

**Impact Of The Russian–Ukraine War on Market Values
The Food and Beverage Sub-Sector In Indonesia**

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Abstract

The Russia - Ukraine war that occurred on February 24, 2022 has great influence serious to the global economy in the whole world. The war between the two countries is one of the suspected factors that can influence the value of shares on the capital market. Study this using daily stock price data on food and beverage sub-sector companies in Indonesia, with period observation February 2022. This research uses a purposive sampling technique with the criteria and consideration determined by the researcher so that the samples that fall within these criteria are 38 samples. Collected data using studies documentation with period observation 7 values market company 7 days before And after broke war Russia-Ukrania. Method analysis on research data uses analysis paired sample t-test. Results study find that happened war Russia-Ukrania had no impact on the change mark market company.

Introduction

Russia And Ukraine are important in the market of oil, gas, grain, energy, food, and fertilizer. Indonesia is one of the countries that imports these commodities from Ukraine. This resulted in a cessation of wheat supplies from Ukraine, which caused competition for stock in the market. The price of feed wheat rose by around 21-35% and the price of food wheat as well (Andriansyah & Irwandi, 2023). According to Richard et al. (2023), The war between Russia and Ukraine caused Ukrainian wheat exports to plummet, this is evidenced by the decline in Ukrainian grain exports, including wheat, which was recorded at only 1.06 million tons in May 2022, down 2.8 million tons compared to May 2021. Russia and Ukraine are considered the global breadbasket and are important producers and exporters of agricultural commodities, minerals, fertilizers, and energy, where exportable resources are often concentrated in a few countries (Ben Hassen & El Bilali, 2022). Considering that this war occurred during the COVID-19 pandemic when food prices were already high due to disruptions in the supply chain. According to Richard et al. (2023), the conflict between Russia – and Ukraine had an impact on the increase in stock prices of several main commodities. Apart from crude oil, coal, and nickel, wheat prices have also increased sharply

and have the potential to reduce the financial performance of domestic consumer issuers. Developed countries in the G7 countries namely Canada, France, Germany, Italy, Japan, the United Kingdom (UK), and the United States (US) are in trouble due to the ongoing conflict (Bagchi & Paul, 2023).

A capital market is a market for various instruments for finance periods length that have a period time more than one year, like shares, letters of debt (bonds), and mutual funds. This makes capital markets be influenced by activity politics or geopolitics outside the country. The war that happened between Russia and Ukraine has been horrendous all over the world. Likewise, according to the opinion of (Bossman & Gubareva, 2023), the impact of the Russian-Ukrainian conflict is likened to a war, theoretically, war, military, and geopolitical conflicts exacerbate investor uncertainty regarding company profitability, which causes stock price volatility. The Russian economy is closely connected with other countries in the world through trade in goods and services, therefore the contagion effect originating from Russia will affect other financial markets, for example, Russia is the third largest oil exporter in the world and the largest exporter of gas and food to Europe and other countries (Yousaf et al., 2022). The war between Russia – and Ukraine naturally has shaken global politics and the market internationally so the crisis brings challenges new to connections internationally (Bakrie et al., 2022).

Ukraine owns adequate bilateral relations with Indonesia. This matter has shown with various cooperation between countries. Collaboration that exists between Indonesia and Ukraine is seen from various aspects like politics, economics, defense and security, and social and cultural. In sector economy cooperation second country. This has taken place since period Soekarno's leadership in the period when Indonesia supplies ingredients raw like cloves, tea, etc. Russia, meanwhile Russia sells equipment military to Indonesia along with replacement year second country. This renews and increases the transaction economy of second-country goods from sector military, agriculture, fisheries, and infrastructure until oil and gas. This research aims to see the impact of the company's market value before and after the Russia-Ukraine war conflict in the food and beverage sub-sector in Indonesia. In this analysis, the author investigates whether and to what extent companies experience changes in market value, especially in the Food and Beverage Sub-Sector in Indonesia.

This is a development from the study by Nerlinger & Utz (2022) ie "*The Impact Of Russia – Ukraine Conflict On Energy Firms: A Capital Market Perspective* ", His research results provide evidence that energy companies outperformed export markets competing with Russian suppliers of renewable energy, fossil fuels, and uranium, following the Russian–Ukrainian invasion. This research uses the company food and beverage sub-sector in Indonesia for the 2022 period. Study this uses sample observation a total of 38 samples with method documentation. Objective study This is a test impact war Russia-Ukrania to mark the market company sector food and drinks in Indonesia. The results study finds that the market company does not influence happen war Russia-Ukrania. Study this covers part First; the introduction, section second; a review of references, and a hypothesis. Third, presents data and methodology. Fourth, explain results and discussion. Finally, summarizes the conclusion study.

