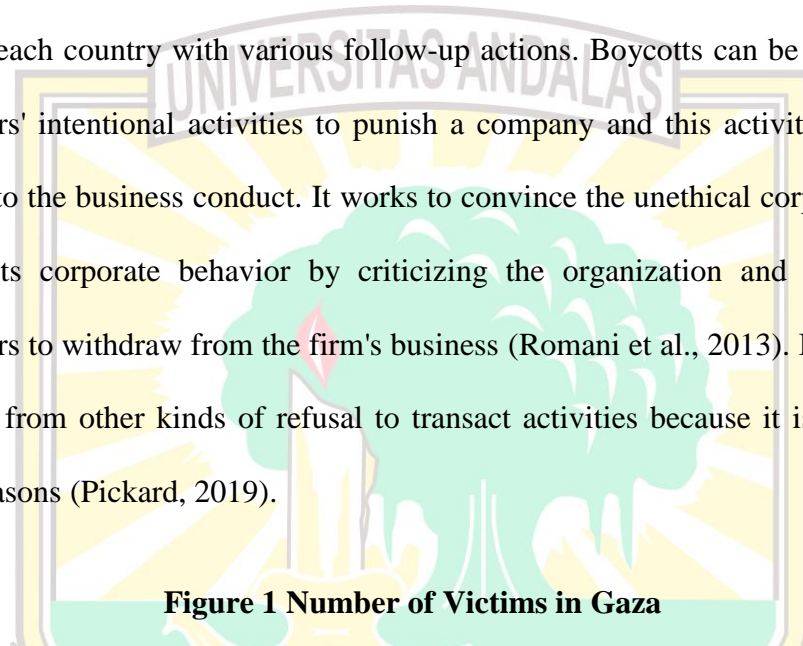


CHAPTER 1

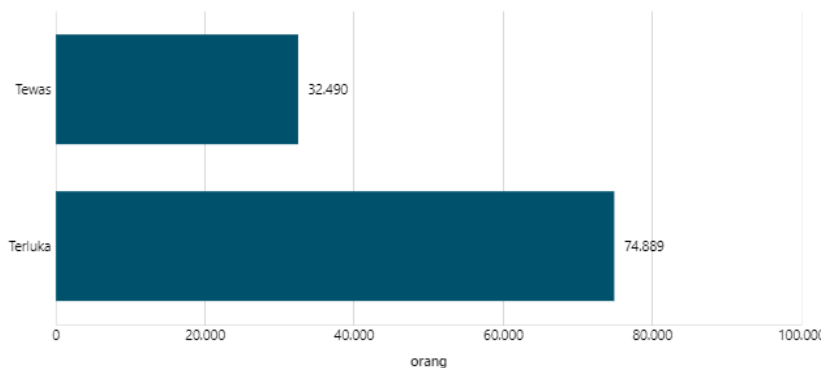
INTRODUCTION

1.1 Research Background

Issues between Palestine and Israel broke out again in October, 2023, causing various influences on the world situation. This issue gave rise to partiality towards each country with various follow-up actions. Boycotts can be defined as consumers' intentional activities to punish a company and this activity ethically harmful to the business conduct. It works to convince the unethical corporation to change its corporate behavior by criticizing the organization and calling on consumers to withdraw from the firm's business (Romani et al., 2013). Boycotts is different from other kinds of refusal to transact activities because it is based on moral reasons (Pickard, 2019).



Jumlah Warga Palestina di Jalur Gaza yang Menjadi Korban Serangan Israel (7 Oktober 2023-27 Maret 2024)



Sumber: United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA)

Informasi Lain:

Source: UN OCHA by Annur, (2024)

The data by United Nations Office for the Coordination of Humanitarian Affairs (OCHA) served the number of Palestinians in Gaza whose die because of Israel aggression during October 7th, 2023 – March 27th, 2024. The death toll reached 32,490 people, and the injured number was 74,889 people. Meanwhile reported by World Health Organizations (WHO), only 33% of 36 Hospital left in Gaza and 30 of primary health care center are functional in the middle of relentless attacks. Even with this amount, there are just 6 hospitals operate as the other cannot operate well due to isolation and unreachable by the civilians. This surely indicates that Israel's aggression is extremely inhuman and breaches human rights. It is also violates international law which states that there should be no attacks on health facilities even during war. This triggered the anger of people and invites others to participate in boycott (Annur, 2024). Therefore why the animosity is took as one of the variable in this research.

