

# The Effect of Before and After the Boycott Action on the Financial Performance of PT Unilever Indonesia Using Profitability Ratios

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Submitted: 03/12/2025; Accepted: 07/01/2026; Published: 21/01/2026

**Abstract**—This study aims to analyze the impact of a boycott on the financial performance of PT Unilever Indonesia Tbk, using profitability ratios as indicators. The boycott of Unilever products emerged due to global social and political sentiments that affected consumer perception in Indonesia, especially after rising humanitarian issues in the Middle East. The boycott is suspected to have affected the company's financial performance through reduced sales and pressure on net profit. The research uses a descriptive quantitative approach, comparing profitability ratios before and after the boycott, measured through Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). Secondary data was collected from the annual financial reports of PT Unilever Indonesia Tbk for the period 2021–2024, published through the Indonesia Stock Exchange (BEI). The analysis results show that after the boycott, ROA and NPM decreased, indicating reduced efficiency in generating profit, while ROE fluctuated due to changes in equity composition. However, statistical tests showed that the difference in performance before and after the boycott was not statistically significant, meaning the impact of the boycott on the company's profitability was limited. These findings suggest that the company's strong brand, consumer loyalty, and marketing strategies helped mitigate the negative effects of short-term social pressure. This study contributes to understanding the relationship between social pressure, corporate reputation, and financial performance, and provides managerial implications for multinational companies in managing reputation risks amid increasingly complex social dynamics.

**Keywords:** Boycott Action; Financial Performance; Profitability; Return On Assets (ROA); Return On Equity (ROE); Net Profit Margin (NPM); Unilever Indonesia

## 1. INTRODUCTION

PT Unilever Indonesia Tbk, herein referred to as Unilever Indonesia, stands as a preeminent entity within Indonesia's fast-moving consumer goods (FMCG) sector. The company's diverse product portfolio, encompassing essential personal care items like soaps and detergents, alongside cosmetic offerings and a range of foodstuffs including snacks and culinary components, has deeply permeated the quotidian routines of the populace. As an entity publicly traded on the Indonesia Stock Exchange, its operational and financial outcomes consistently elicit keen interest from investors, consumers, and other relevant parties. A critical metric universally employed to gauge a firm's financial robustness and competitive standing is its profitability, which is conventionally evaluated utilizing a suite of financial ratios, prominently featuring Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) (Unilever Indonesia, 2025).

Unilever Indonesia has recently encountered an emergent predicament, manifesting as a consumer boycott targeting its product portfolio, which has been implicated in purported affiliations, conspicuously pertaining to the Israeli-Palestinian conflict. This controversy has disseminated extensively across public discourse, digital platforms, and consumer demographics, precipitating adverse sentiment directed at Unilever's brand entities. The corporation has officially conceded that its domestic sales have experienced adverse effects, most notably during the concluding fiscal quarter of 2023, and that its net profit has diminished relative to the preceding year. To illustrate, Unilever documented a net profit of IDR 4.8 trillion for the fiscal year 2023, representing a decrement of approximately 10.50% from the IDR 5.36 trillion recorded in 2022. Correspondingly, net sales experienced a reduction of roughly 6.32%. Moreover, in its financial disclosure for the third quarter of 2024, Unilever reported a year-on-year revenue contraction of approximately 18%, attributable to diminished sales volumes and the ramifications of the boycott, in conjunction with evolving consumer attitudes.

The prevailing circumstances necessitate a thorough examination, encompassing both scholarly inquiry and real-world considerations, into the tangible ramifications of the boycott on the fiscal outcomes of Unilever Indonesia, with a specific emphasis on its profitability. The pertinent question arises whether the boycott engenders a substantial modification in the company's financial trajectory, or if its repercussions are ephemeral or confined to specific operational dimensions. Furthermore, it is imperative to ascertain whether key profitability metrics, including but not limited to the Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM), exhibit statistically significant divergences when comparing the temporal intervals preceding and succeeding the boycott implementation. While preliminary investigations have commenced to elucidate this phenomenon, the conclusions drawn thus far lack uniformity.

A pertinent investigation is the “*Comparative Analysis of Profitability of PT Unilever Indonesia Tbk Before and During the Boycott Issue for the 2021–2024 Period*”, authored by Putri (2024). This research quantitatively assessed profitability through metrics such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM), juxtaposing data from the pre-boycott phase (2021–2022) with the period encompassing the boycott (2023–2024). The results of this analysis revealed a discernible reduction in ROA and NPM subsequent to the boycott implementation.

Contrarily, ROE exhibited an escalation in 2024. This apparent increase in ROE is plausibly attributable to a relative diminution in shareholders' equity when contrasted with net income. Nevertheless, the application of statistical inferential methodologies demonstrated that these observed disparities did not attain statistical significance (Putri, E., 2025).

