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Rendra Widyatama*

THE IMPACT OF AMBIGUITY REGULATION IN INDONESIA'S TELEVISION INDUSTRY

The article shows that in 2015, the television broadcasting industry in Indonesia received a relatively small income compared to China, India and especially the United States, although Indonesia has more television stations than India and China and is the fourth largest in the world in terms of population. The amount of income that was received is even less than in Australia, which has one-tenth of Indonesia's population. Government regulation is an important factor in stimulating the growth of the television industry in the country. Qualitative research using literature reviews concluded that one of the most important factors that led to low economic revenues from the television broadcasting industry in Indonesia is an ambiguous state policy. Such a system makes competition unhealthy, larger television stations tend to ignore the rules, which means that local Indonesian channels can not turn into a large TV station.

Keywords: ambiguity regulation; TV broadcasting; powerful television; national TV; violation; commission institution.

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Рендра Відьятама

ВПЛИВ ДВОЗНАЧНОСТІ ДЕРЖАВНОЇ ПОЛІТИКИ НА ТЕЛЕВІЗІЙНУ ІНДУСТРІЮ ІНДОНЕЗІЇ

У статті показано, що в 2015 році індустрія телевізійного мовлення в Індонезії отримала відносно невеликий дохід в порівнянні з Китаєм, Індією і особливо Сполученими Штатами, хоча Індонезія має більше телевізійних станцій, ніж Індія і Китай, і займає четверте місце в світі за чисельністю населення. Обсяг доходу, який був отриманий, ще менше, ніж в Австралії, у якій одна десята частина населення Індонезії. Урядове регулювання є важливим фактором у стимулюванні зростання телевізійної індустрії в країні. Завдяки якісним дослідженням, що використовують огляди літератури, зроблено висновок, що одним з найважливіших факторів, які привели до низьким економічним доходам від індустрії телевізійного мовлення в Індонезії, є двозначна державна політика. Така система робить конкуренцію нездоровою, більші телевізійні станції, як правило, ігнорують правила, а це означає, що місцеві індонезійські канали не можуть перетворитися у велику телестанцію.

Ключові слова: регулювання неоднозначності; телепередачі; потужне телебачення; національне телебачення; порушення; комісійний заклад.

Табл. 3. Літ. 38.

Рендра Відьятама

ВЛИЯНИЕ ДВУСМЫСЛЕННОСТИ ГОСУДАРСТВЕННОЙ ПОЛИТИКИ НА ТЕЛЕВИЗИОННУЮ ИНДУСТРИЮ ИНДОНЕЗИИ

В статье показано, что в 2015 году индустрия телевизионного вещания в Индонезии получила относительно небольшой доход по сравнению с Китаем, Индией и особенно Соединенными Штатами, хотя Индонезия имеет больше телевизионных станций, чем Индия и Китай, и занимает четвертое место в мире по численности населения. Объем дохода, который был получен, еще меньше, чем в Австралии, у которой одна десятая часть населения Индонезии. Правительственное регулирование является важным

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фактором в стимулировании роста телевизионной индустрии в стране. Благодаря качественным исследованиям, использующим обзоры литературы, сделан вывод, что одним из важнейших факторов, которые привели к низким экономическим доходам от индустрии телевизионного вещания в Индонезии, является двусмысленная государственная политика. Такая система делает конкуренцию нездоровой, более крупные телевизионные станции, как правило, игнорируют правила, а это означает, что местные индонезийские каналы не могут превратиться в большую телестанцию.

Ключевые слова: регулирование неоднозначности; телевещание; мощное телевидение; национальное телевидение; нарушение; комиссионное учреждение.

Introduction. Around the world, television industries currently occupy a significant position. This medium has become a communication tool, and also has a substantial economic impact. In 2015 the Chinese television industry generated revenues of about US\$ 17.55 billion (PWC, 2016). India, the country which has the second largest population after China, makes US\$ 22.1 billion from its television industry (OECD, 2013). Meanwhile in the United States, with the third highest population, the television business generated revenues of US\$ 1.19 trillion (Wood & Poole Economic, 2015). The amount of American television industry revenue is greater than the combined revenue of China and India.

