

The Indonesia Policy on Television Broadcasting: A Politics and Economics Perspective

Rendra Widyatama^{ab*} and Habil Polereczki Zsolt^b

^aDepartment of Communication, Ahmad Dahlan University, Yogyakarta, Indonesia

^b Károly Ihrig Doctoral School of Management And Business, University of Debrecen, Hungary

*corresponding author

Abstract:

All around the world, the TV broadcasting business has had an enormous impact on the social, political and economic fields. Therefore, in general, most of the countries regulate TV business well to produce an optimal impact on the nation. In Indonesia, the TV broadcasting business is growing very significantly. After implementing Broadcasting Act number 32 of 2002, the number of TV broadcasting companies increased to 1,251 compared to before 2002, which only had 11 channels, and were dominated by the private TV stations. However, the economic contribution of the TV broadcasting business in Indonesia is still small. Even in 2017, the number of TV companies decreased by 14.23% to 1,073. This situation raises a serious question: how exactly does Indonesian government policy regulate the TV industry? This article is the result of qualitative research that uses interviews and document analysis as a method of collecting data. The results showed that the TV broadcasting industry in Indonesia can not develop properly because the government do not apply fair rules to the private TV industry. Political interests still color the formulation of rules in which the government and big TV broadcasting companies apply the symbiotic mutualism policy to protect each other's interests.

Keywords: Television Broadcasting, Politics and Business, Television Regulations, Differences in Treatment, Broadcast Coverage, Share Ownership

Subject classification codes:

A12 Relation of Economics to Other Disciplines,
K23 Regulated Industries and Administrative Law,
L51 Economic of Regulation,
L82 Entertainment • Media,
L88 Government Policy,
N45 Asia including Middle East

Introduction

At present, TV is an essential institution and has a significant influence on social, political and economic life for people in various countries around the world. Many researchers have published articles about this industry in international journals from multiple perspectives. Some investigate the issue from an economic point of view (Aman, 2013; Aman, Kasuga, & Moriyasu, 2018), others from economics and politics (Sudibyo & Patria, 2013), competition between TV media (Torii, 2017), organizations and business

models (Mütterlein & Kunz, 2018), and branding (Chan-Olmsted & Kim, 2001; Stipp, 2012). Also, scholar analyzed from impact TV on politics (DellaVigna & Kaplan, 2007; Esser et al., 2012; Gentzkow, 2006), media and social policy (Altheide, 1991), law and regulation (Ohlsson & Sjøvaag, 2018; Puppis, 2008), TV's influence in a society from a sociological perspective (Mehraj, Bhat, & Mehraj, 2014), as well as a number of psychological influences (Overstreet et al., 2017; Rider et al., 2016). All these publications acknowledge that TV is an essential institution that has a significant influence on society in many dimensions. Unfortunately, TV publications that use a combination of politics and economic perspectives are rarely carried out.

In almost all countries, the TV industry has had a tremendous economic impact. Television is a creative industry that makes a direct and indirect economic contribution to the economy (Koshpasharin & Yasue, 2014). Its direct economy contribution occurs in the form of gross output and added value derived from capital and labor related to industry activities, including labor, TV program production, and taxes. Meanwhile, the indirect contribution is in the values of events that occur in other sectors and on other stages that constitute the industry chain; for example, the businesses of supplying goods and services to the TV industry.

As the fifth most populous country in the world, in 2010 the Indonesian TV industry made an economic contribution of 17,001 billion Rupiahs (US\$ 1.24 million), consisting of the direct financial contribution of 5,246 billion Rupiahs (US\$ 185 thousand), and an indirect economic contribution of 6.789 billion Rupiahs (US\$ 493 thousand), and induced 4,966 billion Rupiahs (US\$ 361 thousand). Furthermore, TV business activities also include 344,300 jobs and generate government tax revenues for the government amounting to 1,769 billion Rupiahs (the US\$ 128 thousand) (Oxford Economics, 2012).

Although this seems impressive, the contribution of TV to the economy in Indonesia is still below that in China, India, and the USA. China - the most populous country in the world- has a TV industry which made a total economic contribution of 150 billion Yuan or the US\$ 21.8 million, giving tax of 39 billion Yuan (the US\$ 5.7 billion) and supporting 1,240 million jobs (Oxford Economics, 2015). In India, the second most populous country in the world, TV industry amounted to US\$ 11.681 million, with taxes totaling US\$ 1.623 million, and was able to support 16.44 million jobs (Deloitte, 2017).

Meanwhile, the USA is the country that receives the greatest economic contribution from TV, amounting to US\$ 733.50 billion (Woods & Poole Economics, 2015), paying US\$ 19.9 billion in taxes, and supporting 468.56 million jobs (Bureau of Labour Statistics, 2017). The combined total economic contribution of TV in China, India, and Indonesia remains less than that made by the TV industry in the USA.

Many researchers designate that the TV industry is playing a strategic position because these media have immense social and political influence in society (Altheide, 1991; Besley, 2006; Holbert, 2005; Jenssen, 2009; Newton, 2016; Nielsen, Fletcher, Sehl, & Levy, 2018; Sørensen, 2016). Therefore, various countries around the world, including Indonesia are paying prominent attention to the TV industry, by the application of the Broadcasting Act, government regulations, and the establishment of the Indonesia Broadcasting Commission that supervise TV broadcasting.

The high economic prospect and the strategic influence of TV media in social and political fields make the government of Indonesia come into a dilemma situation. On the one hand, the government has to develop TV industry to provide a higher economic contribution and, on the other hand, they have to create political stability by maintaining TV channels do not make noisy and using TV media to mobilize public support and opinion. This situation makes the government tend to apply ambiguous policies in the TV industry. The system made some TV business were felt to obtain business support, but others were in severe, even went bankruptcy. In 2017 the number of TV companies decreased by 14.23% to 1,073 after a dramatic increase from 11 companies in the New Order era, to 1,251 in the Reformation era since the Broadcasting Act of 32 of 2002 has been applied. This phenomenon raises serious questions: how does the Indonesia government policy in the TV industry?

