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Corruption Scandal In Indonesia**

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Ardhy Dinata Sitepu

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Members of the Examining Committee:

Dr. Robert Sparrow

Dr. Mathias Rieger

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Inquiries:**Postal address:**

Institute of Social Studies
P.O. Box 29776
2502 LT The Hague

Location:

Kortenaerkade 12
2518 AX The Hague
The Netherlands

Telephone: +31 70 426 0406
Fax: +31 70 426 0799

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List of Acronyms

Alutsista	Alat Utama Sistem Pertahanan/The Main Tools of Weapon Systems
CPI	Corruption Perception Index
Gerindra	Partai Gerakan Indonesia Raya/The Great Indonesia Movement Party
ICW	Indonesia Corruption Watch
KKN	Korupsi, Kolusi, dan Nepotisme/Corruption, Collusion, and Nepotism
KPK	Komisi Pemberantasan Korupsi/Corruption Eradication Commission
KPK	Komisi Pemberantasan Korupsi/Corruption Eradication Commission
MMC	Millimeter Column
MNC	Media Nusantara Citra
P3	Putra-Putri-President/The Son and Daughter of President
PBB	Partai Bulan Bintang/The Crescent Star Party
PDI-P	Partai Demokrasi Indonesia Perjuangan/The Indonesian Democratic Party of Struggle
PKI	Partai Komunis Indonesia/Indonesian Communist Party
PWI	Persatuan Wartawan Indonesia/Indonesian Journalists Association
RCTI	Rajawali Citra Televisi Indonesia
SBY	Susilo Bambang Yudhoyono
SCTV	Surya Citra Televisi Indonesia
SIUPP	Surat Izin Usaha Penerbitan Pers/The Press Publishing Business Licence
TVRI	Televisi Republik Indonesia/ Television of the Republic of Indonesia

Abstract

This paper discusses the impact of government advertising and political affiliation of media ownership to the coverage of corruption scandal in Indonesia in 2013 and 2015. There are three theoretical frameworks used in this research, including the propaganda model, the oligarch, and the collusion. These theoretical frameworks, together with the literature, and the empirical evidence construct the model used in this research. For measuring the impact of advertising and political affiliation to the front pages, I use the panel dataset with fixed effect model and Least Square Dummy Variable (LSDV) as the estimator. The finding strongly supports the negative and significant contribution of advertising to the front pages of a corruption scandal. However, the result does not confirm the significant impact of political affiliation to the front pages. The impact of political affiliation to the front pages of corruption is measured by comparing the trend of coverage and the political background of media ownership. The result found that newspaper which has the political affiliation with the government tend to hide corruption scandal than other newspapers without political affiliation.

Relevance to Development Studies

The major objective of Development Studies is promoting and finding the way to maximize the economic development. By hiding the corruption scandal in the front pages, media allows the corruption spread out to any level of society. Many literatures mention that the corruption scandal is being the obstacle to achieve the economic development as corruption affects the social and civic capital (trust), the distribution of income, the quality of the environment, and the personal health status. The negative effect of corruption on these indicators suggest that corruption is being the critical issue in development studies.

Keywords

Advertising, Political Affiliation, Corruption, Media Coverage, Economic Development

Chapter 1 Introduction

1.1 Background

Since the fall of the New Order¹ regime in 1998, media freedom has been on a peak. The media law, drafted under the subsequent government, supersedes the existing laws on media freedom in various media platforms, including the press laws and film laws (Sen and Hill 2006). However, media freedom does not mean that the media is free from pressure and intervention. The Indonesian media industry was concentrated in the hands of a few conglomerates dominating the media market right after *the reformasi 1998*² (Tapsell 2015). The media was also influenced by the political and economic motives as mentioned by Herman and Chomsky in the *Manufacturing Consent: The Political Economy of the Mass Media* (2010). The media puts its economic and political interests alongside its basic social and public responsibility.

However, they are not always compatible with each other. In fact, the media is becoming a contested arena of many interest groups such as business, politics, religions, and other communities. Some interest groups are more powerful than others. This is what we see nowadays in Indonesia where the political and economic interest groups have a significant influence on the national media (Nugroho et al. 2012). Winter (2013) found that a few people own media groups in Indonesia, and three of the 12 media groups have apparent political affiliations, like the *Media Group*, *MNC Group*, and *Visi Media Asia Group*, while the rest are partisan. This situation would put Indonesia in jeopardy as many of the vested interests are part of government officials or political parties. The primary function of media as the government watchdog would diminish over time.

The improvement of media conglomeration is in line with the corruption scandal incident. Since the end of the New Order era, when conglomerates began to dominate media, the corruption scandal has flourished and spread to all levels of bureaucracy. According to the Corruption Perception Index (CPI) reported by Transparency International in 2015, Indonesia ranks 88 (score: 36) out of 175 countries on the least corrupt nations list. This ranking is lower than other neighboring countries in Southeast Asia such as Singapore (ranking: 8; score: 85), Malaysia (ranking: 54; score: 50), and Thailand (ranking: 76; score: 38) (Transparency International 2015). People will not be surprised by this as

¹ The New Order is an authoritarian regime under President Soeharto for 32 years from 1966 to 1998. The regime is known as authoritarian because it effectively banned political activism, political debates and even media freedom. During the regime, the media was controlled under the command of the government through formal and informal censorship and then through ownership which by government and people who were close to the royal family (Sen and Hill 2006:2-12).

² *Reformasi 1998* is the political transformation in Indonesia bringing in many changes such as the end of communism threat, a new legislature, and the new executive-legislative relation. During *reformasi 1998*, the Soeharto and military collapsed because of the massive demonstrations from university students (Schneider 2009: 296).

media coverage on corruption scandals is quite massive. The media has always been interested in corruption news, especially corruption within government and political parties. A significant increase in corruption news points out that the incidents of corruption has increased simultaneously. According to the data collected by Pradiptyo (2015), corruption in Indonesia had increased significantly during a six years period ending in 2015, from 549 cases with 831 defendants in 2009 to 2321 cases with 3109 defendants in 2015 (Ghosh and Siddique 2015).

The massive corruption is perceived as the crucial problem not only because it loses the state budget, but also due to its adverse effect on growth and business operations in Indonesia. Many studies have been concerned with the consequences of corruption on economic growth. At the macro level, corruption is perceived as an obstacle to economic growth and development. Corruption directly affects the economic processes, such as investment, taxation, and also the effectiveness of public expenditure (Anti-Corruption Helpdesk 2014). A World Economic Forum survey of firms reported that corruption is the most fundamental barrier to do business in Indonesia. The market players believe that corruption increased, and consequently reduced the trust of foreign investors. This survey is also reinforced by the study by Centre for Strategic and International Studies (CSIS) that shows that 56% of respondents still believe that corruption is widespread in the Indonesian government (OECD 2016). The negative effect of corruption on economic performance suggests that corruption is one of the critical issues in development policy (Brunetti 2003)