Meanwhile, in Indonesia which has 255.18 million inhabitants (BPS, 2015) and thus the fourth largest population in the world in 2015, the television industry revenue only generated US\$ 5.4 billion (MarketLine, 2017). This figure is low, and even lower when compared to Australia, which makes US \$ 11.9 billion (ACMA, 2017). Australia's population is ranked 53 rd in the world, at 24,511,800 (Australian Bureau of Statistics, 2017).

Although in 2016 the Indonesia television broadcasting income reportedly increased to USD 6 billion (MarketLine, 2017), unfortunately the amount was still lower than the revenues of China and India in 2015. The 11% increase was still less than half of the income obtained from China, India, and The United States.

In China, there were 506 television stations, made up of 271 satellite TV stations, 176 terrestrial TV stations, and 62 cable stations (OECD 2013). Compared to China, India has more television stations. In this country, there were 899 private television stations (as of 30.11.2016) consisting of 399 news stations and 500 non-news stations (MIB, 2017), as well as two public television stations – Prasar Bharati and Doordarshan (PrasarBharati, 2010). Compared to China and India, America has the greatest number of television broadcasting companies, with 1,392 commercial television companies, consisting of 390 public TV stations and 6,203 cable TV stations (USCB, 2012).

In the U.S.A, there are 1.47 million employees directly involved in the television industry (Wood & Poole Economic, 2015). In India, 1.38 million people were employed in 2016-2017 (MIB, 2017). In China, film and television provided 970,000 jobs, 80% of which were in the television industry, 34% of which were with free to air channels, 34% with cable TV, and 28% with satellite TV, generating a total of 39 billion yuan in tax revenues (Oxford, 2015a). Meanwhile in Indonesia, in 2002-2006, this sector could only provide 142,227 thousand workplaces (Pangestu, 2008).

Indonesia actually has many more TV stations than China. There are 1,251 television stations broadcasting in the country, including 24 public television stations (all state-owned), 763 private television stations, 437 subscription television stations

and 27 community television stations (Kominfo, 2016). Generally, the subscription television stations offer dozens of channels. Therefore, it is estimated that Indonesia has more than 5,000 channels, which is more than China, which, reportedly, has only about 2,200 channels (ITC, 2011).

Based on the facts already described above, a prominent research question arises: Why has the television industry in Indonesia not been able to achieve high revenue? In this article, I deal with this issue, through qualitative research using the literature review method based on relevant secondary data.

Literature review. Television is a creative industry, alongside advertising, creating art objects, architecture, crafts, design, fashion, film, leisure software, music, performing arts, publishing, and software (Baeker, 2017). The categorization can be expanded, but depends on the different analyses used. UNESCO divides these industries into several classifications, consisting of DCMS models, Symbolic Text Models, Concentric Circles Models, WIPO Copyright Models, UNESCO Institute for Statistics Models, and the American Society for the Arts Model (UNESCO, 2013).

Nowadays, television has become a serious industry that provides a great amount of revenue for a country, both from its direct economic contribution and its indirect financial contribution (Oxford, 2015b). Its immediate contributions include GDP, income, employment, and taxes obtained through television broadcasting activities, such as television programming and production. Meanwhile, the indirect contribution of the television industry includes the output of goods and services, as well as the jobs that support the television broadcasting chain. These include, for example, the advertising industry, television program supplies, performing arts, the food and beverage business, clothing and equipment rental, and even hotel and room rentals.

In the area of employment, for example, the television industry has brought new jobs that previously did not exist. Lis Chuday writes that there are 64 types of roles needed behind the scenes (Chuday, 2008). This list is helpful in understanding how many people are involved in the television industry, although there are still jobs that have not been mentioned among those related to the production of television entertainment.

Although the television broadcast industry contributes to the economy, it will not develop well if there is no adequate regulatory support (Levin, 1958). Regulations are used to provide the fundamental bases of business operation, allowing business activities to be more positive and legal. Some of the relevant literature has confirmed that business-responsive regulations which are predictable for business people could better ensure a viable and sustainable economy over the long term (World Bank, 2017). Moreover, the rules can be improved and prevent market failures, as well (Stengel, 2011).