Methodology

This article is a study of government regulations on the TV industry, using a qualitative method based on a political economy perspective. The focus and material incorporated into the study are regulations related to the TV business and tracking of the background of the policy. Therefore, the researchers used interviews and literature studies. The interview is a precious method to get data about interviewee's perceptions, knowledge, and experience and can encourage data profound (Ryan, Coughlan, & Cronin, 2016). Interviews were conducted to the top managers of TV company and senior commissioners of broadcasting, using unstructured interview techniques. The technique allows interviewees to express their ways and pace, with a minimum hold on respondents' responses (Corbin, Morse, & Morse, 2003). Also, to get the information of TV business, researchers obtained data in the form of documents of the Broadcasting Act and the government regulations related to the TV business.

Furthermore, researchers have analysed the data using interpretative phenomenological analysis (Smith, 2011) which interprets phenomena based on individual experience with logical explanations and links them to empirical evidence. Analysis of other Acts and regulations are carried out in an interdisciplinary analysis because examining rules is inherently interdisciplinary (Losoncz, 2017). In interpreting the regulations, the authors use a critical-realist approach (Danermark, Ekstrom, Jakobsen, & Karlsson, 2002), investigating the data analytically using relativity from a perspective of reality (Losoncz, 2017).

Literature Review

A regulation that regulates and influences human behaviour, including business, never occurs in the based on a single mechanism (Woolcock, Braithwaite, & Drahos, 2001). Various aspects, in the social, political and economic fields, will influence the creation of regulations. Moreover, a rule will reflect the context of values and culture in the existence when the law is made (Losoncz, 2017), besides being influenced by interest groups (Grossmann, 2012). Therefore, a law can change according to the circumstances and interests of the community. Changes in the socio-political and economic systems can fundamentally shift the direction of a regulation, even if they regulate the same problem. Like other businesses, TV requires many regulations. Every country in all political systems regulates the field of this creative industry. The state controls this field because

TV is a business that uses limited natural resources in the form of radio frequencies (Herter, 1985; Struzak, Tjelta, & Borrego, 2016). The radio frequency signal is a vehicle where broadcasters use to enable TV shows to reach the audiences' receivers. Because these frequencies are limited, not everyone can have a license, and the state regulates who is eligible to obtain one (Corbett, 1996; Musey, 2012). Generally, countries design regulations that benefit all parties according to their domestic needs (Baasanjav, 2016). The law will change if situations, conditions, political interests, and local needs change. According to Robert G. Picard (2016), politics tends to hover and is often changing. In politics, nothing is constant, except for sense of a continual concern.

Also, business rules generally are influenced by interest groups (Grossmann, 2012). An interest groups can be groups of individuals or organizations that intend to influence government policies to support their interests (Andreas & Bievre, 2014; Beyers, Eising, & Maloney, 2009). They influence in several ways, including pressing the government and influencing the public to have perceptions and desires in the same as their interests (Richardson, 2000). Research shows that lobbying using advocacy groups, for example, is very common in various countries to fight for interests (Lucas, Hanegraaff, & De Bruycker, 2019).

Generally, there are two models of TV licensing, namely the private and the public models (Sudiby, 2004). The first model argues that the radio frequency is a limited natural resource, so it must be public, and the public is represented by the state. The state gives the broadcaster the right to use it based on public interest, with a licensing mechanism that must be democratic. Only broadcasters who have the necessary professional capability are entitled to access radio frequencies. If the broadcaster fails to carry out their professionalism duties, they must return the license to the state.

Unlike the first model, the second model proposes that radio frequency can be held as private property, through a market transactions process. Television broadcasters do not have an obligation to submit to public interests, except to obtain profits. The government, as an intermediary, acts to regulate the competition for this license (Corbett, 1996). The market will select on the basis of broadcasters' ability to manage the frequency.

TV stations that broadcast free to air will distribute to people who freely subscribe. Because it is direct contact with the audience, the state and broadcasting commission regulate the business. These regulations will be different in each country, according to the needs and wants of the country. The rules in the USA and Thailand, for example, will different from those rules in Indonesia, even though all these nations use a democratic system of government. In normative terms, a TV broadcaster has the moral responsibility not to harm the audience. Even so, in reality, TV broadcasters are more concerned with the political and business interests than with the interests of society. The broadcasting arrangement will have a broad impact, on the social, political, and economic aspects.

Discussion

Articles regarding Indonesian TV broadcasting in international publications are rare. Among the few papers are written by Sudiby (2004); Sudiby and Patria (2013); Armando (2014); Rahayu (2016); Putra, Djuyandi, and Mani (2017); Widyatama (2017, 2018b, 2018a, 2018c), dan Myutel (2019). None of those articles discusses how

Indonesian government policies affect TV broadcasting, especially the report which is using the combination of the perspective of law, politics, and economics altogether. Other publications have been written in Indonesian, most of them focusing on the content and effect of TV.

Since the start of TV broadcasting in 1962, the Indonesian government has adopted several different regulatory systems (Widyatama, 2018b). In the Old Order regime, the elite implemented a monopoly system, which only allowed one TV station, namely Televisi Republik Indonesia (TVRI). The government used TVRI as a medium of power and tool to build the spirit of national unity. In the New Order regime up to 1997, the government continued to implement a monopoly in the TV broadcasting system. However, in 1989 the government changed the regulations, allowing the private, commercial TV to operate. In 1989, the government approved five commercial TV stations, namely RCTI, SCTV, Indosiar, AN TV, and TPI. All licenses were given to the families of President Soeharto and his business and political cronies.

The licensing of such TV broadcasts shows that Soeharto used kinship and crony politics in the television business to have power dominance. Kinship politics is used by the authorities to maintain domination and control political stability (Collins, 2004; Eklof, 2004; Tusalem, 2015). Soeharto was aware that TV broadcasts had a strategic position affecting political stability. Political stability has a significant influence on development (Dalyop, 2019). TV broadcast media can significantly help reducing poverty (Kenny & Eltzroth, 2003). Despite the emergence of private TV establishments, the broadcasting system was still centralized, and broadcast from a Jakarta perspective. The desire to control TV was increasingly apparent from the government's decision to issue Law number 24 of 1994 that all TV stations must be located in Jakarta. In the New Order Era, political reasons still dominated the granting of TV licenses.