One massive action to support Palestine is the BDS (Boycott, Divestment, & Sanctions) movement. According to BDS (2024), this movement is part of the Palestinian BDS National Committee (BNC), which initiated the Palestinian-led movement for freedom, justice, and equality. The fundamental belief of BDS is that Palestinians should have the same rights as everyone else. BDS encourages people to boycott products from several major corporations that support Israel's aggression against Palestine. BNC released a list of brands involved in this conflict. On their website, there is a clear list of the names of brands that have been targeted for boycotts.

Figure 2 BDS Target of Action



Source: bdsmovement.net

The picture above categorized BDS into four actions. The main boycott target is company mentioned in the Table 1 below. These companies are proven to be involved in the action. Next category is divestment and exclusion targets. In large scale this means the company list in this category using economic power for the purpose of political, economic, legal, or social change. In smaller scale, the individual is release the stock they hold because of the social interest which in this case is the freedom of Palestine. Other category is pressure targets which the company listed will be pressure to hold their support over thing related to aggression activity. This category includes nonviolent interruptions, lobbying, and social media pressure. The last is organics boycott targets that did not initiate by BDS to boycott but grassroots boycott them because these brands are implicated in Israel's aggression and apartheid against Palestinians.

BDS National Committee also provides the reason how the brands are involved with Israel attack, especially for the main target of boycott.

Table 1 Companies Affiliated with the Israeli Attack (Main Boycott Target)

No	Brand	Industry	Involvement in the conflict
1.	Sabra Hummus	An Israeli food company. Form by PepsiCo and the Strauss Group joint venture.	Financially support Israeli military.
2.	Ahava Cosmetics	Vegan and paraben-free skincare products infused with Dead Sea minerals	Located in an illegal Israeli settlement, as is its main store, visitor center, and production facility.
3.	AXA	Insurance company	Holding shares of Israeli banks that support the occupation of Palestinian natural resources and territory.
4.	Puma	Sportswear Brand	Sponsors teams in Israel's illegal colonies on occupied Palestinian land, including the Israel Football Association.
5.	HP	Multinational information and technology company	Restrict the movement of Palestinians by control their biometric identity system that used by Israel
6.	Siemens	Technology company in charge of industry, healthcare, infrastructure, and transportation.	Connect Israel's energy system to the European continent, enabling illegal settlements built on stolen Palestinian territory to profit from the sale of fossil gas-derived electricity between Israel and the EU.

Source: <https://bdsmovement.net/get-involved/what-to-boycott>

Apart from that, there are also many brands/company that need to be boycotted that are said to have secretly provided support for Israel in its attacks on Palestine. As already mentioned earlier, this movement also has other action that can be taken to provide divestment and sanctions to the brands involved. Several brands that are included in the side boycotting target or need to be divested according to the Palestinian BDS National Committee (BNC) are introduced as organic boycott.

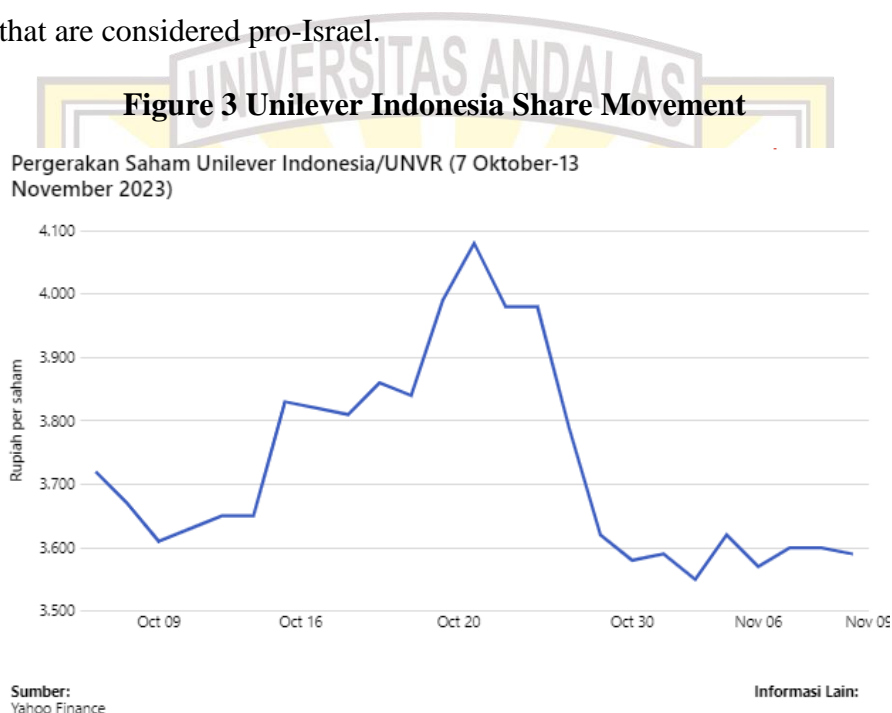
Boycotting certain products can have negative impacts on companies, including reduced sales volume, market share, profits, image, and reputation (Cossío-Silva et al., 2019). The ultimate impact of such campaigns is determined by customers' decisions made by individuals. The effect is determined by each consumer's willingness to participate in behavior including the avoidance of buying specific products (Palacios-Florencio et al., 2021).

