

Unilever's financial footprint: a before and during analysis of the boycott's impact

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Abstract

This study examines the financial repercussions of the consumer boycott targeting PT Unilever Indonesia Tbk during the escalation of the Israel–Palestine conflict in late 2023. The boycott, amplified by intensified public sentiment and reinforced by Fatwa No. 83/2023 issued by the Indonesian Council of Ulama, positioned Unilever at the centre of socio-political scrutiny. Employing a descriptive quantitative approach, the research analyses liquidity, solvency, profitability, operational performance, and asset utilization ratios using secondary data from OSIRIS covering the 2021–2024 period. These years capture both pre-boycott and boycott phases and are benchmarked against industry averages as well as Unilever subsidiaries across other countries.

The findings indicate that the boycott's impact manifests unevenly across financial dimensions. Liquidity ratios—particularly the current ratio and quick ratio—declined and remained below industry benchmarks, signalling heightened short-term financial pressure. Conversely, solvency ratios stayed structurally healthy, with Unilever Indonesia maintaining a relatively low dependence on external debt. Profitability showed mixed outcomes: while Return on Equity increased, Return on Assets and Net Profit Margin declined, largely influenced by rising operational expenditures amid reputational challenges. Asset utilization also reflected contrasting trends, with inventory turnover weakening but total asset turnover demonstrating resilient efficiency.

Overall, the study reveals that despite measurable declines in liquidity, net profitability, and sales velocity, PT Unilever Indonesia Tbk preserved notable financial stability during the boycott period. These findings underscore the firm's underlying structural strength while highlighting the financial vulnerabilities multinational corporations may face when socio-political movements reshape consumer behaviour.

Keywords: Boycott, Financial Performance, Ratios, Unilever Tbk

INTRODUCTION

The conflict stemming from the Israeli occupation of Palestinian territories represents the fundamental phenomenon underpinning the emergence of the Boycott, Divestment, and Sanctions (BDS) Movement (Hamida et al., 2024). Consumer boycotts emerged as a highly significant phenomenon in the global marketplace, clearly indicating a fundamental shift in the dynamics of interaction between corporations and consumers (Mulyono & Rolando, 2025). The most tangible manifestation of this shift in power is the consumer boycott movement, which now serves as a social, political, and economic instrument for exerting substantial pressure on corporate practices deemed incompatible with universal humanitarian principles. Based on relevant studies in this field, boycotts cannot be simply reduced to an emotional reaction; rather, they are an integral part of the moral economy that converges social activism with market mechanisms (Mulyono & Rolando, 2025; Sadia et al., 2023). The rapid expansion of information technology and social media platforms has exponentially amplified the reach of this movement, accelerating the dissemination of narratives and facilitating the swift formation of cross-border solidarity.

In the context of the Palestine–Israel conflict, which experienced significant escalation in October 2023, the consumer boycott phenomenon acquired a potent geopolitical dimension. The humanitarian tragedy caused by this conflict directly triggered the emergence of the global Boycott, Divestment, and Sanctions (BDS) movement, which targets corporate entities deemed to have

affiliations with Israel. Although prior research Sadia et al., (2023) indicated that BDS actions resulted in moderate fluctuations in the Cumulative Average Abnormal Return (CAAR) of several Fast-Moving Consumer Goods (FMCG) companies in the United States, the implications for markets in developing nations—particularly those with a substantial Muslim consumer base like Indonesia—demonstrate a far more profound nature and possess the potential for protracted reputational effects.

One multinational corporation that experienced the most substantial impact from this sentiment is Unilever. The FMCG giant, with hundreds of global brands, became a focus of public attention starting in late 2023. This was precipitated by an indirect affiliation with Israel through its subsidiary, Ben & Jerry's, which was reported to have been involved in product sales in the occupied territories (Budianto & Buntuang, 2025). This market dynamic precipitated a significant substitution effect, resulting in a substantial uplift in the sales volume of domestically produced goods, with figures escalating by an estimated 30 to 40% (Alfian & Susilowati, 2025). This incident triggered a wave of product boycotts in the domestic market, which was structurally reinforced after the Indonesian Council of Ulama (MUI) issued Fatwa Number 83 of 2023. This Fatwa explicitly called for support for Palestinian independence and prohibited transactions or affiliations with supporting entities (Budianto & Buntuang, 2025). This condition created a dual pressure—social and religious regulatory—that is crucial for analysing the resulting financial impact.