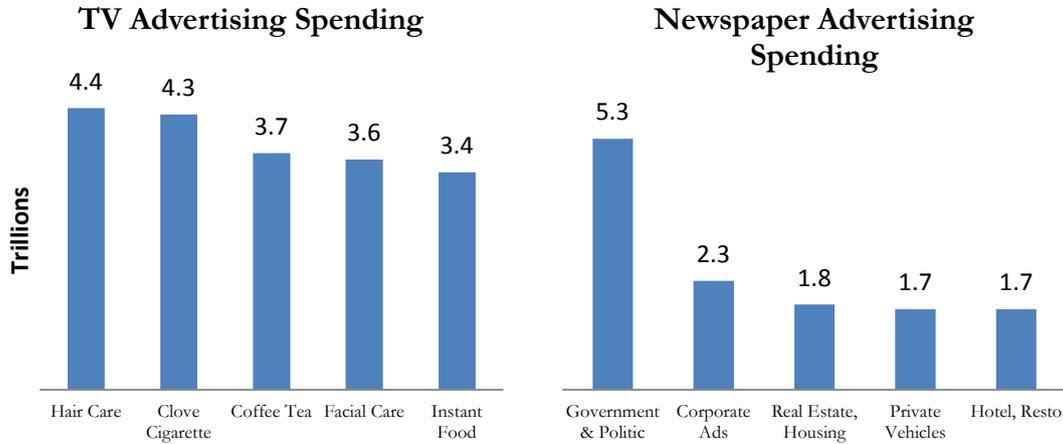
Free media is an effective institution to watch the trespassing of the government on corruption scandal. Countries with independent media should have less corruption compared to countries under authoritarian regime (Brunetti 2003). The independent media behaves as an external control mechanism in checking corruption. The individuals or organizations outside the government bureaucracy have to ensure that the government is on track. Even though external control is normally represented by the judiciary, in countries with less developed checks and balances, other parts of the society such as a free and independent media, potentially become the only powerful external control (Rahman 1986).

In the current situation, Indonesian media is able to publish the political issue which was previously restricted, especially at the end of the New Order era under Soeharto's regime (Kakiaailutu 2007). The reformation after Soeharto's regime had triggered structural changes in legislation to protect media freedom. Indonesia's media bill was re-drafted and revised during the reformation transition in 1999. The reformation also encouraged a widespread proliferation of new media companies which is marked by the increase of newspaper, television, radio, and online news. As a result, Indonesian media emerged as the freest media in Asia (Anwar 2010)

Even though the reformation had created independent and free media, Indonesian media cannot be separated from the government, as the major part of the income for Indonesian media comes from government advertising. The data shows that government and political advertising were in the highest categories, particularly in newspapers. Government and political institutions spent about Rp5.3 trillion of advertising in newspapers in 2015.

This is still higher than the largest categories in television which was about Rp4.4 trillion. The trend is shown in the diagram below.

Figure 1.1 the Top Category Spenders for Television and Newspapers 2015



Source: Nielsen Advertising Information Service (AIS) 2015

The amount of money that had been spent by the government on newspapers was considerably high during 2015. It is probably because of the large number of newspaper outlets in Indonesia. There were 1076 print media houses in operation until 2010. The data compiled by Low (2003) mentioned that *Kompas* leads with 600,000 copies daily, followed by *Jawa Pos* (450,000), *Suara Pembaharuan* (350,000), *Republika* (325,000), and *Media Indonesia* (250,000).

Although newspaper readership is much smaller compared to electronic media, newspaper still has a huge influence on determining what constitutes news (Hills and Sen 2000). This assumption is still valid to some extent. Print media not only distributes information but also provides a place for a wide range of debates on social, cultural, economic and political issues. Hills and Sen (2000) argue that print media has the ability to set the political agenda much more than other media platforms in Indonesia. Print media might be having politically active readers than other electronic counterparts. The combination of both readership and the prominent media such as *Kompas* and *Tempo* make the content of print media much more salient than other types of media in Indonesia (Lim 2012).

1.2 Justification for the research

A free and independent media is the fourth pillar of democracy. Many assume that an independent media is the most effective institution to watch over the trespassing of government officials as media provides a powerful external control against the government behaviour of rent-seeking. The organisations or watchdogs outside the government exercises external control of government malfeasance. Besides the legal institutions such as the court and anti-corruption commission, independent media provides an appropriate working system of checks and balances (Brunetti and Weder 2001). However, a free and

independent media never meant that the media is objective and unbiased (Baron 2006; Blasco and Sobbrío 2011; Bernhardt et al. 2008). Most people realize that every media house has a political and economic spectrum which influences its news content. Transparency International (2016b) identifies three ways by which media content could be biased: the interest of media ownership, lack of high standard professional journalists, and non-transparent funding and advertising.

There is growing interest on how media manipulates its content to fulfill advertiser's interests (Baker 1994; Hamilton 2004; Ellman and Gemano 2009; Tella et al. 2011). This trend emerges because the change in its business structure. The media sector nowadays does not rely on traditional avenues for revenue. Media companies search for alternative resources which tied to particular interest. Therefore, many media companies are in agreement with public relations agencies, government bodies, and advertising companies to publish news as editorial (Transparency International 2016b). However, media companies deny the accusation that their content benefit advertisers. For instance, in 1996, Kiplinger's Personal Finance published an editorial statement which claimed that advertisers do not influence media content (Reuter and Zitzewitz 2006)

The impact of government's advertising on news coverage has been written by Franceschelli and Tella (2011), focusing on the coverage of corruption scandal on the front page of four major newspapers in Argentina. The result indicates that the bias of newspaper and government relation on the reporting of corruption scandal news. Other relevant literature from Stepenburst (2000) emphasizes that the effectiveness of media reporting on scandal is affected by freedom of expression, access to information, motives of the owners, situation for competition, credibility, and outreach. Media reporting on corruption would cause the both tangible and intangible impacts. He tries to identify how media publishes corruption scandal through different methodology. In this paper, the author observes and analyses the influence of advertising on media coverage in several national newspapers published between November 2009 and October 2014.

1.3 The research objectives and questions

The purpose of this study is to examine how the political economy of media influences the way media reports on corruption scandals. In particular, this study looks at the way media changes its business structure and ideology to fit the capital owners; how political ideology and political affiliation influence media coverage of corruption scandals, and how these factors correlate with each others.

This study is guided by the framework that views the media as a medium of propaganda. This concept is well explained by Herman and Chomsky (2010) in the *Manufacturing of Consent: The Political Economy of the Mass Media*. To understand the structure of media interest through advertising, we look at the research by Franceschelli and Tella (2011) and a comprehensive research on the overview of Indonesian media was provided by Nugroho et al. (2012) in the *Mapping landscape of the Media Industry in Contemporary Indonesia*.

This research will address the following questions:

- a. Does government advertising influence media coverage of corruption scandals?
- b. Does political affiliation of media ownership influence media coverage of corruption scandals?

1.4 The structure of the paper

The paper presents the economic and political interest of media coverage of corruption scandal from four leading newspapers in Indonesia. The study will be divided into seven chapters. This chapter elaborates the background of the research including the justification, research objectives, and questions. Chapter two explains the basic concepts of the theoretical framework including the propaganda model and the concepts of oligarchy and collusion. This chapter also elaborates the empirical evidence which supports the study. Chapter three gives an overview of media ownership and political interest of media in Indonesia. Chapter four focuses on the research methodology and hypotheses of the research. Chapter five provides the descriptive analysis and the data collection. Chapter six discusses the result and the analysis of the empirical finding. Finally, chapter seven will conclude the research and give policy recommendations related to the study.

Chapter 2 Literature Review: Theoretical Framework and Empirical Evidence

2.1 Theoretical Framework

2.1.1 Propaganda Model

The propaganda model was originally laid out and presented by Edward Herman and Noam Chomsky (2010) in the *Manufacturing Consent: The Political Economy of the Mass Media*. The model argues that media has a fundamental function as a propaganda actor in capitalist democratic countries. The news content production is created through the interaction of some determining factors including ownership, management, and social circles. This interaction subsequently emerges as conflict of interest among actors that cause multi-level effects on mass media interest (Herman and Chomsky 2010).

The function of media is to create propaganda. It is a salient aspect of media coverage.

