationship to the stock price of the companies studied, with a BI Rate coefficient of 0.0335 with a significance of 0.0000. This shows that a 1 percent increase in the BI rate will increase the stock price by 0.0335 percent. Then in Test 1 also explains the effect of exchange rates on stock prices. The coefficient of exchange rate -2.7471 with a significance level of 0.00 indicates that the exchange rate has a negative relationship to stock prices. This means that if there is a 1 percent increase in the

exchange rate, which in this context is an increase in the rupiah against the US dollar, it will reduce stock prices by 2.2471 percent.

Table 4. Panel data regression (Model I): Effect of boycott, BI rate, and exchange rate on stock prices

	Variable	Coefficient	Std. Error	t-Statistic	Prob.
Test 1	C	14,61498	1,871598	7,808821	0.0000***
	BK	-0,153146	0,024250	-6,315243	0.0000***
	BI	0,0335571	0,007126	4,711212	0.0000***
	Log (KR)	-2,747151	0,447439	-6,139722	0.0000***
	R-squared	0,389437		F-statistic	75.68957
	Adjusted R-squared	0,384292		Prob(F-statistic)	0.000000
	Variable	Coefficient	Std. Error	t-Statistic	Prob.
Test 2 (Boycott without macroeconomic variables)	C	3,330982	0,208861	15,94831	0.0000***
	BK	-0,204577	0,016684	-12,26167	0.0000***
	R-squared	0,295759		F-statistic	150,3485
	Adjusted R-squared	0,293792		Prob(F-statistic)	0.000000

Source: Authors calculation

Table 3 in Test 2, analysis that does not use macroeconomic variables shows that boycotts have a negative effect on stock prices. The boycott coefficient is - 0.204577 with a significance level of 0.0000, which means that for every unit increase in the boycott, the stock price decreases by 0.204577 units, with an R-squared of more (0.29576), which is about 29.58 percent. In other words, boycotts are able to explain 29.58 percent of the variation in stock prices. While in the analysis using macroeconomic variables, boycotts also have a negative effect on stock prices but the coefficient is smaller at -0.153146 with a significance level of 0.0000, meaning that one unit of boycott can further reduce stock prices lower by 0.153146 units.

Table 5. Panel data regression (Model II): Moderating effect of media in the relationship between boycotts and stock prices

Variable	Coefficient	Std.Error	t-statistic	Prob.
C	3,331227	0,208868	15,94894	0.0000***
BK	-0,266762	0,025602	-10,41940	0.0000***
MD	-0,000296	0,002193	-0,135232	0.8925
MD*BK	0,001583	0,002230	0,710148	0.4781
R-squared	0,315261		F-statistic	54,63541
Adjusted R-squared	0,309491		Prob(F-statistic)	0,000000

Note: The dependent variable is Stock Price; *** indicates significant at 1% confidence level

Source: Authors calculation

By including BI Rate and Exchange Rate as independent variables, the effect of boycott is weaker (from -0.204577 to -0.153146). In addition, the results of the analysis with macroeconomic variables are better able to explain variations in stock prices (R-squared is greater, namely 0.38944). This means that it is able to explain a greater variation in stock prices by 38.94 percent, due to the influence of other variables, namely the BI rate and exchange rate, which also affect stock price movements.

The results of the interaction test conducted using the media as a moderating variable can be seen in Table 5. Boycott has a significant negative effect on stock prices, boycott has a coefficient of -0.266762 with a significance level of 0.000. This probability value is far below the significance limit of 10%, even 1%, which indicates that boycotts statistically negatively affect stock prices. However, media as a separate independent variable has a coefficient of -0.000296 with a probability of 0.8925, which means it is not statistically significant. This indicates that the presence of media news about the boycott or the Palestinian-Israeli conflict directly does not affect stock prices.

Furthermore, the interaction between boycott and media used as a moderating variable, shows a coefficient of 0.001583 with a significance level of 0.4781. This probability value, which is much greater than 0.10, indicates that the media does not moderate the relationship between boycotts and stock prices. Thus, there is no strong moderating effect of the media on the effect of boycotts on stock prices. In moderation terminology, this result can be categorized as a Homological Moderator (Potential Moderation), where the coefficient β_2 is insignificant and the coefficient β_3 is statistically insignificant. The independent variable and dependent variable do not interact and have no relationship. This indicates that the effect of the boycott on stock prices remains consistent, regardless of the intensity or volume of media coverage.