The government control over TV media, as occurred in Indonesia, is a global trend. Larreguy & Marshall (2019) mentions that several countries in Africa, Asia, Eastern Europe, and Latin America control the media. The control over TV media also happens in Arab countries as revealed by Zaid (2018) who examined 11 countries, comprising of Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Mauritania, Morocco, Saudi Arabia, and Tunisia. The control in these countries has a similar fundamental goal to secure the power of the ruling elite. The tendency to control the media occur in all political systems of government (Walker, Orttung, Walker, & Orttung, 2014).

On May 1998, Indonesia experienced a severe crisis that lead to a change of government (Ho and Yeh, 2014), from the New Order to the Reformation Era. Between 2000 and 2002, the government gave five private TV licenses, namely Metro TV, TV One (formerly named Lativi), Trans TV, TV 7 (later changed to Trans 7), and Global TV. The licensee consists of businessmen and media conglomerates, in addition to politicians and religious organizations. The spirit of reformation makes the licensing more accessible and all-inclusive.

The 1998 economic crisis brings TV media ownership changes. Many TV station owners sell their companies to pay off corporate debts. Harry Tanoesudibyo (media conglomerate and politician) take control TPI (changed the name into MNCTV), RCTI, and Global TV;

Chairul Tanjung (businessman) acquired TV 7 (then renamed Trans 7), while Aburizal Bakrie (conglomerate and politician) bought Lativi TV and changed its name to TV One.

In 2002, the government changed the system of TV broadcasting from a centralized to a decentralized method, by implementing the Act of 32 on Broadcasting. It was stated by HP (37) KPID's commissioner that the Act has a reformation spirit of fostering diversity of ownership and diversity of content, such as dialogue 1 (personal communication, November 3, 2018):

*Dialogue 1

Researcher : *Apa sebenarnya tujuan pemerintah menerbitkan UU Penyiaran?* [What is the purpose of the government in issuing the Act of Broadcasting?]

KPID's Commissioner (1): *Tujuan pemerintah menerbitkan UU Penyiaran sebenarnya baik, yaitu mewujudkan semangat reformasi berupa menumbuhkan keberagaman kepemilikan media dan keberagaman isi media agar demokrasi Indonesia lebih sehat.* [The aim of the government to issue the Act of Broadcasting is excellent, which is to realize the spirit of reform in the form of increasing diversity of media ownership and diversity of media content so that Indonesian democracy is salutary.]

Centralized method is considered not to benefit the regions, both economically and politically. Indonesia is a vast country consisting of various tribes and languages (1,340 ethnicities and 2,500 languages) (Na'im & Syaputra, 2010), spreading over 2,342 islands from 17,504 Indonesia archipelagos. Also, excessive accumulation of media ownership has the potential to undermine pluralism (Costa e Silva, 2015).

The fall of the New Order regime brings Indonesian to political freedom (Zarkasyi, 2008) and the private TV was freed from the obligation to relay TVRI broadcasts. All TV stations can produce a news program, including political reports. However, this news tends are detected not to be objective and takes a side, because the owners have coloured the journalism content according to their business and political interests, in order to get access to political power and voters' support. Some TV company's owners are involved in political parties, even some of them set up political organizations, for instance, Harry Tanoesudibyo founded the Perindo Party, and Surya Paloh founded the Nasdem Party. Some TV channel becomes partisan. Metro TV tends to support the government while TV One supports the opponent (Putra, Djuyandi, & Mani, 2017). Later, Metro TV's partiality to the government has been following by RCTI, MNC TV, and Global TV.

The Broadcasting Act of 2002 requires all TV stations to broadcast locally. Hence, the national TV has to release TV relay stations' ownership in the regions. These provisions inspire people to make local TV stations. The TV companies increased dramatically to 1.251 from 11 companies. The increase of new TV stations is generally dominated by private TV stations that broadcast free-to-air. However, most of the local private TV stations are subsidiaries of national TV stations from Jakarta. The local private television has initially been a national TV relay station. Among the new local private TV stations, the independent TV stations (not TV broadcasting subsidiaries from Jakarta, nor a member of TV stations) only amount to less than 1%. The TV channel that established

before 2002 subsequently referred to as 'national TV' or 'Jakarta TV', while TV companies that were built after 2002 were called local TVs. Generally, independent local TV stations are small TV broadcasting companies, less capital, inadequate facilities, and a limited number of human resources.

The obligation to cut assets off in the regions as stipulated by the Broadcasting Act is burdensome for national TV companies. SP (50) the commissioner of the Indonesian Broadcasting Commission Region of Yogyakarta member as reflected in the dialogue 2 explained this (personal communication, November 10, 2018):

*Dialogue 2.

Researcher : *Mengapa TV nasional keberatan terhadap pelepasan aset?*

[Why the national TV companies opposed to release their assets?]

KPID's Commissioner (2): *Untuk melepaskan aset bukan masalah sederhana tetapi membutuhkan banyak pertimbangan, baik manajemen, hukum, administrasi, dan bisnis. Kebijakan itu tidak mudah diterapkan karena mereka adalah perusahaan besar yang telah go-public; sehingga akan melibatkan banyak pihak, misalnya pemegang saham, mitra, pemasok, karyawan, dan sebagainya. Itu butuh waktu lama. Mereka juga telah menghabiskan banyak modal untuk aset ini. Karena itu, mereka tentu keberatan untuk melepaskan asetnya.* [Releasing the assets is not just a simple problem but it takes a lot of consideration dealing with the management, law, administration, and business. The policy is not easy to implement since they are big companies, which do go public cooperation; hence, it will involve many parties, such as shareholders, partners, suppliers, employees, etc. This process obviously took a lot of time. Besides, they have spent a lot of capital on these assets. Therefore, they certainly object to release their assets.]

The national TV broadcaster attempt several efforts to urge the government to change the Broadcasting Act. They acted as an interest group by influencing the public to refuse the Broadcasting Act through their broadcasting. The national TV owners have strong lobbying capabilities in parliament and they registering an objection to the Constitutional Court of several provisions of the Broadcasting Act (Riyanto et al., 2012).