“The societal purpose of the media is to inculcate and defend the economic, social, and political agenda of privileged groups that dominate the domestic society and the state. The media serves this purpose in many ways: through selection of topics, distribution of concerns, framing of issues, filtering of information, emphasis and tone, and by keeping debates within the bounds of acceptable premises” (Herman and Chomsky 1988: xi).

It means that media is always the manipulation tool of powerful elites. The powerful elites (government and politicians) can induce bias in news since it allows government and dominant private interests to filter out the news, marginalize dissent, and convey their message to the public. The propaganda model probably acknowledges journalists and editors as a central player in creating an issue mainly to disseminate information and mobilize media audiences, but the selection process of the editorial board is filtered by the five constraints of media performance (Herman and Chomsky 2010).

These five interrelated constraints interact with each other and have a multilevel effect on media performance. First, dominant media are profit-seeking companies, and are owned by wealthy people or companies. Second, dominant media's income is largely from advertisers who are profit-seeking entities. Third, the media also has a close relationship with governments, businesses, and experts as the primary sources of news. Fourth, the media considers a negative response or flak towards any media statement or television program such as petitions, lawsuits, and another form of protest to media. The complaint may be organised centrally or locally, or it may come from independent entities. Fifth, mainstream media ought to promote anti-communism (Herman and Chomsky 2010).

Herman and Chomsky (2010) believe that the propaganda model does not constitute the conspiratorial view of the media as criticized by Holsti and Rosenau (1984). The conspiracy theory implies that media is controlled secretly from outside the normal institu-

tional channels, but they insist that the propaganda model is the free market analysis of media which concerns on the outcome of market forces. There are three reasons behind this rejection. First, the label of conspiracy theory has ignored the consideration of evidence. Second, the process of intervention would have intended or unintended results which indicate that the media depends on a particular case. The model assumes that media behaviour can be explained through structural concepts. Therefore, it is not part of conspiracy. Third, Herman and Chomsky successfully explain media behaviour through five determining factors which influence the production of news contents.

Klaehn (2009) found that the propaganda model is valid since the powerful elites, whether corporate or political entities successfully influence ordinary citizens to fulfill dominant elite interests. Furthermore, he tries to construct the link between the propaganda model and Marxian ideology to examine that media interest is also related to class structure or class relation of the media companies. The study from Zollmann (2009) on *Is it Either Or?: Professional Ideology vs. Corporate-media Constraints* also provides the evidence how propaganda model works. He tries to assess the propaganda model and its third constraint in the United States and the United Kingdom context. The main finding argues that the corporate is the dominant factor in media performance. Although journalist claim as the independent actor, the news would be flexible depending on those who own, fund, and control the media.

2.1.2 Oligarchy

Oligarchy is originally from the Greek word *oligarkhia* (government by a few) which is formed by two syllables *oligoi* (few) and *arkhein* (to rule) (Indridason 2008, as cited in Winters 2011:1). The concept of oligarchy is widely used in social sciences, but it has defied clear definition. James Payne (1968) believes that the concept is “muddled,” while Leach (2005) said that the concept is underspecified. Further, Winter (2011) states that the International Encyclopedia of Social Sciences defines the concept of oligarchy as “a form of government in which political power is in the hands of a small minority.”

Most of the oligarchy theories initially define the concept as “the rule by few.” Then, it goes to more precise and actual definition, especially in political sciences where oligarchy is presumed as part of the power resource theory (Korpi 1985). Korpi mentioned that an oligarch is an actor who has the power to control massive material resources which are used to defend and enhance their wealth and create exclusivity in the society. As the actors who have an abundance of resources, an oligarch usually faces the political problems related to their resources. In the beginning, their obsession is just to protect their resources, but then the property obsession of oligarchs goes beyond their initial intentions. Therefore, oligarchy often recognised as the politics of wealth defense.

However, the oligarchs are different from elites. Elites accumulate their power based on non-material power resources, while in contrast, oligarchs focus on material power. The position of oligarchs and elites can be classified in the system, but often

overlaps where the oligarchic power potentially leads to being an elite. Both positions actually could be symbiotic in which oligarchs have only material power resources and many elites (political elites) lack material resources (Winters 2011).

In the context of Indonesia, the democracy and oligarchy are not a zero-sum political phenomenon. Oligarchy is defined as the product of material stratification in the society rather than the impact of a democracy deficit. However, because democracy has different power sources within the oligarchy, it may become a threat to democracy, and potentially could take and redistribute the material sources from a few to the larger society. However, such conflicts rarely happen as oligarchs always attend every element in the country ranging from government institutions, laws, and practices of participatory politics (Winters 2013)

Even though the political system shifted from authoritarian to democracy after 1998, oligarchy did not disappear entirely. Oligarchic power is still manifested in Indonesian political system. The country probably faces the most complicated and unstable situation between democracy and oligarchy. Some oligarchs are directly involved in the political institutions and compete to take office through elections. Meanwhile, the oligarch who has been on outside the ruling group are enjoying the wealth and compete with the elite to acquire more archipelagos and agricultural resources (Winters 2013).

2.1.3 Collusion

World Bank (2017) defines collusion as a secret arrangement between two or more parties for a common goal. With regard to media content, collusive practice implies that media tries to hide the scandals from public attention because they receive money from the government. The government transfer gives money to media companies to undermine the corruption occurrences. Vaidya (2005) suggests that media and government have a complex relationship. Media use constitutional safeguards, which protect media while collecting and publishing corruption scandals, as the bargaining position on rent sharing from a corruption scandal.

The timing of interaction between government and media companies can be illustrated as follows. In the first step, the government decides to get involved into a fraudulent act which provides private benefits. In making the decision, the government probably considers the probability of media to expose the scandal to the public. In case the media succeeds in publishing the scandal with valid evidence, the government will lose the profit. In the following step, the media would observe the government's behaviour towards a particular issue on corruption. Media, then, will consider whether to expose the corruption to the public or negotiate with the government to hide the corruption for favourable settlement. There are two possibilities if media houses decide to publish the corruption scandal: first, media might have to compete with government's counter-charge, and second, media company can gain credibility from the public which increases their private benefit from readership (Vaidya 2005).

Dijk (1995) elaborates on the collusion between media firms and corporate business. He assumes that corporate business has limited or no access to the boardrooms and newsrooms of mainstream media. Therefore, advertising is the only tool to influence and maintain editorial opinion. The other similar research on media interest in corruption scandals was written by Tella et al. (2011). They argue that the main idea of collusive practice in media is associated with the government's cost of advertising. The government money to media firms would consider both the characteristic of scandals and the readership of newspapers. The government will maintain the collusive practice with media companies if a large payment is linear to the news coverage distortion of a corruption scandal. Therefore, the collusive arrangement would be existing if the media and government both benefit, but it would hurt the consumers.

2.2 Empirical Evidences

After looking at the previous studies carefully, I found that most of the existing literature investigated the relation between (a) general overview of the media company and public rights; (b) advertising and news coverage of corruption scandal; and, (c) politics, oligarchy, and media coverage. Literature on the political and economic motive of the media towards corruption scandal in Indonesia, using quantitative analysis, does not exist.

First, I describe an overview of the media industry in Indonesia which is published and written by Nugroho et al. (2012). The research aims to examine the development of the media industry in Indonesia and how the civil community claim their right to the media. The writers try to collect the data through a qualitative approach from interviews, focus groups, workshops, ethnography, observation, and document analysis. The data was gathered from 12 media groups in Indonesia, including *Kompas Gramedia Group*, *Jawa Post Group*, *MNC Group*, *Mahaka Media*, *Media group*, and other media companies. This research found that media companies treat the media as a business commodity through mergers and acquisitions (M&A). As a result, the media has become more biased due to owners' intervention. This process would endanger public rights to get reliable information, and it would threaten the spirit of diversity and ownership in media.