From the perspective of financial accounting, empirical data indicates an immediate and measurable impact. Research Chintya et al., (2025) reveals that the revenue and net profit of Unilever Indonesia experienced a sharp decline of 74% and 70%, respectively, in the first quarter of 2024. This drop coincided with the increasing intensity of the conflict and the boycott campaign in Indonesia. These findings are substantiated by studies Kartika et al., (2025) and Siregar et al., (2025), which noted a decrease in the liquidity ratio (current ratio) from 0.67 to 0.49 and the profitability ratio (net profit margin) from 13% to 12% during the boycott period. Similarly, Firdausi (2024) asserts that the boycott action had a significant negative influence on the company's profitability, asset efficiency, and operating cash flow. In essence, the boycott resulted in a demonstrable impact on the company's fundamental financial performance.

The capital market aspect likewise reflects a similar pattern. Erwinata et al., (2024) documented that the share price of UNVR sharply declined from Rp4,080 to Rp3,580 during October–November 2023, coinciding with the intensification of negative public sentiment. Within the theoretical framework of Behavioural Finance, P. D. Sari et al., (2025) demonstrated that risk perception acted as a moderating variable that aggravated the boycott's effect on financial performance, wherein investors and consumers re-evaluated trust based on moral affiliation, rather than solely on fundamental performance (Sadia et al., 2023). This suggests that market reactions are short-term in nature, yet recovery is possible if the company effectively communicates its ethical values (Siregar et al., 2025).

This situation reflects a significant challenge for global corporate management, wherein the study by Rizal et al., (2024) elaborates that Unilever adopted a strategy of resilience and reputational communication, including the strengthening of Corporate Social Responsibility (CSR) activities and the utilization of brand storytelling, consistent with the Crisis Management Theory (Coombs, 2007). Beyond the crisis aspect, the dimension of governance is also a concern, as Sadia et al., (2023) revealed that board characteristics, such as independence and gender diversity, play a vital role in strengthening oversight and mitigating corporate reputational risk during periods of crisis. From the perspective of Islamic Economics, Hayati et al., (2024) and Wuryanti et al., (2024) affirm that the boycott action constitutes a form of social correction that demands companies uphold the principles of *maslahah* (public interest) and distributive justice.

The operational effectiveness and prospective viability of a corporate entity can be soundly evaluated through financial ratio analysis. This analysis is derived from the comprehensive evaluation and interpretation of data presented within the company's published financial statements over a specified period (Rafid et al., 2022). Due to its informational value, the outcome of this analysis constitutes a fundamental consideration for investors when making investment decisions. Several key ratio categories are routinely utilized, including liquidity, activity, solvency, and profitability ratios. By quantifying and understanding these analytical results, stakeholders can accurately gauge the firm's

potential for growth and its capacity to meet both short-term and long-term financial obligations to investors and other relevant parties.

This research addresses the critical question of how the public boycott against Unilever products specifically affected corporate liquidity and profitability. To achieve this, the study, designated "Unilever's Financial Footprint: A Before and During Analysis of the Boycott's Impact," is designed to establish the influence of public action on Unilever's financial health through a direct comparison of key financial indicators presented in the company's reports immediately preceding and following the boycott.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Literature Review and Hypothesis Development

Signalling Theory

Signalling theory explains how firms reduce information asymmetry between management and external stakeholders by intentionally communicating meaningful signals through observable outcomes, particularly official financial disclosures. Financial reports therefore serve as a primary channel through which corporations convey information about their operational performance, risk profile, and future prospects to investors and the broader public (Cornelly et al., 2025; Guest et al., 2020). Within this framework, changes in key financial indicators—including financial ratios, revenue, and net income—function as critical market signals that enable stakeholders to assess a firm's operational health and strategic trajectory.