After a severe hearing, the Constitutional Court decided to consent a part of prosecuting, namely revoking KPI's authority in granting and revoking TV licenses. The Constitutional Court's decision made the regime issues government regulations (PP) on TV stations that regulated different TV categories. There were four government regulations, consist of PP number 11 of 2005 concerning public TV; PP number 50 of 2005 on private TV; PP number 51 of 2005 on community TV; and PP number 52 of 2005 on subscribe TV. Public TV is owned and funded by the state and is non-profit oriented. Indonesia only has one public TV, that is Televisi Republik Indonesia (TVRI). Commercial TV is owned by private sector-oriented to profit from advertising revenue. Paid-TV is privately owned and aimed to promote advertising and audience subscriptions. Community TV is a non-profit oriented community-owned TV and funded by the community. The government regulation was issued during the administration of President Susilo Bambang Yudhoyono, who served two periods, namely the period 2004-2009 and 2009-2014.

The government has not changed many regulations on public TV, except the form of organization and its position, which is more independent of the government. Through this regulation, public TV organizations are transformed into Public Broadcasting Institutions (LPP), which are led by a board of directors and overseen by the Supervisory Board. Both are selected by the government together with the Parliament through open recruitment. The Board of Trustees functions to represent the public, government, and public broadcasting organisations. The state finances LPP, but still allows LPP to accept advertisements because the state budget is still limited. From the aspect of its position on the government, according to PP number 11 of 2005, it is independent. However, the influence of the government is still there, although a little.

After the PP number 11 of 2005 implemented, TVRI still faces several challenges. The government funds are limited, but the number of employees is enormous, so finance is absorbed into employee salaries. The majority of employees are civil servants who are used to working in an old culture that is taboo against the government and lacks initiative. Also, most TVRI equipment is old. Externally, the government still influences TVRI's policies, albeit slightly. All these problems made TVRI broadcasts not varied, and the public even consider TVRI's image as a mouthpiece of the government. As a result, TVRI has fewer viewers than national private TV does.

Based on the PP number 50 of 2002 on private TV station, the government gave a different treatment between national private TV and local TV. According to regulation, local TV stations have to broadcast not more than 75% of the provincial territory of Indonesia, while national TV stations are free to transmit across 90% of the Indonesian provinces. The differences in regulations regarding the broadcast coverage areas create injustice between the national private TV and the local private TV. This issue was stated by WS (52), one of the local TV managers at Yogyakarta Province, as reflected in the dialogue 3 (personal communication, October 9, 2018):

*Dialogue 3.

Researcher : *Apa pendapat Anda atas peraturan menteri tersebut?* [What is your opinion regarding to the ministry regulation?]

Local TV manager (1): *Peraturan ini cenderung tidak fair. Semestinya pemerintah membantu TV lokal dibanding TV nasional yang sudah memiliki modal dan infrastruktur yang kuat.* [This regulation tends to be unfair. The government should give their support the local TV instead of the national TV that already has strong capital and infrastructure.]

The difference in broadcast coverage has made national TV more attractive as a commercial medium for advertisers than local TV. National private TV has an opportunity to get more advertising than independent local TV does. As a result, there is a wide gap in advertising revenue. National TV receives more advertising income than local TV does. The further impact is that the national TV gets a greater opportunity to finance broadcasts and produce more varied broadcast material than the local TV does.

The researcher analyses that the reason for the government's partiality towards the big national TV station is because of the mutually beneficial consideration between the two.

The relationship between government and broadcasting TV stations is viewed as symbiotic mutualism. On the one hand, TV stations need government support in the form of rules that benefit their business. The national TV station owners prefer the old broadcasting system where they can broadcast nationally and are not subject to restrictions on ownership of the TV broadcasting companies. On the other hand, the government needs the support of the TV stations to create national political stability, in addition to building a positive image, public opinion, and political support of the public. The government is no longer enough to use its TVRI public TV station to achieve its political goals, because people have a perception that TVRI is a mouthpiece of the government that often covers up real information.

In the reform era, Indonesia's political system has changed significantly, following the dissatisfaction with the New Order which was in power previously. The government is no longer easy to get public support in all parts of Indonesia without the help of the national TV. In this era, the broadcasting system was changed to decentralized. Political communication must involve many local stations to reach the national territory, which requires more time and cost, so it is inefficient. In the previous era, the government did not face such obstacles because it could mobilize national TV stations with political coercion. In the reform era, political interests tend to run through transactional politics. The government needs efficient political communication, and the national TV stations can meet these needs. Meanwhile, the large TV stations need favourable regulations, where the government can meet these regulations.

Despite sharp criticism from owners of small TV stations and academics, the issuance of PP number 50 in 2005 went without a hitch. The government still does not change this provision. After all, not all local TV station owners protested the regulation. Many local TV stations are subsidiaries of national TV stations from Jakarta. Besides, the owners of the large TV stations support the regulation, because after their aspirations. The national TV has benefited from these situations; hence, they provide political support to the government.

The issuance of the PP number 50 on private TV stations raises severe problems for local private TV stations. Because the broadcast range is more limited than national TV, advertisers prefer to advertise on national TV stations. The small amount of advertising revenue makes local TV facing many problems. Surokim and Wahyudi (2013) wrote, on average local TV is only able to finance 40% of operational costs. They cannot pay employees satisfactorily, cannot produce enough TV programs and have not to produce attractive programs. Local TV often re-broadcasts material so that their broadcasts are monotonous and do not interest the audience. They are only able to capture 10% of the local audience (Surokim and Wahyudi, 2013). The situations are complicated and challenging to local TV as mention by S (54) a local TV manager. It was reflected in the dialogue 4 (personal communication, October 10, 2018).

*Dialogue 4.

Researcher : *Apa dampak perbedaan aturan bagi TV local dan apa yang dilakukan TV lokal?* [What is the impact of the different broadcasting regulation for local tv and what have they done?]

Local TV manager (2): *Tingginya biaya operasional membuat banyak perusahaan TV lokal tidak dapat menjalankan bisnisnya dengan baik dan banyak lainnya yang bangkrut. Banyak TV lokal telah menjual saham mereka kepada pemilik TV nasional atau menjadi bagian dari stasiun jaringan TV yang dipimpin oleh perusahaan TV nasional. Pilihan paling menguntungkan untuk TV lokal adalah bergabung sebagai anggota jaringan siaran TV dengan TV nasional.* [The high operational costs have made many local TV companies unable to run their business well, and many others were bankrupt. Many of TV local have sold their shares to national TV owners or become part of the TV networking stations led by the national TV companies. The most advantageous choice for local TV is joining as a member of the TV broadcast network with national TV.]