The causes of media bias cannot be attributed to one specific factor. There are a large number of studies focus on the reasons of media bias (For instance: Groseclose and Milyo 2003; Baron 2006), Since this study concerns on how advertising and political differences influence news coverage, the review on economic and political perspectives will be broader. Some works of literature specifically explain the effect of advertising on news content. Ellaman and Germano (2005) have developed two main ideas on how advertising biases news content. First, even though advertisers have no hierarchical power in Media Company, they can influence the content of newspapers as the company considers the benefits and then internalises the sponsors' concern. Second, the actor who has the power to increase the profit through generating substantial input to newspaper companies will have the authority to control the reporting. However, they found that the impact of advertising is higher only in monopoly, while it is much weaker in duopoly. Therefore, the

increase in advertising spending in media probably reduces the bias since newspapers will compete with each other. This idea is related to that of Gabszewicz et al. (2001) which examines the impact of advertising on the intensity of competition. They found that advertisers have no absolute power to influence news content directly as it would mean that the news is different in every newspaper, depending on the major advertiser of that newspapers. Also, they have found that the intensity of competition causes the convergence of media content.

How does government advertising create bias in news coverage? There is a possibility that the government pays to cover up the negative event. The previous research referred here is analogous to the measure used by Tella and Franceschelli (2011). They revealed that media has an important role in controlling government's rent-seeking behaviour. It is common that governments in every country tend to influence media content through censorship and intimidation. However, Tella and Franceschelli conclude that the relationship between media and government in Argentina (1998-2007) seem to be more commercial where the government pays the press to cover up negative news events. There are broad theories explaining the relationship between the coverage and advertising, the first is called "affinity" which explains the mutual relation between government and media outlet. A government which is assumed to have a close relation with the media pay a lot of money to press companies, in exchange of media companies giving smaller coverage to negative news about the government. The second theory is called "collusive" which is concerned with how media hide the scandals from the public. The idea is that government advertising covers up every scandal.

Meanwhile, the other studies related to the political affiliation of media companies have been analysed by David T. Hill and Krishna Sen in *Media, Culture, and Politics in Indonesia* (Hill and Sen 2000). The book is the most popular research in Indonesia since the reformation in 1998. During the New Order regime, press was intervened and controlled by the government through the Ministry of Information. Press company at that time was placed in a critical situation where the authoritarian regime directly opposed the press freedom. The research comprehensively studied the situation of media development in Indonesia from the New Order era to post-reformation 1998.

The study uses the print media as the research subject because print media has significant effect to the readers. The study by Shelley Boulianne (2011) on "*The Stimulating or Reinforcing Political Interest: Using Panel Data to Examine Reciprocal Effects Between News Media and Political Interest*," tests the role of different media platforms in both stimulating and reinforcing political interests. Boulianne interviewed respondent over telephone and internet. The result shows that television news is more likely to be used as a tool for those who have a low level of interest in politics. In contrast, online and print media news are more likely to stimulate people who truly concern about political issues. Hence, the different contexts would be useful to measure which media platform is more efficient to deploy the political contents.

Chapter 3 The Overview of Media, Political Faction, and Corruption Scandal

3.1 Introduction

This chapter explains the general overview of media reforms during Indonesia's transition to democracy and how the transition changes the fundamental structure of media interests in Indonesia. The author begins with a general overview of the media industry in Indonesia, followed by a description on media oligarchy which affects media's political interests. Finally, the third section will provide the overview on how media cover corruption scandals.

3.2 General Overview of the Media Industry in Indonesia

3.2.1 A Brief History of the Media Industry

Media company have gone through ups-and-downs during several periods. At a young age of the republic (1945-1955), media was a tool for independent revolution. Press was used to share state propaganda opposed to the colonial power through newspapers and radio³. Even though media and government had a common interest, the relationship between government and media companies always looked suspicious and tense as the consequence of political ideology. The political parties and government officials with different ideological perspectives built their own media company. For instance, *Bintang Timur*, which was linked to the Indonesian Communist Party (PKI), and *Berita Yudha* which was owned by the national army (Nugroho et al. 2012).

The following decade was marked by partisan press (1965-1980) and the resurgence of media company at the end of 1980s. At that time, media was an extension of the government which reported the government's activities and institutions. Meanwhile, other media houses which opposed the government were likely to be banned, temporary or permanent. This strict regulation on the press was exacerbated by the presence of oligarchs in the media business. More stakeholders began to be involved in media business processes, but most permits were given to those related to Cendana family. As a consequence, most media companies are owned by the government or the people related

³ Radio was a propaganda tool before and after 1945. The state owned radio, RRI- *Radio Republik Indonesia* (Radio of The Republic of Indonesia) was formerly under a Japanese controlled network. Before independence in 1945, the radio was used by the youth to communicate and consolidate their struggle towards the dutch occupiers, and soon after independence in 1945, RRI was used for political propaganda (Nugroho 2012:62).

to the Cendana family⁴. For instance, State-owned television, TVRI, was entirely controlled by the government through the Ministry of Information. The government largely use TVRI as a tool for propaganda. In 1987, after private television was allowed by the government, RCTI emerged as the first private television which belonged to Bambang Trihatmodjo, Soeharto's second son. Then, in 1990, SCTV was the second private television to start broadcasting. The company was owned by Soeharto's cousin, Sudwikatmono. Then TPI followed as the third private television and belonged to Soeharto's daughter, Siti Hardiyanti Rukmana.

Furthermore, the press has also limited the criticism through various regulations and instruments such as formal and informal censorship, banning publications, strict licenses, monitoring and controlling journalists through PWI (McCargo 2003). During that time, mass media companies were strictly regulated under the Press Publishing Business Licence (SIUPP). The Ministry of Information Decree no. 1/1984 required all mass media companies applying for SIUPP after several bans emerged due to dissenting news in newspapers such as *Tempo*, *Kompas*, and *Sinar Harapan*. Some media houses survived even though they were banned more than once. The publication permit was readily granted only for the companies which have close relations with government officials. Some news magazines that were owned by Soeharto's family and the people who were close to the Cendana family also had privilege in getting the publication permit. There are some news magazine which got such privilege including *Pos Kota* which was owned by the Minister of Information Harmoko, and *English News Observer* which was owned by businessmen related to Soeharto's son, Peter Gontha (Sen and Hill 2006).

The media regulations changed after *reformasi 1998*. *The reformasi* fundamentally rebuilt the structure of relationships between media and government. At this time, the press was allowed to report more informative and deliberative news (during 1999-2004). Further, the government allowed public ownership of media. This regulation indirectly curbed the media conglomeration which is controlled by political elites or rich people (Haryanto 2012). The media conglomeration initially was monopolistic, but then it changed to oligopolistic where only a few individuals control the media.

3.2.2 Oligarchy in Media

A large amount of money was moved to consolidate the information and communication through media after 1998. The concentration of media ownership has jumped dramatically after *the reformasi 1998* where a small number of people controlled and owned the vast majority of media, including television, radio, newspaper, and online outlets. Before 1998, there were only 289 print media outlets, but the number increased

⁴ It refers to Cendana Street in Menteng, Jakarta. The place where the extended Suharto family continued to reside in undisturbed luxury (Klinken 2001:323-350).

about four-folds during the democratic transition. In 1999, the number of outlets exploded to 1,381, and continuously rose to become 1,881 in the next two years (Winters 2013).