The regulations must be definite and unambiguous because ambiguity can be interpreted in a variety of ways. Furthermore, the rules should not be made exclusively to serve certain business actors (Peltzman, 1976). Ambiguous regulations will be interpreted differently by each person. The word ambiguous can be interpreted as “having or expressing more than one possible meaning, sometimes intentionally” (Cambridge, 2013), and given such a meaning, ambiguity can cause conflicts and turmoil.

In policy-making, the government plays a significant role, and government ambiguity could cause market failure. There are four vital roles which are represented by the government in developing the economy, namely; 1) as resource allocator,

2) as the regulator, 3) as provider of social welfare, and 4) as the body responsible for macroeconomic management (Sasana, 2004). The responsibility for resource allocation involves determining the balance between the public sector and the private sector. Acting as the regulator means developing the required rules in the business world and upholding individual rights. The role of social welfare means policies that promote social equity, while macroeconomic management means facilitating economic stability through policies that promote economic growth and balance of payments stability.

The World Bank notes that OECD (Organization for Economic Co-operation and Development) countries with high-income averages, such as America, Europe, and Central Asian countries, have specific and more business-friendly regulations (World Bank, 2017).

When allocating the radio spectrum that is used by broadcasting institutions, the government should be fair and provide an equal opportunity for all industry practitioners. This arrangement is necessary since the radio spectrum is a limited resource and as a public property right, it needs to be regulated by the state (Armando, 2011). In this arrangement, the government occupies a vital position to design and implement rules that help economic actors to achieve the utmost benefit for the general good.

Methods. This study uses the evaluative research method (Rossi, Lipsey, & Freeman, 1999). According to P.H. Rossi, the evaluative research method is the systematical investigation of the particular problem in all essential aspects, including the diagnosis of the social issues addressed, conceptualization, implementation, administration, and outcome. The object of evaluation in this research is the ambiguity regulations in broadcasting which cause deficiencies in broadcasting business revenue.

Discussion. In Indonesia, in the Old Order, in 1962, television first appeared as a public television service called Televisi Republik Indonesia (TVRI). This television station is owned and funded by the government and broadcast free to air nationally. When the government changed from the old order regime to the new order, the Indonesian television system was a monopoly. Television was considered very useful as a communication media for development, so gradually the government built several regional stations as relays.

In further developments, since 1989 the government has granted a license to a private television company, namely RCTI. Initially, this station broadcast their content to a limited audience, with the public receiving its broadcasts using a decoder. However, since 1990, this TV station has been running to free to air and broadcasting nationally. The success of RCTI has attracted several private companies to follow them. Subsequently, several private firms, such as Surya Citra Televisi, Indosiar Visual Mandiri, Cipta Lamtoro Gung Persada, Cakrawala Andalas Televisi, and Lativi Media Karya, have requested a broadcasting license from the government. Up to 1995, in Indonesia, there were five licensed private television stations for free-to-air broadcast nationally, namely RCTI, SCTV, ANTV, Lativi (now TV One), and TPI (now MNC). These TV stations were permitted to use commercials, but TVRI was prohibited from doing so.

In 1998, the New Order collapsed, and the Reform Order emerged. At the beginning of the Reform Era, press freedom was introduced, and setting up a TV company became easier. Between 1998 and 2002, the government allowed five new private

TV stations which were permitted to broadcast free-to-air nationally through their terrestrial networks. Finally, in 2002, Indonesia had 11 broadcasting televisions consisting of ten commercial television stations and one public television station. The ten commercial television stations joined the organization of the Association of Private Television Indonesia/ATVSI and were often referred to as “existing television” (Table 1) (ATVSI, 2016). Those television stations became a strong broadcasting institution, and their activities included political lobbying. Alongside the opportunity to broadcast free-to-air nationally, they earned a considerable revenue. In recent times, they have been prominent in furthering their interests.