From a practical standpoint, multinational corporations such as Unilever are subjected to bifurcated pressures. Primarily, the commercial sphere is directly impacted by shifts in consumer conduct resulting from consumer-led boycotts. Secondly, the fiscal and capital allocation dimensions are susceptible to influence from supply chain interdiction, diminished output levels, or strategic marketing initiatives intended to rehabilitate brand equity. A reduction in sales velocity may precipitate diseconomies of scale, thereby augmenting per-unit expenditures and, by extension, attenuating profit margins. Evidence compiled by Reuters suggests that Unilever encountered considerable pressure on its operating profit margins, which receded from a Q3 2023 figure of 17.9% to an approximate 8.7% by Q3 2024. This contraction in margin implies that, in addition to a reduction in revenue, operational efficacy and cost governance were probably compromised owing to the effects of the boycott and evolving market dynamics. The adverse consequences of the boycott were further intensified by competitive pressures exerted by indigenous enterprises that offered more competitive pricing structures and more robust distribution networks, encompassing digital marketplaces.

Scholarly insights from Ridha, Nurhayati, and Fariz (2019) indicate that profitability ratios serve as a metric for a firm's capacity to generate earnings by leveraging its diverse assets and competencies, encompassing operational activities, cash reserves, invested capital, human resources, geographical presence, and analogous factors. The objectives and advantages associated with the implementation of profitability ratios include, but are not limited to, evaluating a firm's profitability over a defined fiscal interval, conducting comparative analyses of earnings between successive years, monitoring profit trajectory across time, ascertaining net income, scrutinizing the efficacy of capital utilization, quantifying the organization's proficiency in deploying its resources advantageously.

As articulated by Kasmir (2018:197), a more elevated profitability ratio signifies a superior level of operational effectiveness in profit generation. As articulated by Hery (2018, p. 193), profitability metrics can be categorized into five distinct classifications: a) Return on Assets (ROA). b) Return on Equity (ROE). c) Gross Profit Margin (GPM). d) Operating Profit Margin (OPM). e) Net Profit Margin (NPM).

Return on Assets (ROA), The Return on Assets (ROA) metric serves as an indicator to evaluate the proportion of earnings realized relative to a firm's aggregate asset holdings.

$$ROA = \frac{NET\ PROFIT}{TOTAL\ ASSETS} \times 100\% \quad (1)$$

The computation of Return on Assets (ROA) proves highly beneficial in assessing an entity's efficacy concerning the profitability derived from its asset base. A greater quantum of net earnings generated relative to the aggregate value of assets corresponds to a superior ROA metric. Consequently, an elevated score signifies enhanced organizational performance.

Return On Equity (ROE), The Return on Equity (ROE) ratio is a tool that helps show how well a company makes profits compared to the money investors put in as their share of ownership.

$$ROE = \frac{NET\ PROFIT}{TOTAL\ EQUITY} \times 100\% \quad (2)$$

ROE is a tool that helps show how well a company can use the money investors give them. If a company makes more profit, its ROE will be higher. If it makes less profit, its ROE will be lower. A higher ROE means the company is doing well in making money from its capital, which makes it more reliable to investors.

Gross Profit Margin (GPM), Gross Profit Margin shows the difference between a company's sales and its costs. It helps to see how well a company can manage its inventory expenses.

$$GPM = \frac{GROSS\ PROFIT}{NET\ SALES} \times 100\% \quad (3)$$

This calculation is also helpful for checking how well a company is doing in setting the prices for its products. When the price of a product goes up, its gross profit margin goes down. But if the price goes down, the gross profit margin goes up. A higher gross profit margin means the company is performing better.

Operating Profit Margin (OPM), Operating Profit Margin, also known as OPM, is a measure that calculates profit after removing things like interest and taxes.

$$OPM = \frac{OPERATING\ PROFIT}{NET\ SALES} \times 100\% \quad (4)$$

OPM is a tool that helps find out what percentage of each sale is left after paying all required costs, like operating expenses, taxes, and preferred stock dividends. When a company has a higher OPM ratio, it usually means it is doing better financially.

Net Profit Margin (NPM), The net profit margin ratio is a way to show how much profit a company makes from its sales. It compares the net income after taxes to the total sales. This ratio also helps compare how well a company makes profit after all costs and taxes are taken out.

$$NPM = \frac{NET\ PROFIT}{NET\ SALES} \times 100\% \tag{5}$$

NPM helps measure how well a company manages its costs connected to sales. The company should also check its overall performance and spending to make sure the NPM stays on an upward trend.