The dominant national media group owns five of the six newspaper outlets with largest circulation and also has the four most prominent online news media (Winters 2013). Even though those private media companies are free from intimidation and have a large proportion of national media, they are dominated by the political oligarchy which maximises their political and economic interests. There are several reasons why media conglomeration is salient for both political and economic interests. First, media is the effective socialisation tool that gives information and knowledge, and may influence and shape public perception toward a specific issue. Second, media is an agitation tool in which the language affect the emotional and psychological response of the readers. Third, media is the effective propaganda to encourage public curiosity and action towards a particular issue. These three reasons subsequently make the media an arena of political and economic contestation at the same time (Jati 2014)

A small number of people own a vast majority of media companies in Indonesia as shown in table 3.1:

Table 3.1. Oligarchic Dominance of Media in Indonesia

Group	Print Media	Online Media	Other Businesses	Owner
Media Nusantara Citra (MNC) Group	7	2	Content production, Content distribution, Talent management	Hary Tanoesoedibjo
Jawa Pos Group	171	2	Paper mills, printing plants, Powerplant	Dahlan Iskan Azrul Ananda
Kelompok Kompas Gramedia	88	2	Property, Manufacturing, Bookstore chain, Event organizer, University	Jacob Oetama
Mahaka Media Group	5	3	Event organizer, PR consultant	Abdul Gani, Erick Thoir
Elang Mahkota Teknologi	5	NA	Telecommunications and IT solutions	Sariatmaadja Family

CT Group	NA	2	Financial services, Lifestyle and Entertainment, Natural resources, and Property	Chairul Tanjung
Visi Media Asia	NA	2	Natural resources, Network provider, Property	Bakrie and Brothers
Media Group	2	2	Property (Hotel)	Surya Paloh
MRA Media	NA	16	Retail, Property, Food and beverage, Automotive	Adiguna Soetowo and Soetikno Soedarjo
Femina Group		15	Talent agency, Publishing	Pia Alisjahbana
Tempo Inti Media	2	1	Documentary making	Yayasan Tempo
Beritasatu Media Holding	10	2	Property, Cable TV, Health, Internet service provider services, and University	Lippo Group

Note: NA (not available)

Source: Yanuar Nugroho et al. 2012

From the data above, it is known that the Media Nusantara Citra (MNC) group is the leading media company with an extensive media platform. MNC has three terrestrial television stations, three pay-TV stations, 14 local television station, 22 radio stations, one newspaper, and two online media websites. However, as mentioned by Nugroho et al. (2012), the MNC group has no powerful content to influence the national issue.

“MNC is the one [among other media groups] that has the strongest media platform. They have radio stations, a website; they have tabloids, newspapers; they have three terrestrial television stations; they have cable TV – Indovision; but they are not an issue leader. ... They have a powerful media platform, but they do not have powerful content” (DD. Laksono, WatchDoc, Interview, 21/09/2011).

Jawa Pos News Network (JPNN) and *Kelompok Kompas Gramedia Group* are the leading newspaper networks. These groups are the biggest print media companies which control the numerous newspapers and other print media distributed whole the country. JPNN, the most prominent newspaper network, has *Jawa Pos* and 133 other newspapers under *Radar Group*. Meanwhile, *Kelompok Kompas Gramedia Group*, the highest-circulation newspaper, has

Kompas and 27 other newspaper under *Tribun Group* (Nugroho et al. 2012). Even though *JPNN* is more powerful in market penetration as this group controls hundreds of newspapers, but *Kompas* is still powerful to penetrate its influence to the readers since *Kompas* distributes around 500 thousand copies every day (Nugroho et al. 2012).

Indonesian media companies are growing and expanding through many platforms, the content does not change much as the expansion of media platforms are not followed by the expansion of the content per se. This is because the expansion of ownership does not follow the convergence of media companies. Scholars remain skeptical about the greater divergence of media through digitisation of news and the emergence of internet and social media as Indonesian media is owned by a small group of people. The merger and acquisition by several media companies in 2011 was the greatest acquisition in Indonesian history (Tapsell 2015).

3.2.3 Media Oligarchy and Political Parties

There are several media groups which have an apparent affiliation with the political parties. *Viva News Group* is owned by an elite of the Golkar Party Aburizal Bakrie. He was the Chairman of Golkar Party until 2015; *MNC Group* is owned by the chairman of the new political party called United Indonesia Party (Perindo Party). He was an elite from National Democratic Party until he decided to move to Hanura Party in January 2013. *Media Group* is the first news media in Indonesia which is owned and founded by an elite of National Democrat Party, Surya Paloh. Meanwhile, other media groups such as *Surya Citra*, *Mahaka* and others prefer to call themselves as the balancer and the controller of journalistic ethics. Even though the owners are not involved in the political party directly, some of the media groups have a distinct tendency towards a particular political party or have a close relation with the political elites.

The ideological background of each media ranges from the conservative left-wing to the extreme right-wing. This ideological spectrum is not the primary reason why the conflict arises among media. Indeed, the conflict is the consequence of the oligarchic personalities and political groups that own each media. The author divides the media-political affiliation based on the presidential period of Susilo Bambang Yudhoyono (2013) and Joko Widodo (2015) as follows.

Tabel 3.2. The Political Affiliation of Media during Susilo Bambang Yudhoyono's Period (2013)

Politician	Oligarch/Backers	Media	Owns/bought Party	Political Link
Aburizal Bakrie	Viva News Group	TV One, ANTV, Vivanews.com, and Jawa Pos Group	Golkar Party	Government Coalition

Susilo Bambang Yudhoyono	Budi Sampoerna, Sunaryo Sampoerna, Chairul Tanjung, Ramadhan Pohan, James Riady (Pieter Gontha)	Media Nusa Pradana (Jurnal Nasional), Transcorp, Beritasatu, Detik	Democratic Party	Government Coalition
Surya Paloh	Media Group	Media Indonesia, Metro TV	Nasional Democratic Party	Hidden
Prabowo Subianto	Vivanews.com and MNC Group	TV One, ANTV, Vivanews.com, RCTI, MNC TV, Global TV, Koran Sindo, and others	Gerindra Party	Government Opposition
Wiranto	Hary Tanoesoedibjo	MNC Group (RCTI, Global TV, MNC TV, Sindo Radio, links) Seputar Indonesia, Okezone.com)	Hanura Party	Hidden

Sources: Winters (2013) with additional data from author

In 2013, the ruling government was supported by only a few media group. The President Susilo Bambang Yudhoyono (SBY) and his political party only have one newspaper *Jurnal Nasional* which was established during his presidency, but he was supported by several media groups such as *Transcorp* and *Lippo Group* which accounted for 27% share of TV (Winters 2013). However, at the end of the presidential period, the corruption scandals and the moral depravity of the SBY's cabinet was massively blown up by media.

“Indeed we do not have television, newspapers, online media. Our party also does not have trillions of abundant dollars to master broadcasts and advertisements on TV and other media,” said SBY when he spoke at the party anniversary in Sentul International Convention Center (SICC), Bogor (Kompas 2013).

In contrast, Joko Widodo has become a media phenomenon and dominate the political news coverage from mid-2012, throughout 2013, and during his presidency. It is argued that Jokowi's domination in media is the new form of political campaign through non-traditional platforms and media. He uses a different approach where he involved media engagements to communicate the program. This traditional mode of communication power was never used in Indonesian politics previously. Through this approach, he also challenged the oligarch of mainstream media companies in Indonesia (Tapsell 2015). The political affiliation of Joko Widodo to the oligarchs and mainstream media is presented in Table 3.3.