Table 1. Existing Television Stations

The name of TV Station	Established	Owner	Name of the company
RCTI	21 th Aug 1987	Media Nusantara Citra	PT Rajawali Citra TV Indonesia
SCTV	24 th Aug 1990	Elang Mahkota Teknologi	PT Surya Citra Televisi
INDOSIAR	11 th Jan 1995	Elang Mahkota Teknologi	PT Indosiar Visual Mandiri
MNCTV	17 th Jun 1997	Media Nusantara Citra	PT Media Nusantara Citra Televisi
ANTV	1 th Jan 1993	Visi Media Asia	PT Cakrawala Andalas Televisi
METRO TV	25 th Oct 1999	Media Group	PT Media Televisi Indonesia
TRANS TV	15 th Dec 2001	TransMedia	PT Televisi Transformasi Indonesia
TRANS7	25 th Nov 2001,	TransMedia	PT Duta Visual Nusantara Tivi Tujuh
TV One	30 th Jun 2002	Visi Media Asia	PT Lativi Media Karya
Global TV	8 th Oct 2002	Media Nusantara Citra	PT Global Informasi Bermutu

Source: Data based on Kominfo, 2016.

In 2002, the government of Indonesia implemented Act 32 of 2002 on broadcasting, which was used to create a decentralized system in a reformed spirit to realize the diversity of content and the diversity of ownership. All private television stations were required to adapt to the regulation which required them to release their relay station ownership after the Act of Broadcasting was published, and no later than 2005. Private TV stations' obligation to follow the instructions of the government regulation and release their relay stations as different local TV stations provoked a strong reaction. The ten private TV stations objected because the Broadcasting Act threatened their business interests, i.e., reduced broadcast coverage which impacted on their revenue. Moreover, they had invested billions of rupiah in building relay stations in local areas (Rianto et al., 2012).

The Broadcasting Act has encouraged many new local TV stations which are emerging across Indonesia, in a spirit of decentralization. In 2017, the number of television stations in Indonesia was 1,251, consisting of 24 public broadcasting stations (all state-owned), 763 private TV stations, 437 TV subscription stations, and 27 TV community stations (Kominfo, 2016). The television companies are spread throughout the provinces of Indonesia.

Regarding the Broadcasting Law, then, the ten private TV stations have conducted a number of a systematic campaigns, such as creating an image that the Broadcasting Act is threatening democracy (Rianto et al., 2012). Also, they submitted a judicial review to the Constitutional Court, in 2004.

There were two objections made by ATVSI (Sudibyo, 2004). First, the law of broadcasting is considered to be burdensome because it requires them to have networking broadcasts with local private television stations. Second, ATVSI opposes the Indonesian Broadcasting Commission's (KPI) overwhelming authority, including the power to revoke the license and develop a broadcasting code of conduct.

The judicial review which was proposed by ATVI to the constitutional court was granted partially (Rianto et al., 2012). The right to revoke a broadcasting license was removed from the KPI's authority, and the right to decide on the license given back to the government authority. The Constitutional Court's decision is highly ambiguous in the context of television broadcasting.

At the beginning of the drafting of broadcasting laws, the spirit that emerged was the desire to create a substantial broadcasting commission to organize the implementation of television broadcasting in Indonesia (i.e., KPI). Unfortunately, the Constitutional Court has revoked part of the commission's broadcasting authority, which is the authorization to grant and rescind broadcasting permits. The Constitutional Court stipulates that the power to grant licenses belongs to the government. The KPI only recommends to the government whether a broadcasting television is eligible to be licensed or not. Ideally, the Constitutional Court should follow the pattern adopted for the other independent institutions in Indonesia, such as the Komisi Pemilihan Umum (General Elections Commission) which has an extensive and substantial authority to determine and cancel a party's participation in the election. The Indonesian Broadcasting Commission has the same principles as the Election Commission. The power to grant and revoke the broadcasting license makes the KPI a strong institution. Due to the decision of the Constitutional Court, the television broadcasting industry tends to have little respect for the regulator of broadcast television in Indonesia.

Even though KPI has issued repeated sanctions, all national private television stations often breach the regulations (KPI, 2016). This phenomenon proves that they do not respect KPI as a broadcasting regulator. Table 2 shows that there is a persistent trend for all private national television broadcasting institutions to violate regulations.