Table 2 List of Brand that Decrease in Stock Price During the Attack

No	Brand	Stock Price Before	Stock Price After	Delta
1.	LVMH Moet Honnessy Louise Vuitton	775,6	675,43	-100,33
2.	Christian Dior	750,35	651,65	-98,70
3.	Unilever Indonesia Tbk	3626,00	3586,00	-40,00
4.	McDonalds Corporation	280,60	262,00	-18,60
5.	Adidas AG	184,44	167,13	-17,31

Source: Rahmani, (2023)

The list above is the stock price of the company before and after Israel attack the Palestinian. The stock price before, use closing price on September 1st, 2023 and the stock price after, use closing price on November 1st, 2023. According to Rahmani (2023), this decline in shares is a manifestation of investors' concerns about the boycott that is currently taking place because of brands that are considered pro-Israel.



Source: Yahoo Finance via Santika, (2023)

In detail regarding the decline in shares, we will look closely at what happened to Unilever Indonesia Tbk shares. Unilever is including in organic boycott based on research by the community. In the Unilever share movement graph, it is shown that there has been a significant decline. Data was taken from October 7 2023, which is when Israel started carrying out attacks against Palestine and calls for a massive BDS movement began again. From this data, it can be seen that there were decreases and increases, but starting on October 25, shares fell

significantly. It is suspected that this is related to the massive boycott of products deemed affiliated with Israel.

Another example is store closure or termination of cooperation. In 2021, One of Unilever's subsidiaries, Ben & Jerry's, have made the decision to stop selling its ice cream in the West Bank, which are the Palestine area occupied by Israel. This attitude is intended so that Palestine can stand up to assume its statehood. Even though this decision causes some follow-up action against the brand, this show that a brand could have stance toward humanity. (El-Bawab via CNBC, 2021)

Indonesia is a country where the majority of the population adheres to Islam. In Indonesia, there is a supporting movement hosted by one of non- government organization, MUI (Majelis Ulama Indonesia). MUI is non-governmental organization that accommodates Islamic scholars, ulama, and intellectuals to guide, develop, and protect Muslims in Indonesia. This organization supports the boycott by issuing a fatwa MUI No.83 Year 2023. The fatwa is about the law on support for the Palestinian struggle which states that supporting Israeli aggression against Palestine is haram. The action taken by the MUI indicates that boycott is something that is legitimate and acceptable in accordance with the law, which is why legitimacy is one of the variables used in this research.

Despite the appeals, unlike the BDS, MUI has never released a list of products that should be boycotted. This was reported by MUI Digital, (2024)

“Prof. Sudarnoto (The head of MUI) denied information circulating that the MUI issued a list of products that support or are affiliated with Israel that

must be boycotted. Prof. Sudarnoto emphasized that the MUI has never issued a list of products that must be boycotted because they support Israel. MUI, he said, only emphasizes basic principles.” (Majelis Ulama Indonesia, 2024)

The impact was also seen in the neighboring country, Malaysia. Based on reports from CNA media, more than 100 KFC outlets were temporarily closed. The list in table 3 is the number of KFC outlets that close in several areas in Malaysia. This country has similar organization as MUI called Majelis Ulama Malaysia (MUM). MUM also has right to guide the Muslim community by issuing fatwa. So far, there is no fatwa issued regarding boycotting Israel affiliated product yet the impact was big in this country. This case is in accordance with research conducted by Hamzah & Mustafa, (2019) about boycott intention of Malaysian customers toward Israel related companies is found to be significantly related to construct in the Theory of Planned Behavior by Ajzen.