Tabel 3.3. The Political Affiliation of Media during Joko Widodo's Period (2015)

Politician	Oligarch/Backers	Media	Owns/bought Party	Political Link
Aburizal Bakrie	Viva News Group	TV One, ANTV, Vivanews.com, and Jawa Pos Group	Golkar Party	Hidden
Susilo Bambang Yudhoyono	Budi Sampoerna, Sunaryo Sampoerna, Chairul Tanjung, Ramadhan Pohan, James Riady (Pieter Gontha)	Media Nusa Pradana, Transcorp, Beritasatu, Detik	Demokrat Party	Hidden
Surya Paloh	Media Group	Media Indonesia, Metro TV	Nasional Demokrat Party	Government Coalition
Prabowo Subianto	Viva News Group and MNC Group	TV One, ANTV, Vivanews.com, RCTI, MNC TV, Global TV, Koran Sindo, and others	Gerindra Party	Government Opposition
Wiranto	-	-	Hanura Party	Government Coalition
Hary Hanoesoedibjo	Hary Hanoesoedibjo	MNC Group (Seputar Indonesia, RCTI, Global TV, MNC TV, Sindo Radio, Links, Okezone.com)	Perindo Party	Government Opposition
Joko Widodo	Kompas Gramedia, Jakarta Post, Media Group, and James Riady (Pieter Gontha)	Kompas, Kompas TV, Suara Pembauran, Jakarta Post, Jakarta Globe, and others	PDI-P Party	Government Coalition

Sources: Winters (2013) with additional data from author

Joko Widodo's rise as a media phenomenon is also due to the image built by the media that Joko Widodo was the break from Indonesia's political elite. Indonesia has a long history of corruption scandals. The establishment of the anti-graft body (Corruption Eradication Commission) at the end of 2003 has brought significant influence on the crackdown on corruption scandals in Indonesia. Since the second term of Susilo Bambang Yudhoyono, corruption scandals were massive where high profile corruption cases had

been blown up by the media as top stories. However, even though SBY won the election in 2009, the public was disappointed as there is no meaningful reform for corruption eradication. Indeed, the antigraft body revealed the corruption scandal committed by SBY's cabinet and his party. As a consequence, his popularity plummeted from 70% in November 2009 to only 38% in September 2011. As mentioned by Joko Widodo's key manager, Anggit Noegroho, since SBY's popularity slumped at the end of 2012, Joko Widodo got some momentum to win the elections (Tapsell 2015).

3.3 An Overview of Corruption Scandals in Indonesia

Corruption, collusion, and nepotism (KKN) remain a severe problem in Indonesia. Since Soeharto came to power, corruption in government was massive. Hanna (1971) states KKN in Indonesia had been institutionalised as the result of the shaky national bureaucracy structure. According to Transparency International's Corruption Perception Index of 1998, Indonesia is the fifth most corrupt country (Robertson and Snape 1999). They also reported that during the 32 years of the New Order era, Soeharto had embezzled money up to USD35 billion in a poor country with GDP was less than USD700 per capita (International Transparency 2016a). Some actors indelibly associated with these practices are the Soeharto family, the military, and oligarch businesses close to the Cendana family.

Soeharto and his family had extensive business interests in various sectors, at the same time they gained privileged access to various government contracts (Girling 1997). Soeharto's children, who are known as P3 (son and daughter of the president), was also involved in corrupt business practices. Their businesses operated unfairly, using the political power to get access to government projects (Holloway 2002). Moreover, the Cendana family also dominated the private media companies after government regulation under the Ministry of Information allowed private media ownership. For instance, RCTI and TPI were owned by Soeharto's children. Not surprisingly, the business empire of Cendana family remained large. Besides, it also encompassed the military force to gain both political power and commercial undertaking.

The military abuse of power also remained massive as the army had privileged position during the New Order era. Holloway (2002) mentioned that military abuse of power was committed through allocation of non-budgetary resources like purchasing the weaponry or *alutsista*. The high defense equipment transaction was bought by the combination of military funds and army's export credit facilities. During the transaction, Soeharto's children and the dominant parties influenced the purchasing process and became the hub between the military and the relevant companies. This practice within the military use two schemes, either the top-down memo method or the name-dropping technique. For instance, the purchasing of Scorpion armored vehicles were found much more expensive than Thailand was paid for the same products because this corrupt practice (Holloway 2002). Moreover, during the Soeharto regime, the military also dominated national enterprises as many former generals were the executives, while others were the governors and majors during the indirect election system. Also, it is evident that the

Cendana family and Soeharto regime were closed to oligarchs and businessmen. They have the influence to change the government policy which benefits them.

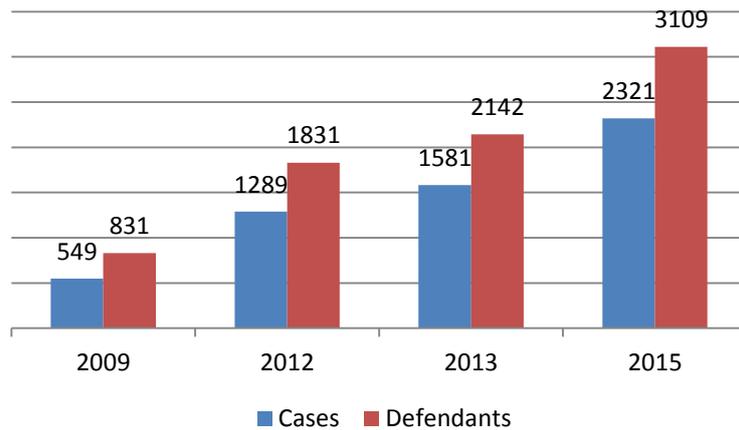
Subsequently, this kind of corruption was culturally inherited from the previous regime. The corruption scandals among government officials did not reduce even after the *reformasi 1998*. Political party's corruption became massive after *reformasi 1998*. In some surveys, the voters put political parties as the most corrupt institution in the country. By now, the term "money politics" became the accepted phrase to depict moral decadence of politicians and political parties. A political party has two kinds of role toward public interest. On the one hand, they accept bribe or embezzle state money and on the other hand, they distribute money to buy public favour during elections (Mietzner 2007).

Furthermore, recently the corruption scandals also involve other actors. The corrupt actors during the Soeharto government consist of Cendana family, military, and oligarchs, but after *reformasi 1998* and the drafting of the regulation on autonomy, the actors were spread across the regional governments. Local governments gained more power to control local treasuries as the implementation of regional autonomy regulation⁵. Therefore, the case of corruption scandals among the local administration increased significantly after the autonomy regulation was applied.

A salient step in corruption eradication was taken by President Megawati Soekarno Putri who initiated the Corruption Eradication Commission (KPK) in 2003 to reduce and prevent corruption scandals among government officials. After KPK was created under special consideration, the corruption scandals increased significantly. The data is shown below,