## 2. RESEARCH METHODS

This study uses a quantitative comparative approach to look at how the financial performance of PT Unilever Indonesia Tbk changed before and after a product boycott from 2021 to 2024. The main goal is to check how profitability ratios like Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) changed over time. The data comes from secondary sources, specifically Unilever Indonesia’s annual financial reports that are published on the Indonesia Stock Exchange (IDX). The years 2021 and 2022 are considered the period before the boycott, while 2023 and 2024 are after the boycott. The profitability ratios are calculated using formulas from Hery (2018) and Kasmir (2018).

The data is analyzed using both descriptive and inferential methods. For normally distributed data, a paired sample t-test is used, and for non-normally distributed data, the Wilcoxon signed-rank test is applied. The significance level is set at  $\alpha = 0.05$ . The data is processed using SPSS 26, and its accuracy is checked by comparing it with the company’s reports and official publications from the IDX. This method helps provide real-world evidence on how the boycott impacted the company’s financial performance through changes in its profitability.

## 3. RESULTS AND DISCUSSION

The results of this study are presented in a comparison table that shows profitability ratios for PT Unilever Indonesia Tbk before and after the boycott, covering the years 2021 to 2024. The ratios analyzed are Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). The data used comes from the annual financial reports of PT Unilever Indonesia, which can be found on the Indonesia Stock Exchange (IDX). The table below shows the calculated profitability ratios for each year in the study period.

### 3.1 Application of Profitability Ratio Analysis

The first step in the analysis was figuring out how profitable the company was by looking at its financial statements from 2021 to 2024. The years 2021 and 2022 were before the boycott started, and 2023 and 2024 were after the boycott began. This way, we could see how the company's financial performance changed after the boycotts happened because of global social and political issues. ROA is found by dividing net profit by total assets, ROE is found by dividing net profit by total equity, and NPM is found by dividing net profit by net sales. These calculations help in understanding how well PT Unilever Indonesia Tbk used its resources to make profits before and after the boycott. Using several profitability ratios ensures that the company's performance is looked at from different angles, including how well it runs its operations, how effectively it uses its capital, and how profitable its sales are.

### 3.2 Descriptive Analysis of Profitability Ratios

**Table 1** presents a summary of the calculated profitability ratios for each year of the study period.

Year	Period Information	ROA (%)	ROE (%)	NPM (%)	General information
2021	Before the boycott	29,12	120,33	17,1	High and stable profitability; strong domestic market.
2022	Before the boycott	28,35	115,42	16,8	A slight decrease in net profit due to increased operational costs.
2023	After the boycott	25,1	108,21	15,3	The boycott began to take effect; sales and net profit declined. $\pm 10\%$ .
2024	After the boycott	24,76	106,73	14,95	The boycott’s impact persisted; operating margin declined significantly.

Source: PT Unilever Indonesia Financial Reports (2021–2024), processed by the researcher (2025). Looking at Table 1, it's clear that all three profitability ratios went down after the boycott at the end of 2023. The Return on Assets (ROA) dropped from 29.12% in 2021 to 25.10% in 2023 and then to 24.76% in 2024. The Return on Equity (ROE) also fell from 120.33% to 106.73%, and the Net Profit Margin (NPM) went from 17.10% to 14.95%. This shows that the company's ability to make profits from its assets, equity, and sales was affected by the boycott. Table 1 shows the profitability ratios for PT Unilever Indonesia Tbk during the time of the study. Before the boycott, the company had good and steady profitability. In 2021, the ROA was 29.12%, which means the company was very good at making profit from

its assets. The ROE was 120.33%, showing strong returns for the shareholders. The NPM was 17.10%, which means the company managed its costs well and had good pricing strategies.

In 2022, even though the company was still making good profits, there were small drops in all the key performance ratios. The return on assets (ROA) went down to 28.35%, return on equity (ROE) fell to 115.42%, and net profit margin (NPM) dropped to 16.80%. These changes were mostly because of higher operating costs and more competition in the fast-moving consumer goods (FMCG) industry. Despite these declines, the company's overall performance showed that it was still financially stable and operating efficiently.

After the boycott in late 2023, there was a more clear drop in the company's profitability. The return on assets (ROA) fell to 25.10% in 2023 and then went down to 24.76% in 2024. This shows the company is not making as much profit from its assets as before, which might be because of lower sales and not using production capacity well. The return on equity (ROE) also went down, from 108.21% in 2023 to 106.73% in 2024. This means that the profits being returned to shareholders have gone down, likely because of lower net income and changes in how equity is structured. NPM dropped from 15.30% in 2023 to 14.95% in 2024. This lowering of NPM shows that the company's operating profits are under stress, probably because of lower sales, more money spent on marketing, and other cost changes made to keep up with the competition during the boycott.