Table 2. Number of commercial TV violations in Indonesia (2012-2016)

The Name of TV Channel	Y 2012	Y 2013	Y 2014	Y 2015	Y 2016
RCTI	20	24	40	37	27
SCTV	26	29	31	24	26
AN TV	14	31	30	31	12
Indosiar	28	24	20	22	27
MNC	19	25	24	22	24
TV One	16	27	19	18	25
METRO	24	27	16	31	11
Global TV	19	35	24	29	13
TV 7	25	28	26	26	25
Trans TV	25	47	37	67	38

Source: Author's own calculations, based on Komisi Penyiaran Indonesia.

After the constitutional court's decision, the government created ambiguous and unfair rules (Rianto et al., 2012), by applying the Ministerial Regulation on Communication and Information Technology, Number 43/MEN/Per.M.Kominfo/10/2009 on television network broadcasting. In that regulation, the government is developing a relay broadcast system rather than a networking system as required by the Broadcasting Act. In the relay system, the network tends to be a centralized one in which network members only forward broadcast content from the head of the system. Regulation 43/MEN/Per.M.Kominfo/10/2009 permits the leading network to occupy 90% of broadcast duration per day, while the rest belongs to network members. As a result, the majority of the content produced comes from the leading network, while the network members only produce a small proportion of the broadcast. The main channels also receive more advertising than network members.

In television network cooperation, national private television generally plays a role as the leading network with a greater share, while local TV stations are members of the system with smaller shares. National commercial TV stations have more advertising revenue than the local channels. Therefore, more money flows to Jakarta. Local television stations do not make much profit so they cannot develop into primary television stations. The network system based on the ministerial regulation means the content of broadcasts are centralized from Jakarta, rather than promoting information from the region. If, however, all members of the network produce broadcast content, the money will be spread to the provinces, and the local economy will grow.

Even though there are many TV stations in Indonesia, most of them are small companies with limited capital (Arifuddin, 2015). The networked television system based on relay principles means Indonesian television broadcasting is still controlled by national private television stations. A large number of the local stations do not make much profit, and the diversity of content and variety of ownership has not been achieved.

Such circumstances, however, are incompatible with the original purposes of the Broadcasting Act, which were to realize the diversity of content and ownership. Moreover, the government tends to tolerate this situation; the national private television feels that the ministry approves of their business activities. On the other hand, local TV stations will be loss-making if they do not join the network. This is because they can only cover 40% of their average operating costs, since they have lower advertising revenue (Rinowati, 2012; Surokim, 2014). They are not able to bear these losses over a longer period because they have limited capital (Harianto, 2014).

Due to the ambiguous policy of the Indonesian government and to unfair competition, many local channels have gone bankrupt and are no longer operating. If in 2016 there were 1,251 television stations, according to data from the Ministry of Communications and Information, but in 2017 this figure fell to 1,073 (Table 3), with 178 companies closing. There have been bankruptcies among television companies in almost all provinces of Indonesia. The province of West Java has suffered the most, with 14 TV companies ceasing operations.

The indifference of the television industry to the task of realizing the diversity of television content shows that the character of the broadcasting industry in Indonesia is more profit-oriented (Sudibyo, 2004; Arifuddin, 2015). This attitude is in line with the nature of capitalism which always wants to beat the competition, even if it is achieved by reducing the number of competitors (Shaikh, 2016). Limited authority

means that regulating the broadcasting industry is a challenge for the KPI, which cannot create favorable circumstances for all of the local television stations to develop, but concentrates more on overseeing the content of broadcasting.