Figure 3.1 Corruption Database in Indonesia

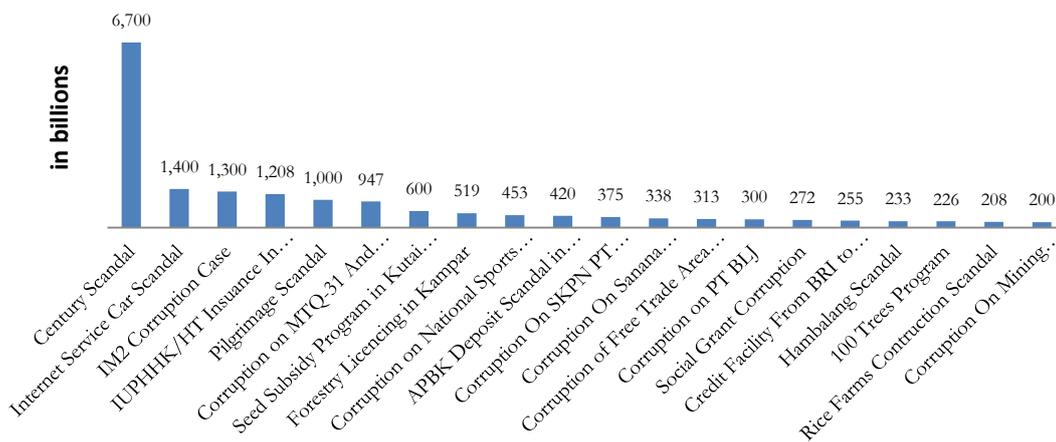
⁵ Regionals autonomy (Otda) is a term used by Indonesian Government and media to explain the authority and fuctions of regional governments under Law No 22 of 1999. However, there is confusion on the definition of this term, between devolution of authority (government by the region) and the delegation of authority (government in the region) (DPR RI 1999). But after 2014, under Law No. 23/2014, the authority of regional governments was not as strong as before since the central government released the deadline and finality to regional governments which failed to meet the deadline of regional budget approval. Since that time, the central government authority is stronger and more assertive which also includes the mandate to dismiss the regional leaders (Jakarta Post 2014).



Source: Pradipto in Ghosh and Siddique (2014)

However, the increase of corruption scandals is not in line with the reporting on fraud. Based on the investigative team of Indonesia Corruption Watch (ICW), the exposure of the corruption scandals in media are usually based on three factors - the defendant, political issues, and amount of money linked to embezzlement or bribery. Mostly, corruption news in media is not related to the sum of money involved, but to the figure and the political issue embedded in the corruption scandal⁶. The corruption rankings based on the state losses is presented as follows.

Figure 3.2 20th Corruption Scandal According to the Amount of State Lost (2013 and 2015)



Sources: Indonesia Corruption Watch (ICW)

⁶ Wana Alamsyah, part of Investigative Division in Indonesia Corruption Watch (ICW), was interviewed by the author on 15 August 2017 in ICW Headquarter, Jakarta, Indonesia.

From the data above, the corruption scandal committed by the central government and institutions are around 13 cases, and seven cases were committed by the local administrations and institutions (see also **Appendix 3**). Those corruption scandals are listed based on the amount of state loss. Century scandal is the biggest corruption scandal which caused Rp6.7 trillion of state loss. Meanwhile, the lowest state loss is the corruption on mining exploration by BP Migas and PT Chevron Pacific Indonesia (CPI) in 2013, which caused Rp200 billion of state losses.

Chapter 4 Methodology

4.1 Introduction

This research examines the effect of government advertising, political affiliation and readership of newspapers on the news coverage of corruption scandals using quantitative techniques and trend comparison. This study runs a fixed effect regression model (FEM) with panel data. The data is collected from 82 institutions and four national newspapers between 2013 and 2015.

4.2 Empirical Model

The basic model that we have used to estimate the impact of government advertising and political affiliation of media owners is FEM which is estimated by the least square dummy variable (LSDV) regression model (OLS with a set of dummies). The model provides an excellent way to understand the fixed effect.

$$\begin{aligned}
 \text{Front Pages}_{iny} = & \alpha + \beta \text{Government Advertising}_{iny} + \text{Political Affiliation}_{iny} \\
 & + \beta \text{Readership}_{iny} + \theta_i + \theta_n + \theta_y + \mu_{iny}
 \end{aligned}$$

Front Pages_{iny}	The total reporting of corruption scandal in institution i , newspaper n , and year y
α	The Coefficient of Dummy Variables
$\alpha \text{Government Advertising}_{iny}$	The amount of government money allocated to advertising in institution i , newspaper n , and year y
$\text{Political Affiliation}_{iny} + \theta_i$	The political affiliation of media company in institution i , newspaper n , and year y
$\beta \text{Readership}_{iny}$	The number of readerships
θ_i	Institution dummy
θ_n	Newspaper dummy
θ_y	Year dummy
μ	Error term

Source: Author's estimation

The model is adapted from Tella et al. (2011) which use the OLS estimation. Tella et al. (2011) use interaction dummies which include the newspaper, president, and year interaction dummies. The interaction dummies for newspaper and presidents are set to be 16 dummies, one for each newspaper-president pair. This study uses the interaction

between government institutions and newspapers instead of the president interaction dummies. Gujarati (2003) explained that dummy variable used in this technique allows the intercept to vary between intercept groups (institutions-newspapers-years) and to get a differential. Therefore, LSDV approach can further explain the intercept between the group in the models. However, Gujarati also emphasised several weaknesses of this model, especially when there are too many dummy variables. The collinearity also appears in this model because there are too many variables. Finally, Gujarati explains that the variables sometimes could not be recognised as the impact of time-invariant variables.

FEM explores the relationship between the dependent and independent variables within the entity of this research (newspaper, institution, and year). Each entity has its own identities and characteristics that may or may not influence the independent variables. By regressing the variables using the LSDV approach (xi: regress front pages government advertising readership political affiliation i.institutions i.newspapers i.year), the stata will create dummies for all, but one for institution and newspaper categories, as well as the year categories, then it runs the fixed effect regression. This model allows the specific characteristics across the institutions, the newspapers, and the years to be controlled, for instance, the popularity of media over the years and the internal conflict of interests in each newspaper over the years.

The effect of government advertising and political affiliation on the front pages is determined by regressing the model into three separated processes. As the first step, we run the government advertising and readership to the front page corruption scandals. As the second step, we add the political affiliation for the model to see the impact of political affiliation to the front pages and the main interest variable. Finally, the government advertising and readership are being eliminated from the model to test the direct association of political affiliation to the front pages. Since there is only one dummy variable for the political affiliation, the author does not want to be trapped in the situation called the perfect multicollinearity or dummy-variables trap (Gujarati 2003).

The author constructs the theoretical prediction concerning β , the main parameter of interest. The benchmark of the slope is $\beta = 0$, occurs when there is no relationship between government advertising and the front pages. While, the benchmark of the the slope is $\beta < 0$, government advertising is negatively correlated to the front pages on corruption scandal. It indicates that the media considers the amount of advertising to favour the government in terms of corruption scandal coverage. As mentioned in the theoretical concept, government and newspaper outlets collude to prevent the exposure of corruption scandal in the front pages. However, when the benchmark of the slope is $\beta > 0$, it would distract the basic concept, in which higher transfer would increase the coverage of corruption scandals.

4.3 Variables and Specification

Dependent Variables

Front pages on Corruption

The front page is measured by calculating the number of corruption scandals that appeared on the front pages during two-year observation. The front page is considered to be the most important part of newspapers. This section contains the critical cue for the readers. In newspaper companies, creating the story as the headline of the front page would involve various interests and processes. Journalists and editors consider the front page as the achievement of the day which leads them to gain particular position in the company such as the choice of story assignment and having more control over their news; for the editor it would increase the prestige of the division (Reisner 1992). Meanwhile, the company sees front pages as the day's remarkable story, and it shows the newspapers' commercial and political interest over the particular issue (Herman and Chomsky 2010).

Independent Variables

Government Advertising

Government advertising is used to capture the effect of government and political institution's advertising on news coverage. This spending refers to government payment to newspaper companies to promote the institution's programmes, annual report or achievements during a particular year. Government and political institutions remain the largest source of the advertising revenue for print media with Rp5.3 billion in 2015. This amount of money may reduce the professionalism in the work of journalists and editorials of newspapers in Indonesia. Although media companies would argue that their news is objective and independent, media is a business which considers the profit.