Framework Theoretical And Hypothesis

Signaling Theory (Signal theory)

Signal theory (*signaling theory*) was first put forward by Spence (1973) which explains that the party sender (owner information) provides something signal or signal form reflective information condition something useful company for party recipient (investor) Muaya et al., (2023). Signal theory is a theory that is useful in interpreting management actions in communicating information to investors so that they can change investor decisions

considering the company's circumstances. The ideal condition that investors want when company management provides information is symmetrical information. Sometimes, asymmetric information delivery conditions can occur which can be caused by one party always trying to maximize its utility (Jensen & Meckling, 1976); (Ketut Sinta Trisnadewi, 2023).

Theory Event Study (Study of events)

Event Study is a study that examines the market reaction to an event whose information is reported as an announcement. The main event study is defined as February 24, 2022, namely the start of the war between Russia and Ukraine. Event Study aims to test the relationship between an event that can influence the price of a share Andriansyah & Irwandi, (2023). Studies event (*event study*) is a study that studies the reaction of capital markets against something information about events published as something announcement. Event study can be done used For test content information from something announcements And can Also used To test the efficiency of the market from half strong (Muaya et al., 2023)

Stock price

Share prices are formed based on supply and demand. To observe security price movements on stock exchanges in a country, indicators are needed that the Composite Stock Price Index uses all listed shares as a component of the index calculation. BEI has several indexes to observe security price movements in them (Dewi & Suprajitno, 2021). Share prices occur on the stock exchange at certain times, share prices can change up or down in a matter of time very quickly and can change in a matter of minutes, and can even change in a matter of seconds. This is possible because it depends on demand and supply between share buyers and share sellers (Ratnaningtyas, 2021)

Abnormal Returns

Abnormal returns are usually used as a basis for testing market efficiency and usually occur around the announcement of an event. To determine the response to an announcement, the average *abnormal return* can be used as a variable in measuring Afdhal *et al.*, (2022). Abnormal returns are often used to see the performance of an issuer and can also see the efficiency of a stock market. A major event can affect activity on an exchange, which can be seen from trading volume activity (Exa Alief Fairuzabadi Sahl *et al.*, 2023)

Trending Volume Activity

Trading volume activity (TVA) is the total shares traded during a certain period (Triyono *et al.*, 2021). TVA aims to represent the capital market reaction to data based on capital market business parameters (Alexander and Kadafi, 2018). The higher the TVA, the more liquid the stock, but the lower the TVA, the more illiquid the stock (Ketut Sinta Trisnadewi, 2023)

H1: There was a significant impact on the market value of the company after the outbreak of the Russian-Ukrainian war

Method Study

For our analysis, we use a sample of shares of food and beverage sub-sector companies in Indonesia listed on the Indonesia Stock Exchange (BEI) for the 2022 period. study This was designed using nonprobability sampling with the method of *purposive sampling*. Collected samples and obtained according to the criteria of 38 companies. Period observation study This uses a time series with time observation 7 days before and 7 days after the

outbreak of the Russian–Ukrainian war conflict.

The method used in this research is use *event* studies used for determining the impact of something incident. This is through stock price sub-sector companies' food and drinks listed on the IDX in 2022. The data used is the closing price, *share* volume, and number of shares outstanding.

Results and Discussion

The research sample uses food and beverage sector companies in Indonesia listed on the Indonesian Securities Exchange for the 2022 period with the following details:

Table 1. Number of Research Samples

No	Information	Amount
1	Food and Beverage Sector Companies on the IDX in 2022	48
2	Companies that do not have complete data	(10)
3	Data on companies that meet the sample criteria	38
	Number of samples processed	38

Source: Processed Secondary Data (2023)

Table 2. List of Research Samples

No	Code	Company name
1	ADES	Akasha Wira nternasional TBK
2	AISA	PT. FKS Food Sejahtera Tbk
3	ALTO	Tri Banyan Tirta Tbk
4	BOBA	PT. Formosa ingredient Factory Tbk
5	BTEK	Bumi Teknokultura Unggul Tbk
6	BUDI	PT. Budi Starch & Sweetener Tbk
7	CAMP	PT. Campina Ice Cream Industry Tbk
8	CEKA	PT. Wilmar Cahaya Indonesia Tbk
9	CLEO	PT. Sariguna Primatirta Tbk
10	COCO	PT. Wahana Interfood Nusantara Tbk
11	DLTA	Delta Djakarta Tbk
12	DMND	PT. Diamond Food Indonesia Tbk
13	ENZO	PT. Morenzo Abadi Perkasa Tbk
14	FOOD	PT. Sentra Food Indonesia Tbk
15	GOOD	PT. Garudafood Putra Putri Jaya Tbk
16	GRPM	PT. Graha Prima Mentari Tbk
17	HOKI	PT. Buyung Poetra Sembada Tbk
18	ICBP	Indofood CBP Sukses Makmur Tbk
19	IIKP	PT. Inti Agri Resources Tbk
20	IKAN	PT Era Mandiri Cemerlang Tbk
21	INDF	Indofood Sukses Makmur Tbk
22	KEJU	PT. Mulia Boga Raya Tbk
23	MGNA	PT Magna Investama Mandiri Tbk
24	MLBI	Multi Bintang Indonesia Tbk
25	MYOR	Mayora Indah Tbk
26	PANI	PT. Pantai Indah Kapuk Dua Tbk
27	PCAR	PT. Prima Cakrawala Abadi Tbk
28	PMMP	PT. Panca Mitra Multiperdana Tbk
29	PSDN	Prasidha Aneka Niaga Tbk
30	PSGO	PT. Palma Serasih Tbk
31	ROTI	PT. Nippon Indosari Corpindo Tbk