The signalling framework is especially relevant in the context of consumer boycotts. Boycott activities can adversely affect sales, profitability, and corporate reputation, thereby transmitting unfavourable signals regarding a firm's future viability and increasing perceived uncertainty among investors (Wong & Zhang, 2022; Yasar et al., 2020). As a result, deteriorating financial performance during boycott periods may weaken investor confidence and exert downward pressure on firm value, as stakeholders interpret these outcomes as indicators of heightened business risk.

Accordingly, this study conceptualizes financial ratios not merely as performance metrics, but as market signals that reflect how stakeholders interpret the economic consequences of moral and political pressure arising from boycott actions.

Financial Performance

Financial performance is analytically defined as the assessment of the extent to which a corporation has executed its financial operational principles and procedures both effectively and accurately. Financial performance is fundamentally defined as a corporation's proficiency in simultaneously generating adequate profits and managing its available financial resources with demonstrable efficiency (Dewi et al., 2020; Özekenci, 2024). The key components directly relevant to measuring corporate performance are primarily presented within the income statement. In this context, net income frequently serves as the primary indicator of a company's performance or forms the foundational basis for calculating other derived financial metrics.

Financial Ratio

Financial ratios constitute an essential instrument for predicting future profitability and establishing economic priorities. These ratios are systematically derived through the comparative analysis of related and financially significant line items within the published financial statements. In the scope of this investigation, the financial ratio analysis will be conducted utilizing the following ratios (Subramanyam, 2014):

1. Liquidity ratio

This specific ratio provides a vital overview of the corporation's capacity to meet its short-term debt obligations, which mature within a one-year period. In the context of this study, Liquidity ratios, particularly the Current Ratio (CR) and Quick Ratio (QR), function as crucial analytical

tools to systematically evaluate PT Unilever Indonesia's financial performance throughout the tumultuous period of the Israel-Palestine conflict.

2. Solvency Ratio

This ratio furnishes an essential overview regarding the methods by which the corporation finances its assets, concurrently illustrating its ability to repay long-term obligations. In this study, solvency ratios serve as an analytical tool to assess Unilever Indonesia's financial performance during the Israel-Palestine conflict period, focusing on Debt to Asset (DAR) and Debt to Equity (DER).

3. Profitability Ratio

The profitability ratio serves as a paramount indicator for evaluating the extent to which a company successfully generates profits from its core operational activities (Darwis et al., 2022). This ratio is strategically employed to assess management's efficiency in deploying corporate resources to yield net income, thereby providing a clear overview of the rate of return on investment.

Reflecting a company's success in profit generation over a specific period, the profitability ratio holds considerable utility for both investors and creditors in informing their financial decisions. In the context of this study, profitability ratios, particularly the Return on Assets (ROA) and Return on Equity (ROE), function as crucial analytical tools to systematically evaluate PT Unilever Indonesia's financial performance throughout the tumultuous period of the Israel-Palestine conflict.

4. Asset Utilization Ratios

The asset utilization ratio serves as a crucial metric designed to quantify the corporation's effectiveness in deploying its available resources to support and generate sales activities. In this investigation, asset utilization ratios are employed as a crucial analytical tool to systematically assess PT Unilever Indonesia's financial resilience during the Israel-Palestine conflict period, with specific emphasis placed on the Total Asset Turnover (TATO) and Inventory Turnover (ITO).

5. Operating Performance Ratio

This ratio is utilized to quantify the corporation's operational efficiency in managing its core business activities relative to its net sales. Operating performance ratio are utilized in this study as a pivotal diagnostic instrument systematically assess PT Unilever Indonesia's efficiency and core profitability during the Israel-Palestine conflict. Specifically, the analysis utilizes the Net Profit Margin (NPM) and the Gross Profit Margin (GPM) to evaluate management's effectiveness in translating sales into profit amidst the pressures of the external crisis.

METHODS

This research employs a quantitative descriptive methodology. Quantitative research is characterized as the process of analysing financial reports with the objective of generating numerical data, typically implemented through the application of both descriptive and inferential statistical techniques (Kartika et al., 2025). The quantitative data collected are subsequently processed and meticulously interpreted to measure and identify their significant impact on resolving the predefined research problem. Conversely, the descriptive method is defined as a research approach aimed at clearly and accurately illustrating a specific condition or object, encompassing the precise depiction of facts, characteristics, and relevant inter-phenomenon relationships.