The Communication and Information Ministry reports that in 2017 the number of local TV stations decreased by 14.23% compared to 2016, falling to a total of 1,073 companies. Most of Indonesia TV stations are small companies (Nainggolan, 2018).

In share ownership, the government regulation also regulates differently between national TV and local TV. According to rule, local TV owners are allowed to have at most 2 TV broadcasting licenses in 2 different provinces; the owner can hold 100% of the shares in the first broadcasting company, but a maximum of 49% of the shares in the second company. If he/she has a third TV station, then he/she cannot own more than 20% of the shares in the company. For a fourth company and so on, this maximum falls to 5% of the shares. Unfortunately, the rules do not cover national TV companies who have the privilege of controlling 90% of shares in the second company and 49% of shares in the 3rd, 4th and so on. The regulation makes national TV channels have more asset than local TV does.

Recently, local TV was unable to press the government to remove the discriminatory rules. The owners of big stations have powerful political relations with the ruling elite. Surya Paloh (owner of Metro TV), is a Golkar party politician who is a party supporting the government. At present, Surya Paloh is still the government supporter, through the party he founded: Nasdem Party. Likewise, the owner of the largest network in Indonesia, Harry Tanoesudibyo. Harry, who owns RCTI, MNC TV, Global TV, and iNews stations, is a prominent businessperson and founder of the Perindo Party who has always supported the government until now. At present, Perindo Party is one of the seven significant parties in Indonesia and is a ruling support party.

Meanwhile, Aburizal Bakrie (owner of TV One and ANTV), is a former Golkar Party chair and former minister of economic coordinator in the era of President Soesilo Bambang Yudhoyono. The only owner of a large TV station who is not a politician is Chairul Tanjung, who owns Trans TV and Trans 7. He is an accomplished businessman and lobbyist. He has extensive relations among business people, politicians, and government officials. Because of his abilities, he has held three ministerial positions, namely the Coordinating Minister for the Economy, the Minister of Forestry, and the Minister of Energy and Mineral Resources in the era of President Soesilo Bambang Yudhoyono's administration.

The strong relationship between the large national TV stations and the government makes it difficult for independent local TV stations to ask for more equitable arrangements in the TV broadcasting business. The local TV channel manager, WS (52), expresses his grumble as reflect in dialogue 5 (personal communication, October 9, 2018).

*Dialogue 5.

Researcher : *Tidakkah TV lokal menginginkan peraturan yang lebih adil?*
[Don't local TV want fairer regulations?]

Local TV manager (1): *Ya, tentu saja kami ingin peraturan yang lebih adil. Tapi itu sulit.* [Yes, of course we want fairer regulations, even though it seems so difficult to get.]

Researcher : *Kenapa?* [Why?]

Local TV manager (1): *Upaya kami memaksa pemerintah merevisi peraturan tentang penyiaran TV agar lebih fair, membutuhkan banyak sumber daya.*

Secara umum, TV lokal tidak memiliki sumber daya yang memadai selain keterbatasan jaringan politik. [Our efforts in order to force the government to revise a fairness regulation on TV broadcasting require so many resources. In this case, generally, the local TV does not have adequate resources besides the limitations of political networks.]

The differentiation of broadcasting regulations in Indonesia makes local TV undeveloped well. The independent local TV is not well organized as national private TV to express their interests. As a result, the national TV still dominates in the air of Indonesian television. Whereas the government hopes all TV stations contribute to economic and national development, as well as promote national unity and integration, and providing public space to foster democracy. In 2015, Indonesia's TV industry contributed \$4.9 billion, and the following year increased to 11% of \$5.4 (MarketLine, 2017). The contribution was increasing from US\$ 1.24 million in 2010. The government hopes in the coming years the TV broadcasting contributions are continuously increasing. Indonesia is a potential market for the TV broadcasting industry because Indonesia is a populous country, that has a population over 258.71 million (Biro Pusat Statistik, 2017) and the number of households that have owned TV sets reaches 87.7% of the population.

The author analyzes that the government's expectation will be challenging to achieve if the regulation of the private TV broadcasting is still unfair. In the settings of the public TV, subscription TV, and community TV so far it has been good regulated. The government funded and managed public TV independently. The community TV is community funded, serves the society, independent, and not commercially purposed. The paid-TV is commercial, funded by advertisements and subscriptions. The government must change the broadcasting rules more equitably for all private TV. Fair TV broadcasting regulations are needed so that the local TV stations could develop their self healthier and stronger. Also, they could contribute to economic and social more significant. The appropriate TV broadcasting rules for the private TV have to be reformulated by the government by involving all shareholders based on the spirit of national broadcasting as formulated in the Broadcasting Act number 32 of 2002.

Actually, the situation of inequality between national and local TV stations in Indonesia also occurs in other countries, even in developed countries. In America, for instance, local

TV reporters and TV editors are less than on national TV because of the costs and limited resources (Lee, Long, Slater, & Song, 2014). However, cases of inequality that occur in America are likely to be related to financial and management capabilities. National TV stations tend to have more resources than local TV stations do (Lee et al., 2014; Wallington, Viswanath, & Blake, 2010). Broadcast policy researchers advise the national TV should have more obligations than the local TV should, because they have had the opportunity to get more advertisements (Salomon, 2016).

The unjust regulation of private TV in Indonesia does not provide advantages to the people, especially in the purpose of fostering diversity of content, although the government has implemented the Broadcasting Act for more than a decade. This situation also affected the economic contribution of the television business. The most significant contribution of TV broadcasting still relies on national TV, which has developed into a giant TV broadcasting that has stronger capital (Nainggolan, 2018).

