CHAPTER V
CONCLUSION

A. Conclusion

Based on the results of the study and hypothesis testing, the following conclusions can be drawn:

1. There is no significant difference between the abnormal return on Indonesian Stock Exchange (IDX) before and after the boycott event.
2. There is no significant difference between the abnormal return on Bursa Malaysia before and after the boycott event.
3. There is no significant difference between the Trading Volume Activity on Indonesian Stock Exchange (IDX) before and after the boycott event.
4. There is no significant difference between the Trading Volume Activity on Bursa Malaysia before and after the boycott event.

B. Implication

This study contributes to the event study literature by confirming that capital markets in Indonesia and Malaysia are sufficiently efficient in absorbing information, including non-economic events such as boycotts. These findings support the Efficient Market Hypothesis, which states that stock prices can quickly reflect all information available in the market. The results of the study show that although boycotts trigger changes in stock price charts (abnormal returns) and trading activity volume (TVA), these changes are not statistically significant. This indicates that the market responds to boycott information only in the short term, or with a short-term effect, before eventually returning to normal conditions.

Based on signaling theory, boycotts can be considered a negative signal for investors. However, this signal is not strong enough to influence investment decisions in the long term. In the field of financial behavior, market mechanisms correct investors' emotional reactions when events occur. Portfolio theory by Markowitz (1952) and Hartono (2017), which emphasizes the importance of risk diversification when making investment decisions, can also explain the findings of this study. Since the risk of issuers can be balanced with other assets in the portfolio, investors who apply the principle of portfolio diversification may not be too affected by boycotts against certain issuers.

The results of this study show how important it is to use diversification strategies to manage portfolios. Investors with diversified portfolios are better protected from both systematic and non-systematic risks when non-economic events such as boycotts occur. Although the capital market may appear stable, the real impact of boycotts can still be felt through reduced revenue, operational losses, and even store closures. For regulators, this research emphasizes the need for transparency in information so that investors can anticipate risks accurately and make more optimal investment decisions.

C. Research Limitation

1. The research only focuses on one global event, namely the boycott of companies or products included in the boycott list, so the results of the study may not be sufficient to describe the market's reaction to other non-economic events. Therefore, further research is recommended to include several other events, both economic and non-economic, to enrich the

analysis. As demonstrated by Fama (1970), where stock price reactions to 'new information' vary greatly depending on the nature and source of the information. As emphasized by Broek *et al*. (2017), market reactions vary significantly depending on the nature and source of information, suggesting that broader coverage of events would enrich the analysis.

2. The object of this research only encompasses two stock exchanges, namely the IDX and Bursa Malaysia with a total of 10 sample companies from Indonesia and 3 from Malaysia. Consequently, the research object may be less effective in providing more generalizable results. Therefore, it is recommended that future research expand its scope to include other stock exchanges in the Asia or global region. Previous studies, such as Lestari (2020) demonstrated long-term integration among ASEAN stock markets, implying that including more exchanges could provide more generalizable results.
3. The observation period was relatively short, with an estimation window of 120 days and an event window of 10 days, making it impossible to capture the long-term impact of the boycott. The recommendation for future researchers is to use a longer observation period to see the sustained effects of similar events. Avianuari & Hendranastiti, (2024) found that abnormal returns were only significant in the short-term, while trading volume remained affected in longer windows, emphasizing the importance of extended event periods for future research.