This research utilizes secondary data procured from the OSIRIS database. The financial statement data encompasses PT Unilever Tbk as well as other comparable companies operating within the same industry sector across the 2021–2024 period. This timeline is segmented into the pre-boycott period

(2021–2022) and the boycott period (2023–2024). Table 1 presents the complete list of companies included in the Personal Care Products industry sample.

Table 1. List of companies in the Personal Care Products Industry

No	Code	The Company
1	EURO	Estee Gold Feet PT Tbk
2	FLMC	Falmaco Nonwoven Industri Tbk PT
3	KINO	Kino Indonesia Tbk PT
4	MBTO	Martina Berto TBK
5	MRAT	Mustika Ratu Tbk
6	MSJA	PT Multi Spunindo Jaya Tbk
7	NANO	PT Nanotech Indonesia Global Tbk
8	TCID	Mandom Indonesia Tbk
9	UCID	PT Uni-Charm Indonesia Tbk
10	UNVR	PT Unilever Indonesia Tbk
11	VICI	PT Victoria Care Indonesia Tbk

Furthermore, this investigation incorporates financial reports from Unilever entities operating in other international jurisdictions. Table 2 presents the detailed list of Unilever subsidiaries included in this comparative, cross-country analysis.

Table 2. Company list of Unilever around the world

No	Company name	Country
1	Unilever Plc	United Kingdom
2	Hindustan Unilever Limited	India
3	PT Unilever Indonesia Tbk	Indonesia
4	Unilever Pakistan Foods Limited	Pakistan
5	Unilever Nigeria Plc	Nigeria
6	Unilever Ghana Plc	Ghana
7	Unilever Nepal Limited	Nepal
8	Unilever Caribbean Limited	Trinidad And Tobago
9	Unilever Consumer Care Limited	Bangladesh

The data analysis technique employed in this research is financial ratio analysis. This approach is utilized to systematically identify trends in the financial performance of PT Unilever Indonesia before and during the Israel-Palestine conflict boycott period. The specific analytical method adopted is comparative analysis, which is defined as the technique of scrutinizing financial statements by juxtaposing one data point with another, whether expressed in Rupiah (or the local currency) or in units. The comparative techniques implemented in this study include:

1. Comparing the financial condition of PT Unilever Tbk before and during the boycott with the relevant industry average.
2. Comparing the financial condition of PT Unilever Tbk before and during the boycott with Unilever entities in other international jurisdictions.

The set of financial ratios utilized in this research comprises the liquidity ratio, solvency ratio, profitability ratio, asset utilization ratio, and operating performance ratio. Each of these specific metrics is instrumental in delineating a distinct dimension of the corporation's overall financial performance.

RESULT AND DISCUSSION

Table 3 presents the comparative financial ratios for PT Unilever Tbk and the relevant industry average, juxtaposing the performance data across the periods both before and during the boycott.

Table 3. Data Summary of Ratio Unilever and Industry

Ratio		Year			
		2021	2022	2023	2024
Return on Equity (ROE)	UNVR	133,25	134,21	141,99	156,74
	Industry	10,48	8,43	17,39	8,36
	Unilever	51,56	46,55	47,64	41,89
Return on Asset (ROA)	UNVR	30,20	29,29	28,81	20,99
	Industry	2,95	2,84	5,88	-0,98
	Unilever	17,81	15,91	19,52	15,46
Net Profit Margin (NPM)	UNVR	18,96	16,97	16,06	12,38
	Industry	2,85	1,79	7,65	4,94
	Unilever	15,61	16,36	20,93	19,67
Gross Profit Margin (GPM)	UNVR	51,24	47,78	51,19	49,15
	Industry	41,26	39,01	41,54	35,98
	Unilever	45,25	44,87	45,38	46,08
Inventory Turnover (ITO)	UNVR	16,12	15,70	15,94	14,02
	Industry	8,40	9,61	15,22	25,26
	Unilever	9,83	9,25	10,59	9,96
Total Asset Turn Over (TATO)	UNVR	5,97	7,01	7,10	8,33
	Industry	1,44	1,48	1,55	1,68
	Unilever	3,74	3,15	2,34	2,42
Current Ratio (CR)	UNVR	0,61	0,61	0,55	0,45
	Industry	2,40	2,89	3,25	2,91
	Unilever	1,52	1,54	1,97	1,92
Quick Ratio (QC)	UNVR	0,42	0,40	0,34	0,23
	Industry	1,49	1,64	1,62	1,41
	Unilever	1,25	1,23	1,63	1,55
Debt to Assets (DAR)	UNVR	22,66	21,82	20,29	13,39
	Industry	62,46	60,86	62,20	64,18
	Unilever	41,91	43,76	51,66	50,81
Debt to Equity (DER)	UNVR	29,30	27,91	25,46	15,47
	Industry	164,91	184,03	190,93	294,11
	Unilever	105,88	107,92	136,05	134,18