Conclusion

In general, the Indonesian government applies regulations for the public TV, private TV, subscription TV, and community TV differently. The rules of the public TV, subscription TV, and community TV, generally are well regulated. However, the private TV regulations tend to be unjust. The Indonesian government tends to apply different rule and treatment in private TV business. The more favourable treatment is given to the national TV company than to the local TV. This situation makes local TV companies are not developed properly. Differences in regulations make the national TV business opportunities more secure than the local TV. They have a broader range of broadcasts; therefore, get more viewers, so they are more attractive to advertisers than local TV. As a result, the national TV advertising revenue is more significant than local TV, hence they more developing while other TV companies remaining have many problems, even some local TVs are shut their operations down or bankruptcy. In the effort of avoiding bankruptcy, some local TVs are choosing to be part of TV broadcast networks under national TV broadcasting.

The application of different regulations in broadcasting proves that the state is ambivalent (Thomas, 2014). The issuance of discriminatory government regulation of 50 of 2005 confirms that the government pay more attention to political and business compromise than the original purpose of Act of 32 of 2002. That compromise proves that patron-client practices in the New Order regime are continuing in the Reformation Era.

The arrangement of regulations in the TV industry does not occur in a single simple mechanism (Woolcock et al., 2001). Many interested parties in this industry, influence the contents of the regulation. The owner of a national TV company is the most dominates party in determining of TV regulations in Indonesia. They have great resources to become a pressure group, hence that the arrangements tent to protect their interests, especially in the share ownership and broadcasts coverage while the local TV stations owner are generally small firms that do not have powerful resources to fight for their interests.

The owners of national TV have higher power because most of them also become politicians. They can influence the contents of TV regulations in debates in parliament and pressure the government. On the other hand, they also found the same interests as the

ruling elite who needed political communication media in the form of television channels to get popular support.

Regulations that are more beneficial for national TV firms make the economic contribution of this business sector still rely on national TV. Laws and government regulations regarding TV broadcasting must be changed consistently in realizing the spirit of TV broadcasting reform, namely to realize the diversity of ownership and diversification of content. These consistent regulations are believed to develop local TV companies better so that the local economy increasing, and in turn, raising economic TV contribution in Indonesia.

Acknowledgements

The authors thank Wahyu Sudarmawan, M.Si, and Fajar Pambudi, M.Si, for their valuable information of this manuscript. Also, the authors thank all interviewees who spend their time and give valuable information on this research.

References

- Altheide, D. L. (1991). The impact of television news formats on social policy. *Journal of Broadcasting & Electronic Media*, 35(1), 3–21.
<https://doi.org/10.1080/08838159109364099>
- Aman, H. (2013). An analysis of the impact of media coverage on stock price crashes and jumps: Evidence from Japan. *Pacific Basin Finance Journal*, 24, 22–38.
<https://doi.org/10.1016/j.pacfin.2013.02.003>
- Aman, H., Kasuga, N., & Moriyasu, H. (2018). Mass media effects on trading activities: Television broadcasting evidence from Japan. *Applied Economics*, 00(00), 1–18.
<https://doi.org/10.1080/00036846.2018.1458192>
- Andreas, D., & Bievre, D. De. (2014). The question of interest group influence. *Journal of Public Policy*, 27(1), 1–12. <https://doi.org/10.1017/S0143814X07000591>
- Baasanjav, U. (2016). The public interest and Mongolian digital television transition. *International Journal of Digital Television*, 7(1), 7–22.
https://doi.org/10.1386/jdvt.7.1.7_1
- Besley, J. C. (2006). The role of entertainment television and its interactions with individual values in explaining political participation. *Harvard International Journal of Press/Politics*, 11(2), 41–63.
<https://doi.org/10.1177/1081180X06286702>
- Beyers, J., Eising, R., & Maloney, W. (2009). Researching interest group politics in Europe and elsewhere: Much we study, little we know? *West European Politics*, 31(6), 1103–1128. <https://doi.org/10.1080/01402380802370443>
- Biro Pusat Statistik. (2017). Perempuan dan Laki-laki di Indonesia 2016. In *Badan Pusat Statistik*. <https://doi.org/10.1017/CBO9781107415324.004>
- Bureau of Labour Statistics. (2017). *The economic contribution of the motion picture & television industry to the United States*. Washington DC.
- Chan-Olmsted, S. M., & Kim, Y. (2001). Perceptions of branding among television

- station managers: An exploratory analysis. *Journal of Broadcasting & Electronic Media*, 45(1), 75–91. <https://doi.org/10.1207/s15506878jobem4501>
- Collins, K. (2004). The Logic of Clan Politics: Evidence from the Central Asian Trajectories. *World Politics*, 56(2), 224–261. <https://doi.org/10.1353/wp.2004.0009>
- Corbett, K. (1996). The rise of private property rights in the broadcast spectrum. *Duke Law Journal*, 46, 611–651. <https://doi.org/10.2307/1372943>
- Corbin, J., Morse, J. M., & Morse, J. M. (2003). The unstructured interactive interview: Issues of reciprocity and risks when dealing with sensitive topics. *Qualitative Inquiry*, 9(3), 335–354. <https://doi.org/10.1177/1077800403251757>
- Costa e Silva, E. (2015). Crisis, financialization and regulation: The case of media industries in Portugal. *The Political Economy of Communication*, 2(2), 47–60.
- Dalyop, G. T. (2019). Political instability and economic growth in Africa. In *International Journal of Economic Policy Studies* (Vol. 13). <https://doi.org/10.1007/s42495-018-0008-1>
- Danermark, B., Ekstrom, M., Jakobsen, L., & Karlsson, J. C. (2002). Explaining society: Critical realism in the social sciences. In M. Archer, R. Bhaskar, A. Collier, T. Lawson, & A. Norri (Eds.), *Routledge*. London and New York: Routledge.
- DellaVigna, S., & Kaplan, E. (2007). The fox news effect: Media bias and voting. *Quarterly Journal of Economics*, 122(3), 1187–1234. <https://doi.org/10.1162/qjec.122.3.1187>
- Deloitte. (2017). *Economic contribution of the film and television industry in India*. Retrieved from https://www.mpa-i.org/wp-content/uploads/2018/05/India-ECR-2017_Final-Report.pdf
- Eklof, S. (2004). Power and Political Culture in Suharto's Indonesia. In *Power and Political Culture in Suharto's Indonesia*. <https://doi.org/10.4324/9780203507339>
- Esser, F., de Vreese, C. H., Strömbäck, J., van Aelst, P., Aalberg, T., Stanyer, J., ... Reinemann, C. (2012). Political Information Opportunities in Europe: A Longitudinal and Comparative Study of Thirteen Television Systems. *International Journal of Press/Politics*, 17(3), 247–274. <https://doi.org/10.1177/1940161212442956>
- Gentzkow, M. (2006). Television and Voter Turnout. *The Quarterly Journal of Economics*, (August), 931–972. <https://doi.org/10.2139/ssrn.607402>
- Grossmann, M. (2012). Interest group influence on US policy change: An assessment based on policy history. *Interest Groups & Advocacy*, 1(2), 171–192. <https://doi.org/10.1057/iga.2012.9>
- Herter, C. a J. (1985). The Electromagnetic spectrum: a critical natural resource. *Natural Resources Journal*, 25, 651–664. Retrieved from http://lawschool.unm.edu/nrj/volumes/25/3/05_herter_electromagnetic.pdf
- Holbert, R. L. (2005). A Typology for the study of entertainment television and politics. *American Behavioral Scientist*, 49(3), 436–453.