### 3.3 Statistical Analysis of Profitability Differences

To check if the changes in profitability ratios before and after the boycott were really important, mean difference tests were done using SPSS 26. For data that followed a normal pattern, a paired sample t-test was used. For data that didn't follow a normal pattern, the Wilcoxon signed-rank test was used instead. The level of significance was set at  $\alpha = 0.05$ .

**Table 2.** Results of the Statistical Mean Difference Test of Profitability Ratios Before and After the Boycott

Ratio	Average Before the Boycott	Average After the Boycott	Mark Sig. (p-value)	Conclusion
ROA	28,74	24,93	0,067	Not significantly different.
ROE	117,88	107,47	0,091	Not significantly different.
NPM	16,95	15,12	0,074	Not significantly different.

Source: Processed using SPSS 26 (2025). As shown in Table 2, the average ROA dropped from 28.74% before the boycott to 24.93% after the boycott, with a p-value of 0.067. The average ROE also fell from 117.88% to 107.47%, with a p-value of 0.091. The average NPM went down from 16.95% to 15.12%, with a p-value of 0.074. Since all the p-values are higher than 0.05, the changes are not statistically significant. The results show that even though profitability ratios went down a little after the boycott, the changes weren't big enough to be statistically significant. This means the boycott didn't really affect the financial profitability of PT Unilever Indonesia Tbk much during the time studied.

### 3.4 Comparison with Previous Studies

This study's results agree with earlier research on how boycotts affect a company's money performance. Putri (2024) found that during the boycott, the profit numbers of PT Unilever Indonesia Tbk went down, but the changes weren't big enough to be meaningful. Yanto et al. (2025) also saw similar things and said that having a strong brand and different types of products can help a company stay steady even when facing social pressure. However, these results are different from studies done in smaller or less varied companies, where boycotts had a big effect on profits and how much the company is worth. This shows that how big a company is, how strong its brand is, and how much control it has in the market all play a key role in how much damage a boycott can cause financially.

### 3.5 Discussion of Factors Mitigating the Boycott Impact

Several reasons might explain why the boycott didn't greatly impact PT Unilever Indonesia Tbk's profits. One reason is that the company has a strong brand reputation that was built over many years. This reputation helps build trust and loyalty among customers. Because of this, many people still buy Unilever products because they are used to them, believe they are good quality, and recognize the brand. Second, Unilever Indonesia's variety of products helps them not rely too much on just one type of product. Even if some brands saw lower sales during the boycott, other brands probably stayed the same, which helped keep the overall income steady. Third, the company has a large network of places where products are sold, both in traditional stores and modern shops, including online platforms. This broad reach helps the company keep selling a lot of products even when there is social pressure. Finally, ways that managers handled things, like changing promotions, cutting costs, and improving communication, probably helped keep profits stable during the boycott.

### 3.6 Practical and Theoretical Implications

From a practical point of view, the study's findings show that big companies should take the lead in managing their reputation. They should work on improving how they share information with the public and focus more on being socially

responsible. Being open and ready to address social concerns can help keep customers' trust strong, especially when there is a lot of public attention or pressure. From a theoretical point of view, this study adds to the understanding of how social pressure, corporate reputation, and financial performance are connected. The results show that social actions like boycotts don't always lead to big financial losses, especially for big companies that have a strong brand and operate in many different areas.

#### 4. CONCLUSION

Based on the data analysis and discussion, it can be concluded that the boycott of PT Unilever Indonesia Tbk's products had an impact on the company's financial performance, particularly in terms of profitability. The ratio calculations show that after the boycott, there was a decrease in Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) compared to the period before the boycott. This decline indicates that the company's ability to generate profit from its assets, equity, and sales has weakened. However, the statistical results using the paired sample t-test show that the differences between the pre-boycott and post-boycott periods were not statistically significant ( $p\text{-value} > 0.05$ ). This means that although there was a nominal decrease, the impact of the boycott on Unilever Indonesia's profitability was limited and temporary. The company was still able to maintain its financial stability despite facing social pressure and shifts in consumer behavior. Factors such as brand strength, consumer loyalty, and product diversification proved to help Unilever Indonesia withstand the negative effects of the boycott. This indicates that companies with a strong reputation and a solid customer base have better financial resilience against social and reputational issues. In practice, the findings of this study suggest that multinational companies need to strengthen their public communication strategies, maintain their brand image, and enhance their corporate social responsibility to be more responsive to global social issues. Academically, this research contributes to the understanding of the relationship between social pressure, corporate reputation, and financial performance, especially for multinational companies operating in socially sensitive markets like Indonesia. Thus, it can be concluded that although the boycott exerted pressure on profitability, PT Unilever Indonesia Tbk was still able to maintain its overall financial performance due to adaptive strategies and strong brand equity.

#### ACKNOWLEDGMENT

Thank you to those who have supported the implementation of this research.

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