Table 3. Comparison of Indonesian TV companies in 2016 and 2017

Number	Regions	Amount of TV Companies		Increased/Decreased
		Year 2016	Year 2017	
1.	Bali	26	24	-2
2.	Banten	30	25	-5
3.	Bengkulu	21	19	-2
4.	DIY	18	18	0
5.	DKI	74	61	-13
6.	Gorontalo	23	17	-6
7.	Jambi	34	33	-1
8.	Jabar	80	66	-14
9.	Jateng	63	52	-11
10.	Jatim	94	86	-8
11.	Kalbar	37	30	-7
12.	Kalsel	54	46	-8
13.	Kalteng	36	33	-3
14.	Kaltim	57	49	-8
15.	Kal utara	11	10	-1
16.	Kepulauan Babel	28	22	-6
17.	Kepulauan Riau	31	28	-3
18.	Lampung	31	27	-4
19.	Maluku	25	20	-5
20.	Maluku Utara	24	22	-2
21.	Aceh NAD	24	21	-3
22.	NTB	22	21	-1
23.	NTT	20	16	-4
24.	Papua	35	28	-7
25.	Papua Barat	15	11	-4
26.	Riau	66	58	-8
27.	Sulawesi Barat	12	8	-4
28.	Sulawesi Selatan	60	48	-12
29.	Sulawesi Tengah	25	22	-3
30.	Sulawesi Tenggara	22	20	-2
31.	Sulawesi Utara	39	30	-9
32.	Sumatera Barat	30	28	-2
33.	Sumatera Selatan	34	30	-4
34.	Sumatera Utara	50	44	-6
	Total	1251	1073	-178

Source: Author's own calculations, based on Kominfo, 2017.

The problems faced by local television have also received insufficient attention from the government and regulators. Many private TV issues, ranging from licensing, scarce capital, broadcast production, management, employee competence, the distribution network, and other technical matters have been neglected (Harianto, 2014). Local television wants the government to regulate the distribution of national advertising evenly so that advertising funds can be used to improve broadcast quality. Unfortunately, this desire is not shared by the government.

Referring to the World Bank report, a regulation that does not provide equal opportunities for all business actors is called an unfair rule and causes unhealthy competition (World Bank, 2017). These discriminatory practices can potentially result in market failure (Stengel, 2011). The Kominfo Ministry decree which was created to interpret the Broadcasting Act tends to be ambiguous, unclear, multi-interpretive, and brings uncertainty to business actors, thereby allowing unfair interests in political transactions, whereas regulations should be used for intervention if the market does not go well.

The unhealthy aspects of competition in the Indonesian television broadcasting industry have clearly occurred (Toni, 2016). For example, national television income accounts for almost 67% of advertisement spending (estimated at Rp.90 trillion), while local private television stations across the country contend for the rest (Rianto, 2013). Given their low revenue, local televisions are unable to finance themselves. They are only able to cover 40% of their operational costs from television commercials (Rinowati, 2012; Surokim, 2014). Furthermore, this situation has far-reaching impacts on the quality of programs, the attractiveness of broadcasts, the amount and quality of poor technical equipment, the inadequacy of human resources, and so on.

The circumstances described above mean local television cannot drive the local economy as is the case in the USA, where local stations have succeeded in turning the local economy and encouraging the public to engage in it. Interestingly, employees directly involved in this sector generally have wages which are 44% higher than the average national labor income (MPAA, 2017).

Conclusion. From the description above, it is clear that the television industry in Indonesia is still not able to generate higher revenue. It is a challenging task to increase the economic contribution made by the Indonesian television broadcasting industry when broadcasting regulations are ambiguous. Vague rules make the business model of underdeveloped broadcasting difficult, even dangerous and can lead to possible market failures. Rules that induce multiple interpretations also mean the competition between television companies is not healthy. National television companies are getting stronger, but small and new television companies cannot grow and always face difficulties. If small television companies in all regions of Indonesia cannot grow, there will be no chance for the television industry's commercial revenues to grow. Hence, a change needed is in the rules. The government should change its television rules to be unambiguous and must dare to force national private television to follow the Broadcasting Act because the spirit of reform is to realize the diversity of content and ownership.

In terms of economic theory, the phenomenon that has occurred in Indonesia strengthens Stengel's opinion that poor regulation can lead to market failure. Conversely, proper controls can cause the market to run well. What is happening in Indonesia provides evidence that ambiguous rules can cause the economy to move in the wrong direction. If a businessperson cannot operate in a healthy competitive climate, it will be difficult to make a profit and develop into a healthy company. Furthermore, such circumstances may lead to market failure. Conversely, if the health of local broadcasting company business is improving, local television can contribute more revenue and boost the Indonesian economy on a national level.

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