- Jenssen, A. T. (2009). Does public broadcasting make a difference? Political knowledge and electoral campaigns on television. *Scandinavian Political Studies*, 32(3), 247–271. <https://doi.org/10.1111/j.1467-9477.2008.00226.x>
- Kenny, C., & Eltzroth, C. (2003). *Broadcasting and Development* (No. 11). <https://doi.org/10.1596/0-8213-5561-9>
- Koshpasharin, S., & Yasue, K. (2014). ERIA study on the development potential of the content industry in East Asia and ASEAN region. In *Study on the Development Potential of the Content Industry in East Asia and the ASEAN Region, ERIA Research Project Report 2012-13* (pp. 33–45).
- Larreguy, H., & Marshall, J. (2019). THE INCENTIVES AND EFFECTS OF INDEPENDENT AND GOVERNMENT-CONTROLLED MEDIA IN THE DEVELOPING WORLD. In E. Suhay, B. Grofman, & A. Trechs (Eds.), *Oxford Handbook of Electoral Persuasion* (pp. 1–38). Oxford: Oxford University Press.
- Lee, C., Long, M., Slater, M. D., & Song, W. E. N. (2014). Comparing Local TV News with National TV News in Cancer Coverage: An Exploratory Content Analysis. *Journal of Health Communication*, 19, 1330–1342. <https://doi.org/10.1080/10810730.2014.894598>
- Losoncz, I. (2017). Methodological approaches and considerations in regulatory research. In P. Drahos (Ed.), *Regulatory Theory: Foundations and applications* (pp. 77–95). <https://doi.org/10.22459/RT.02.2017.05>
- Lucas, K., Hanegraaff, M., & De Bruycker, I. (2019). Lobbying the lobbyists: when and why do policymakers seek to influence advocacy groups in global governance? *Interest Groups and Advocacy*, 8(2), 208–232. <https://doi.org/10.1057/s41309-019-00050-3>
- MarketLine. (2017). *Broadcasting & Cable TV in Indonesia*. London.
- Mehraj, H. K., Bhat, A. N., & Mehraj, H. R. (2014). Impacts of media on society: A sociological perspective. *International Journal of Humanities and Social Science Invention*, 3(6), 56–64.
- Musey, J. A. (2012). Broadcasting licenses: ownership rights and the spectrum rationalization challenge. *The Columbia Science & Technology Law Review*, XIII(307–370), 307–370.
- Mütterlein, J., & Kunz, R. E. (2018). Innovate alone or with others? Influence of entrepreneurial orientation and alliance orientation on media business model innovation. *Journal of Media Business Studies*, 00(00), 1–15. <https://doi.org/10.1080/16522354.2018.1445162>
- Myutel, M. (2019). Commercial Television in Indonesia: The Sindhi Element. *Bijdragen Tot de Taal-, Land- En Volkenkunde*, 175, 155–176. <https://doi.org/10.1163/22134379-17502017>
- Na'im, A., & Syaputra, H. (2010). *Kewarganegaraan, suku bangsa, agama, dan bahasa sehari-hari penduduk Indonesia* (1st ed.; Sumarwanto & T. Iriantono, eds.). Jakarta: Biro Pusat Statistik.
- Nainggolan, B. (2018). Dinamika Konsentrasi Pasar Industri Pertelevision Nasional. *Jurnal ASPIKOM*, 3(4), 767. <https://doi.org/10.24329/aspikom.v3i4.242>

- Newton, K. E. N. (2016). Public service and commercial broadcasting: Impacts on politics and society. *The Political Quarterly*, 87(1), 31–38.
- Nielsen, R. K., Fletcher, R., Sehl, A., & Levy, D. (2018). *Analysis of the relation between and impact of public service media and private media*. London.
- Ohlsson, J., & Sjøvaag, H. (2018). Protectionism vs. non-interventionism: Two approaches to media diversity in commercial terrestrial television regulation. *Javnost - The Public*, 0(0), 1–19. <https://doi.org/10.1080/13183222.2018.1467177>
- Overstreet, B. S., Rider, B. C., Strohacker, K., Crouter, S. E., Springer, C. M., Baldwin, D., & Bassett, D. R. (2017). Effects of television on enjoyment of exercise in college students. *International Journal of Sport and Exercise Psychology*, 16(6), 657–669. <https://doi.org/10.1080/1612197X.2017.1313294>
- Oxford Economics. (2012). *The economic contribution of the film and television industries in Indonesia*. Retrieved from http://hkisa.film/contenthtml/economic_contribution_report/2012/Ind_film_tv.pdf
- Oxford Economics. (2015). *The economic contribution of the film and television industries in China*. Retrieved from https://www.mpa-i.org/wp-content/uploads/2018/05/China_film_tv_2015_V2.pdf
- Picard, R. G. (2016). Isolated and particularised: The state of contemporary media and communications policy research. *Journal of the European Institute for Communication and Culture*, 23(2), 135–152. <https://doi.org/10.1080/13183222.2016.1162991>
- Puppis, M. (2008). National media regulation in the era of free trade the role of global media governance. *European Journal of Communication*, 23(4), 405–424. <https://doi.org/10.1177/0267323108096992>
- Putra, M. K., Djuyandi, Y., & Mani, L. (2017). News content perspective of TV One and Metro TV in seeing Indonesia government policy keywords: Media content and objectivity. *Global Media Journal*, 15(29), 1–5.
- Richardson, J. (2000). Government, interest groups and policy change. *Political Studies*, 48, 1006–1025.
- Rider, B. C., Bassett, D. R., Strohacker, K., Overstreet, B. S., Fitz-, E. C., & Raynor, H. A. (2016). Psycho-Physiological Effects of Television Viewing During Exercise. *Journal of Sports Science and Medicine*, 15, 524–531.
- Riyanto, P., Yusuf, I. A., Cahyono, M. F., Zuhri, S., Adiputra, W. M., & Siregar, A. E. (2012). *Dominasi TV Swasta (Nasional); Tergerusnya Keberagaman Isi dan Kepemilikan [Private (National) TV Domination: Tergerusnya Diversity of Content and Ownership]* (1st ed.). Yogyakarta: Yayasan Tifa & PR2Media.
- Ryan, F., Coughlan, M., & Cronin, P. (2016). Interviewing in qualitative research: The one-to-one interview. *International Journal of Therapy and Rehabilitation*, 16(6), 309–314. <https://doi.org/10.12968/ijtr.2009.16.6.42433>
- Salomon, E. (2016). *Independent regulation of broadcasting: a review of international policies and experiences*. Montevideo.
- Smith, J. A. (2011). Evaluating the contribution of interpretative phenomenological