Table 3 provides essential financial ratio data for PT Unilever Indonesia Tbk (labelled as "UNVR"), the relevant industry average (labelled as "Industry"), and the average performance of Unilever subsidiaries across several international jurisdictions (labelled as "Unilever"). This data spans the pre-boycott period (2021–2022) and the boycott period (2023–2024). Based on the calculations presented in Table 3, the liquidity ratios, specifically the Current Ratio and Quick Ratio, demonstrated a discernible decrease during the boycott period when compared to the preceding period. PT Unilever Tbk.'s Current Ratio was consistently lower than the industry average throughout both the pre- and post-boycott periods. Conversely, the boycott did not appear to significantly compromise Unilever's global liquidity position, which is evidenced by a discernible increase in the global current ratio during the boycott phase (as per Table 3). Crucially, the consistently low liquidity ratio for PT Unilever Tbk.—remaining below the 1.00 threshold both before and during the boycott—ineliminately suggests a persistent state of potential liquidity distress where the corporation's current assets are insufficient to cover its short-term liabilities. This outcome, therefore, underscores that throughout the product boycott period in Indonesia, PT Unilever Tbk. experienced a failure in maximizing its profitability, a difficulty compounded by challenges in effectively managing current assets required to fulfil its short-term financial obligations. This specific finding aligns with the research by Solihah et al., (2025), which also found that Unilever Indonesia's liquidity ratio decreased during the boycott period (2023).

Based on the calculation of solvency ratios, specifically the Debt-to-Asset Ratio (DAR) and the Debt-to-Equity Ratio (DER), PT Unilever Tbk. evidenced a reduction during the boycott period compared to the preceding period. Relative to the industry average, both UNVR's DAR and DER were consistently positioned below the industry benchmark. Conversely, the averaged results for other international Unilever entities suggest that the boycott did not materially affect their overall solvency, as both DAR and DER values marginally rose during the crisis phase. Generally, a low debt-to-asset ratio—specifically one below the prevailing industry average—is widely considered to reflect a financially superior corporate profile, fundamentally indicating a minimal reliance on external debt financing. Based on this conservative metric, it can be firmly concluded that the company's structural position for both DAR and DER remained in the "Sound" category across the entire comparative period, demonstrating stable capital structure and resilience throughout the product boycott.

The computed profitability ratios, evidenced by Return on Assets (ROA) and Return on Equity (ROE), present divergent outcomes. In terms of the ROE metric, the value showed an increase during the boycott period compared to the preceding period. This trend, however, contrasts sharply with the average performance of other international Unilever entities, where the ROE value declined during the same phase. Furthermore, when measured against the industry average, PT Unilever Tbk.'s ROE consistently exceeded the industry benchmark. Similarly, the ROA value, both prior to and throughout the boycott, consistently surpassed both the industry average and the average of other Unilever subsidiaries. Nonetheless, a reduction in the ROA value was observed specifically during the boycott phase. Collectively, these findings imply that the overall profitability of PT Unilever Tbk., both before and during the boycott, remained in a favourable condition due to its sustained superior performance relative to the industry average.