5. Discussion

Boycotts have a negative effect on stock prices. The coefficient value of boycott is -0.1531 with a significance of 0.00, which economically means that every one percent increase in boycott intensity will reduce stock prices by 0.1531 percent. This finding indicates that collective community action against companies that are considered affiliated with geopolitical issues can create meaningful pressure on stock market

performance and non-financial risks such as ethics and politics have a material impact on investment decisions. This is in line with research conducted by Pruitt & Friedman, (1986) shows that the capital market responds to consumer boycott announcements followed by a statistically significant decline in stock prices. Another study conducted by Jasa (2024) shows that there are differences in the closing stock price of PT. MAP Boga Adiperkasa, Tbk (Starbucks Indonesia) before and after the boycott with a decrease in stock prices on the Indonesian stock exchange market. Another study conducted by Pruitt et al. (1988) the impact of a union-sponsored boycott on the stock price of the target company shows that the announcement of a union boycott initially causes economically and statistically significant losses in the stock price of the target company. Research Novanti (2023) found that the average share price of companies suspected of supporting Israel in quarter 4 of 2023 tended to be lower than the average share price in quarters 1-3 of 2023, meaning that in the short term the boycott will have an impact on share prices (Hanita & Mariadi, 2024).

Furthermore, the BI rate has a positive effect on stock prices with a BI rate coefficient of 0.0335 with a significance of 0.00, which economically indicates that a one percent increase in the BI rate will increase stock prices by 0.0335. This indicates that an increase in the benchmark interest rate in the Indonesian macroeconomic context can increase investor confidence in national economic stability, especially in maintaining the exchange rate and controlling inflation. This result is supported by research conducted by Afandi & Pardistya (2024) where market conditions are forward-looking or forward-oriented, investors understand the BI Rate increase as a signal of macroeconomic stability, inflation control, or policy response to external supervision, which actually increases market confidence. Gery (2023) in his research states that tight monetary policy can be seen as a positive signal of the central bank's commitment to maintaining price stability and investment attractiveness, which in turn can strengthen investor confidence and encourage stock market strengthening.

In addition, the exchange rate has a negative effect on stock prices, with an exchange rate coefficient of -2.7471, which economically means that a one percent increase in the exchange rate will reduce stock prices by 2.7471. This shows the high sensitivity of the capital market to currency movements, especially for companies that depend on imported raw materials or have debt in foreign currency. Consistent with the research results from El-Diftar (2023) , Indonesia is the only country that shows a significant long-term negative relationship between exchange rates and

stock market performance. This may be due to the important transition of the Indonesian economy moving from a large current account deficit in 2019 to a surplus in 2021. So, perhaps the depreciation of the domestic currency is crucial for countries at the beginning of the transition period from trade deficit to surplus, by having more competitive prices. Lakshmanasamy (2021) found that volatile exchange rates increase the perception of risk among domestic as well as foreign investors, thus triggering capital withdrawals and a decline in stock indices.

Boycotts have a negative effect on stock prices in Israel-affiliated companies both in test 2, only includes boycotts as the only independent variable, and in test-1 which also includes macroeconomic variables (BI Rate and exchange rate). However, there are differences in the magnitude of the coefficients and the level of influence of the boycott in each model. In test-2, the boycott coefficient is larger, -0.204577, which indicates that every time a boycott occurs, the stock price falls more sharply. While in test-1 the boycott coefficient is smaller, -0.153146, which indicates that the negative impact of boycotts is weaker when macroeconomic variables are included, in other words, boycotts do have a negative impact, but the impact is more manageable when influenced by current macroeconomic conditions.

Media does not moderate the relationship between boycotts and stock prices. This means that in this study the media does not strengthen or weaken the effect of boycotts on stock prices. This finding is also supported by research Chang (2016) although theoretically the media can increase positive perceptions and competitiveness of companies that affect stock prices, in the context of this study, the level of frequency of news about companies does not directly affect increasing or decreasing stock prices through moderation paths. Umiyati et al., (2024) who found that media information is not always successful in shaping or moderating the relationship between external issues and market reactions.

6. Conclusion

The panel data analysis employing the REM model indicates that boycotts and exchange rates negatively impact stock prices, while BI rates positively influence them. Moreover, the media does not appear to influence the connection between boycotts and stock prices. These findings suggest that macroeconomic factors and consumer behavior are more influential in determining stock price fluctuations than media exposure, offering significant insights for investors and policymakers alike. Subsequent research may explore the inclusion of supplementary variables,

including investor sentiment, media intensity, and international market linkages, to attain a more holistic comprehension of the determinants influencing stock price dynamics in analogous contexts.

Conflict of interest

The authors declare that there are no conflicts of interest regarding this publication.

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