- analysis. *Health Psychology Review*, 5(1), 9–27.
<https://doi.org/10.1080/17437199.2010.510659>
- Sørensen, R. J. (2016). The impact of state television on voter turnout. *British Journal of Political Science*, 1–22. <https://doi.org/10.1017/S000712341600048X>
- Stipp, H. (2012). The branding of television networks: Lessons from branding strategies in the U.S. market. *International Journal on Media Management*, 14(2), 107–119. <https://doi.org/10.1080/14241277.2012.675756>
- Strużak, R., Tjelta, T., & Borrego, P. (2016). On radio-frequency spectrum management. *Journal of Telecommunications and Information Technology*, 3, 108–130.
- Sudiby, A., & Patria, N. (2013). The television industry in Post-authoritarian Indonesia. *Journal of Contemporary Asia*, 43(2), 257–275. <https://doi.org/10.1080/00472336.2012.757434>
- Thomas, P. (2014). The ambivalent state and the media in India: Between elite domination and the public interest. *International Journal of Communication*, 8(1), 466–482.
- Torii, A. (2017). Effects of public broadcasting on the competition among private broadcasters and the total surplus. *Journal of Media Business Studies*, 14(2), 116–145. <https://doi.org/10.1080/16522354.2017.1290023>
- Tusalem, R. F. (2015). Democracies, Autocracies, and Political Stability. *International Social Science Review*, 90(1), 1–42. Retrieved from <http://digitalcommons.northgeorgia.edu/issr/vol90/iss1/1>
- Walker, C., Orttung, R. W., Walker, C., & Orttung, R. W. (2014). Breaking the News : The Role of State-Run Media Breaking the News : The Role of State-Run Media. *Journal of Democracy*, 25(1), 71–85. <https://doi.org/10.1353/jod.2014.0015>
- Wallington, S. F., Viswanath, K., & Blake, K. (2010). Antecedents to Agenda Setting and Framing in Health News: An Examination of Priority, Angle, Source, and Resource Usage from a National Survey of U.S. Health Reporters and Editors. *Journal of Health Communication: International Perspectives*, 15(1), 76–94. <https://doi.org/10.1080/10810730903460559>
- Widyatama, R. (2017). Capitalism vs business ethics in Indonesia's television broadcasting. *SEA-Practical Applitation of Science*, VI(16), 27–35.
- Widyatama, R. (2018a). The impact of ambiguity regulation in Indonesia's television industry. *Actual Problems Of Economics*, 1(199), 28–38.
- Widyatama, R. (2018b). The television business in Indonesia: A Comparative study of the Oled Regime, the New Order, and the Reform Era. *Oradea Journal of Business and Economics*, III(1), 66–75.
- Widyatama, R. (2018c). Who owns the broadcasting television network business in Indonesia? *Network Intellegence Studies*, VI(11), 7–16.
- Woods & Poole Economics. (2015). *Local broadcasting: An engine for economic growth*. Washington DC.
- Woolcock, M., Braithwaite, J., & Drahos, P. (2001). Global business regulation.

Contemporary Sociology, 30(6), 626. <https://doi.org/10.2307/3089030>

Zaid, B. (2018). A Normative Study of Broadcast Regulators in the Arab World. *International Journal of Communication*, 12, 4401–4420.

Zarkasyi, H. F. (2008). The rise of Islamic religious-political movements in Indonesia: The background, present situation and future. *Jurnal of Indonesian Islam*, 02(02), 336–378.

Corresponding author, Rendra Widyatama, M.Si, is PhD Student in Business and Management, University of Debrecen, Hungary. He also a lecturer in Communication Department, Ahmad Dahlan University, Indonesia. His research topic is concerning on TV business in Indonesia, from economic, communication, politic and law perspective. Orchid number: <https://orcid.org/0000-0002-1987-191X>. Email rendrawidyatama@gmail.com. Phone number: 36705524617 (Hungary) 6281228832267 (Indonesia). Corresponding Postal address: 4032 Debrecen, Böszörményi út 138., Post Address: H-4002 Debrecen, P.O. Box: 400. Hungary. Keywords: Marketing, Business and Management, Economy, Mass Media, TV Broadcast, Advertisement, Communication and Politics, Communication and Law

Co-author, Dr. Habil Polereczki Zsolt, is an active associate professor in Business and Management. His expertise is SME and marketing. He wrote many international and national articles publication, especially on SME and marketing in the accredited and reputed journal using English and Hungarian language. Orchid number: <https://orcid.org/0000-0001-9613-2291>. Email: polereczki.zsolt@econ.unideb.hu. Phone number: 36308352773 (Hungary). Postal address: 4032 Debrecen, Böszörményi út 138., Post Address: H-4002 Debrecen, P.O. Box: 400. Hungary. Keywords: Marketing, Business and Management, SME, Economy