The data contained in Table 3 presents the calculated results for the operating performance ratios, encompassing the Net Profit Margin (NPM) and the Gross Profit Margin (GPM). These metrics are instrumental in gauging the corporation's underlying capability to generate profit from its sales activities. Pertaining to the GPM, the ratio values for both PT Unilever Tbk. and Unilever globally evidenced a marginal increase during the boycott period. Crucially, when benchmarked against the industry average, PT Unilever Tbk.'s GPM has consistently recorded superior values since 2021. This performance fundamentally implies that the core operational capacity of PT Unilever Tbk. and Unilever globally to generate profit from sales remains robust, consistently exceeding the standard performance of the industry.

Conversely, the Net Profit Margin (NPM) ratio registered a decline during the boycott period. This performance contrasts with that of other international Unilever entities, which actually demonstrated an increase in NPM over the same timeframe. However, when benchmarked against the industry average, PT Unilever Tbk.'s NPM has remained consistently superior since 2021. This finding implies that the reduction in net income during the boycott is a direct consequence of escalating operational expenses, specifically across marketing, sales, and general administrative segments. These heightened expenditures represent a strategic defensive response by PT Unilever Indonesia Tbk. to intense competitive pressure, new regulatory policies, and, most critically, the geopolitical conflict and resulting boycott. To mitigate reputation risk and preserve its customer base amidst the crisis, the corporation was compelled to commit to substantial cash outflows, primarily through extensive promotional efforts, which ultimately constrained overall profitability.

Subsequently, the analysis proceeds to the Asset Utilization Ratios, measured by the Inventory Turnover (ITO) and Total Asset Turnover (TATO). This category of ratios delineates the extent to which the corporation efficiently deploys its assets to generate sales activity. Regarding the ITO ratio, PT Unilever Tbk. recorded a decrease during the boycott period compared to the preceding phase. When benchmarked against the industry average, PT Unilever Tbk.'s ITO fell below the average during the boycott period. However, its value remained marginally superior to the average ITO of other international Unilever entities. This outcome strongly implies that the corporation experienced diminished sales effectiveness, likely attributable to a drastic decline in market demand as a consequence of the boycott.

Conversely, the TATO ratio registered an increase during the boycott period compared to the pre-boycott phase. The TATO value for PT Unilever Tbk. consistently surpassed both the industry average and the average of other global Unilever entities across both comparative periods. This remarkable consistency implies the company possesses an optimal asset management capacity in generating sales revenue. This finding is notably consistent with the research conducted by Sari & Hardiyanti (2023) which found no significant difference in asset utilization efficiency during the comparative periods of the COVID-19 pandemic.

From the perspective of Signalling Theory, the empirical findings indicate that the boycott period generated predominantly negative financial signals, particularly through declining liquidity ratios, net profit margin, and inventory turnover. These indicators functioned as observable signals that potentially reinforced negative stakeholder perceptions regarding short-term financial stability and operational risk.

However, the persistence of strong solvency ratios and superior total asset turnover relative to industry benchmarks suggests that PT Unilever Indonesia Tbk. simultaneously transmitted countervailing signals of structural resilience and efficient asset management. This mixed signalling pattern implies that while the boycott weakened short-term confidence, it did not fully undermine long-term assessments of firm viability.

Consequently, the market response to the boycott should not be interpreted as a purely mechanical reaction to declining performance, but rather as a signal-based reassessment of trust, risk, and ethical alignment. This finding supports Signaling Theory's assertion that stakeholders interpret financial information contextually, particularly during periods of heightened socio-political uncertainty.

CONCLUSION

This research aims to systematically analyse the impact of the consumer boycott on the financial performance of PT Unilever Tbk. during the 2021–2024 period. Measurement of performance was executed via an assessment of liquidity, solvency, profitability, operating performance, and asset utilization ratios. The resulting analysis indicates that the boycott exerted differential effects across various dimensions of the company's performance. A comprehensive analysis of PT Unilever Tbk.'s financial ratios identified five systematic findings regarding the impact of the boycott.

First, concerning the aspect of liquidity, the persistent decline of both the Current Ratio and the Quick Ratio below the 1.00 threshold, alongside their underperformance relative to the industry average, signifies a measurable weakening of liquidity and a potential disruption in meeting short-term obligations due to the boycott pressure. Conversely, Unilever entities in other countries, on average, did not experience the same adverse effect, reflected by an increase in their liquidity ratios post-boycott.