Table 3 List of Close KFC outlets in Malaysia

Malaysian State Area	Number of close KFC outlets
Kelantan	21
Johor	15
Selangor	11
Kedah	11
Terengganu	10
Pahang	10
Perak	9
Negeri Sembilan	6
Pulau Pinang	5
Kuala Lumpur	3
Perlis, Melaka, Serawak	2 (each)
Sabah	1

Source: Bedi, (2024)

Boycott is a behavior that could be influenced by certain reason. Then the development of a theory by Ajzen, (1991), which is known as the theory of planned behavior (TPB) is used as predictor in this research. According to the TPB, these three factors contribute to a person's behavioral intentions, which then influence their likelihood of carrying out that behavior. Intention acts as a mediator between attitudes, subjective norms, and perceived behavioral control on actual behavior. TPB has been used in a variety of contexts to understand and predict the behavior of human, including health, environmental, and consumption decisions, among others. It provides a useful framework for designing interventions aimed at changing behavior by targeting attitudes, subjective norms, and perceived behavioral control.

According to Fishbein & Ajzen, (2010), attitude toward boycott is how individual stance toward the boycott action. Subjective norms refer to the social pressures people feel while choosing whether or not to involve in a certain action. Perceived behavioral control (PBC) refers to the difficulty of engaging in responsible consumption. This variable is particularly important in the context of boycotts because it can influence how strong Individuals feel able to contribute to the movement given limitations of time, resources, or possible social and economic consequences. These three variables will also use in this research.

According to Klein et al., (2004), boycotting is an interesting consumer behavior that is dislike by the marketers but is consistent with the marketing concept. This is because companies that are the targets of well-supported consumer boycotts appear to be failed maintain adequate customer focus.

Therefore, in this study the dependent variable used is boycott intention. This variable contains the concerns of marketers about the impact that will result from an intention, which in the case of a boycott intention is the movement to boycott itself.

Therefore, based on the background that we have discussed and the existing circumstances, the researcher is interested in conducting further research on factors of boycott intention in Indonesia. Boycott intention will According to the explanation, the researcher will conduct research with the title “**Factors Influencing Boycott Intention in Indonesia in Support of BDS Movement in Indonesia**”

1.2 Research Problem

The problem can be based on explanations in the background, such as:

1. How does attitude toward boycott affect boycott intention?
2. How do subjective norms affect boycott intention?
3. How does perceived behavioral control affect boycott intention?
4. How does animosity affect boycott intention?
5. How does legitimacy affect boycott intention?

1.3 Research Objective

Based on the problem statement, the objectives of this research could be concluding as follows:

1. To examine the influence of attitude toward boycott on boycott intention
2. To examine the influence of subjective norms on boycott intention

3. To examine the influence of perceived behavioral control on boycott intention
4. To examine the influence of animosity on boycott intention
5. To examine the influence of legitimacy on boycott intention

1.4 Research Benefits

It is hoped that this research will provide benefits as follows

1. Theoretical Benefits

The findings of this research are expected to contribute in marketing economics, particularly in terms of the factors that influence customer boycott intention.

2. Practical Benefits

This research can be used as a reference for companies in developing sales strategies to increase consumer buying interest in their products and avoid things that could lead to product boycotts. This research also provides a consideration for the public to boycott a product based on the value that they hold.

1.5 Writing Systematic

The systematics of writing this proposal can be explained as follows:

Chapter 1: Introduction

This chapter contains the background and reasons why the author chose the topic of this title. The topic will be discussed along with the research problem based on the background that has been discussed, the purpose of writing, and the benefits of this research theoretically and practically.

Chapter 2: Literature Review

This chapter contains the basis theory regarding the dependent variable and independent variables in this research. This chapter also contains matters related to the topic such as a brief review of previous research which discusses variables both within the country and abroad, and will also show the conceptual framework and hypothesis of this research.

Chapter 3: Research Methods

This chapter contains the research design, methods, and the operations of the variables used in this research. It also contains data collection techniques and sampling techniques from this research as well as how to analyze research and testing the research hypotheses.

Chapter 4: Result and Discussion

This chapter demonstrates the result of analysis, the characteristics of respondents, descriptive analysis, and structural measurement of the 24 research indicators.

Chapter 5: Conclusion

This chapter is the conclusion of the analysis and current research. There are also limitation and benefits in the application of the study, and generating a conclusion based on the attitude toward boycott, subjective norms, perceived behavioral control, animosity, legitimacy on its influence toward boycott intention. This chapter also provide the future research advice and suggestion.