No	Code	Company name
32	SKBM	Sekar Bumi Tbk
33	SKLT	Sekar Laut Tbk
34	STTP	PT. Siantar Top Tbk
35	TAYS	PT. Jaya Swarasa Agung Tbk
36	TBLA	Tunas Baru Lampung Tbk
37	ULTJ	PT. Ultrajaya Milk Industry & Tranding Company Tbk
38	WINE	PT. Hatten Bali Tbk

Source: Indonesian Stock Exchange (2022)

Table 1, describes the amount of sample that meets the criteria determination sample from 48 companies listed on the Indonesian Stock Exchange, meanwhile, table 2, illustrates the type of company (that meets the criteria sample). The amount that meets the criteria is as much as 38 companies during 2022.

Results and Discussion

Descriptive statistics

Table 3. Results Statistics Descriptive

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Before	38	6.31	8546.43	1341.9505	2355.80229
After	38	2.00	8300.00	1297.4213	2344.03453
Valid N (listwise)	38				

Source: Results SPSS program processing, 2023

Statistics descriptive gives a description beginning variable study and is used to know the characteristics sample used in the study. Based on Table 4.1, market value before the Russian–Ukrainian war the food and beverage sub-sector in Indonesia had a minimum value ie as big as 6.31, a value maximum of as big as 8546.43, and an average (*mean*) is 1341.95, and standard deviation as big as 2355.80. Whereas market value after the outbreak of the Russian–Ukrainian war the food and beverage sub-sector in Indonesia had a minimum value ie as big as 2.00, a value maximum of as big as 8300.00, and an average (*mean*) is 1297.42 And a standard deviation of as big as 2344.03.

Normality Test Results

Table 4. Results Normality test

Tests of Normality						
	Kolmogorov- Smirnov ^a			Shapiro- Wilk		
	Statistic	df	Sig.	Statistics	df	Sig.
Before War Russia-Ukrania	.305	38	.000	.600	38	.000
After the outbreak of War Russia-Ukrania	.315	38	.000	.626	38	.000

a. Lilliefors Significance Correction

Source: Results SPSS program processing, 2023

Results _ This means that The results of the normality test for research variables show that all research variables have a significance value smaller than 0.05 so it can be concluded that the residuals are not normally distributed or can mean the data is not distributed normally.

Paired Simple T-test

Table 5. Results Paired Simple T-test

Test Statistics ^a	
	After War Russia-Ukrania - Before War Russia-Ukrania
Z	-1.617 ^b
Asymp. Sig. (2-tailed)	.106
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

Source: Results SPSS program processing, 2023

The results of the t-test for research variables show that all research variables have a value greater than 0.05, so it can be concluded that the residual distribution is rejected. This matter shows that differences observed between the second condition are not significant in a way statistics. Results This means that the impact that occurs on incident war Russia-Ukrania No influence fluctuation mark market share during the period under study (7 days before And after broken war Russia-Ukrania)

Conclusion

Based on the results of the analysis and discussion that have been explained, the conclusions of this research are: No there was a significant relationship before and after the outbreak of the Russian–Ukrainian war in Ukraine in the food and beverage sub-sector in Indonesia. With no significant relationship before And after the incident war Russia And Ukraine become a representation that No There is impact meaning that arises as implications on happen incident war between Russia And Ukraine as well as existing information in the incident war between Russia And Ukraine no Enough strong as well as informative in give the influence to invest. Results confirm that there is no difference in market value before and after the outbreak of the Russian–Ukrainian war in Ukraine in the food and beverage sub-sector in Indonesia. The direct impact of the Russian-Ukrainian conflict on markets may not be as great as previously thought due to other factors in global markets or internal factors in the economy that effectively dampen the impact of geopolitical instability.

Further research is recommended adding factors others can relate to the incident war Russia-Ukrania such as stock returns or level profits obtained. For future researchers also It is recommended to expand the scope of research objects not limited to one sector only because the Russian–Ukrainian invasion could also affect other sectors.

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