Second, regarding solvency, although the Debt-to-Asset Ratio (DAR) and Debt-to-Equity Ratio (DER) exhibited a downward trend during the boycott, both ratios remained significantly below the industry average. This stability confirms the company's strong capital structure and low reliance on debt financing, indicating that solvency was not significantly impacted. In contrast, other Unilever entities globally experienced an increase in their DAR and DER, suggesting a growing dependence on debt financing during the period.

Third, concerning the profitability ratios, the Return on Equity (ROE) recorded an unexpected increase, while the Return on Assets (ROA) declined but maintained a superior position above both the industry and the global Unilever averages. This divergence implies that, overall, profitability remains competitive, despite observable pressure on the efficiency of asset utilization.

Fourth, regarding operational performance, a notable contrast emerged: the Gross Profit Margin (GPM) increased(indicating that gross profit efficiency was successfully preserved), yet the Net Profit Margin (NPM) significantly declined. This reduction in NPM is attributed to the escalation of operational expenses—specifically marketing, distribution, and administration costs—which were

strategically implemented in direct response to the geopolitical issue and market pressures, ultimately constraining the company's net income.

Regarding the fifth aspect, the Asset Utilization Ratios, the Inventory Turnover (ITO) ratio recorded a decline, reflecting a reduction in sales effectiveness, likely attributable to the sharp drop in consumer demand during the boycott. Conversely, the Total Asset Turnover (TATO) ratio demonstrated an increase and consistently remained above both the industry average and the global Unilever average. This superior TATO performance indicates that the corporation maintained its efficiency in leveraging total assets to generate revenue.

In the aggregate, these findings lead to the conclusion that while the boycott exerted a measurable and tangible impact on PT Unilever Indonesia Tbk.'s liquidity, net income, and sales velocity, the company successfully demonstrated robust financial resilience. This resilience is substantiated by a stable capital structure, relatively competitive profitability, and sustained efficiency in asset utilization. Ultimately, this confirms PT Unilever Indonesia Tbk.'s capacity to preserve its fundamental performance amidst significant external pressures.

Implications of the Study

This study underscores the theoretical relevance of Signaling Theory in explaining how financial performance during socio-political crises and consumer boycotts functions as a signal that shapes stakeholder perceptions of corporate stability and ethical alignment, particularly when negative signals emerge from external moral and political pressures rather than internal managerial actions. From a practical perspective, the findings highlight the necessity for multinational corporations operating in sensitive environments to anticipate the financial consequences of reputational risk, as evidenced by the persistent decline in liquidity and net profit margins despite strong solvency and asset utilization at PT Unilever Indonesia Tbk., indicating that effective crisis communication and reputation management require substantial financial resources. From a policy standpoint, the results demonstrate that religious and moral regulations, such as Fatwa No. 83/2023, can materially influence market behaviour and corporate financial outcomes, suggesting that policymakers should consider the economic implications of non-economic regulations, particularly in markets with strong ethical and religious consumer orientations.

Limitations of the Study

Notwithstanding its contributions, this study is subject to several limitations. First, the exclusive reliance on secondary financial data constrains the analysis in capturing behavioural aspects, including consumer sentiment, investor psychology, and managerial strategic considerations during the boycott period. Second, although financial ratio analysis is a robust tool for assessing performance, it does not directly quantify reputational damage or the erosion of brand equity resulting from boycott actions. Third, the selected observation window spanning 2021–2024 reflects short- to medium-term effects, thereby limiting the ability to assess the long-term financial implications of the boycott.

Suggestions for Future Research

Future studies may expand upon this research in several ways. First, the application of event study techniques or market-based indicators—such as abnormal returns and stock price volatility—could provide deeper insights into capital market responses to boycott-related signals. Second, incorporating qualitative methods, including managerial interviews or consumer perception surveys, may enrich the understanding of how boycott narratives influence corporate and stakeholder decision-making processes. Third, comparative cross-country analyses involving both Muslim-majority and non-Muslim-majority contexts could offer a more nuanced understanding of how cultural and religious factors moderate the signalling effects of consumer boycotts.

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