Political Affiliation

It is clear that media has a political spectrum - whether supporting the government, neutral or apparently opposing the government. This political spectrum is essential to capture the media's direction on covering corruption. The author found that a particular newspaper leans towards the government based on the political background of the owners, shareholders, and elites of the media company. Then, the author divided the media's political affiliation based on the different presidencies. During 2013, none newspaper affiliated to government, but then in 2015 *Media Indonesia* seemed to support the government.

Readership

Here, readership is related to the amount of money received by the newspaper through advertising. The level of readership is used to convince a prospective advertiser to run with the newspaper. The newspaper's readership sometimes is confusing with the

newspaper circulation. Newspaper's circulation is the number of copies in circulation on an average day through subscriptions and newsstand sale, while the newspaper's readership is the total circulation multiplied by the average number of people who read newspapers for each copy. This difference would be confusing for prospective advertisers (McInnis & Associates 2013).

4.3.3 Dummy Variables

The effect of each independent variables is assumed to be identical. The basic FEM in the regression only reports the average of group effect (Dranove 2012). However, this study does not believe the effect of each predictor variable is identical across all the group (newspapers, institutions) and time variants. For instance, the effect of advertising might be mediated by the difference across newspapers and institutions in a different year. Therefore, the regression includes the interaction between the group dummies and time-variant in the regression.

4.3.4 Error Term

Error term and constant of the variables should not be correlated with each other as the characteristics of samples (institutions and newspapers) are different. We do not need to test autocorrelation of the error term among independent variables as the dataset has no multiple panels. The correlation tests fit the macro panels with long times series, instead of the micro-panels with serial few years. We assume the error term is not correlated; then the Fixed Effect is suitable to the model.

4.4 Data Limitation

While there are limitations of our data, this paper tried to ensure the validity of the research methods. First, the primary data on government advertising and political affiliation is only an estimation. For instance, the data of government advertising was gathered by measuring the length and width of advertising space from each newspaper. The amount of government spending on advertising is probably not the actual spending because the researcher could not access how much money government transferred to particular newspaper outlets. The valid data of advertising spending is collected by Nielsen Company every year, but the researcher could not access the data.

Second, the data of news coverage of corruption scandals was selected through in-depth reading. However, several news coverages have no apparent tendency to a particular institution, and the news coverage by the newspapers exposes more than one institution. For instance, gratification to the Chairman of SKK Migas. In this case, there are two government institutions which participated in a corruption scandal including SKK Migas and Ministry of Energy and Mineral Resources.

Finally, the data of political affiliation lacks variation. The political affiliation of newspapers only changes for *Media Indonesia* (from 2013 to 2015), while the other newspapers have similar standpoint towards the ruling government for both years. As a result, the political affiliation of media ownership cannot be measured using regression. I describe the political affiliation, and its relation to the news coverage using the trend comparison.

4.5 Hypothesis

This research has two main hypotheses:

Hypothesis 1: There is a significant influence of the amount of government advertising spending toward news coverage of corruption scandal.

Hypothesis 2: The news coverage of corruption scandals is influenced by the political affiliation of media ownership.

Chapter 5 Data and Descriptive Analysis

5.1 Introduction

This chapter presents the data collection process and the descriptive statistics from four national newspapers. Firstly, the chapter describes the procedure of data collection and the composition of the data which consist of the front page coverage of corruption scandals and the government's advertising spending. Secondly, the chapter provides the descriptive statistics of the variables in the research. Thirdly, it presents the trend of front page coverages of the corruption scandals in 2013 and 2015. Fourthly, it also presents the trend of government advertising spending and the ranking of the highest contributor of advertising revenue among government and political institutions. Fifthly, the last section provides the analysis of political affiliation of media owners towards the ruling governments.

5.2 Data Collection and Sample

The data were collected from four national newspapers in Jakarta from August to September 2017. This research uses primary and secondary data over two years. In the beginning, I arranged the dataset of government institutions and newspapers in Indonesia in the period 2013 and 2015. The primary dataset used in the research consist of government advertising and news coverage of corruption scandals, while the political affiliation of media companies and the readership are collected from secondary sources. The data of government advertising expenditure and the news coverage of corruption scandals are obtained from four national newspapers, *Kompas*, *Media Indonesia*, *Republika*, and *Sindo*.

Both data, the news coverage of corruption scandals and government advertising spending are collected by calculating the reports in four newspapers. The news coverage of corruption scandals was gathered in two steps. Firstly, the author analyses the content of the reporting of corruption scandals. Secondly, the author calculates the intensity of corruption scandals covered by the newspapers. Although other media such as national television and online news are quite popular today, the chosen newspapers provide the representative resource for this study. Moreover, to ensure that the data of corruption scandal is valid, the author also uses the annual report of the Corruption Eradication Commission (KPK) in 2013 and 2015, and the list of corruption scandals from Indonesia Corruption Watch (ICW) database.

The government advertising spending is the money given from government institutions to newspaper outlets. This data was obtained by calculating the occurrences of government advertisements on every front page. In the beginning, the data is categorised based on the advertisement type such as display, advertorial, and bid. After calculating the length and width of the advertising space in every single page of the newspapers, we com-

pared it with the rate card of newspaper advertising (commonly used millimeter column/mmc) to calculate the total spending of each institution. Nielsen (2015) found that the advertising spending shows a positive trend. In 2015, the growth of government and political institutions' spending on media increased to Rp7.37 billion, 7% higher than the previous year.

Finally, the political affiliation of media owners and the level of readership are obtained from internet sources, books, research journals, surveys, and news. The political affiliation of the institution is divided into dummy coefficients, 0 and 1. Zero (0) if the institutions have no political affiliation to the ruling government, and one (1) if the institutions have an association or is entirely opposed to the ruling government. Also, the level of readership is gained through the national survey by AC Nielsen (2013-2015) which include 10 cities in Indonesia. The number of readers is included in the research simply because it influences the amount of advertisement received by newspapers.

During the field research, the author was helped by two research assistants. The primary task of the research assistants was to measure the length and width of government advertising in newspapers throughout 2013 and 2015. They also had to analyse the news coverage of corruption scandals and find the relevant corruption news.

5.3 Descriptive Statistics

Overall, the research sample consists of 656 observations comprising 82 government and political institutions, and four newspapers during 2013 and 2015. Table 5.1 presents the summary statistics of the total sample for two years. It shows four variables with 656 observations for all variables. Front pages represent the response variable, while the explanatory variables consist of three variables and three dummies, including government advertising spending, political affiliation, readership, newspaper dummy, year dummy, and institution dummy. To estimate the impact of advertising spending and political affiliation to the dependent variables, we examine the response variable for each explanatory variables and interaction dummies. The descriptive statistics of the estimations are provided in Table 5.1 as follows.

Table 5.1 Summary Statistics

Variables	Observation	Mean	SD	Min	Max
Front Pages	656	1.044207	4.226365	0	46
Government Advertising	656	0.324963	0.8596003	0.0000001	8.46131
Readership	656	0.333625	0.4671304	0.031	1.236
Political Affiliation	656	0.2362805	0.4251206	0	1

Variables	Description	Kompas	MI	Republika	Sindo	Overall (%)
Front Pages	Observation with no scandals reported	19	20	27	25	13.87
	Observation of scandals (if any scandals reported)	145	144	137	139	86.18
Government Advertising	Observation with no advertising	79	63	59	67	40.85
	Observation with advertising	85	101	105	97	59.15
Political Affiliation	Observation with no political affiliation	88	86	164	163	76.37
	Observation with political affiliation	76	78	0	1	23.63
Readership	2013	1,035	57	116	44	
	2015	1,236	32	118	31	
Observation		164	164	164	164	656

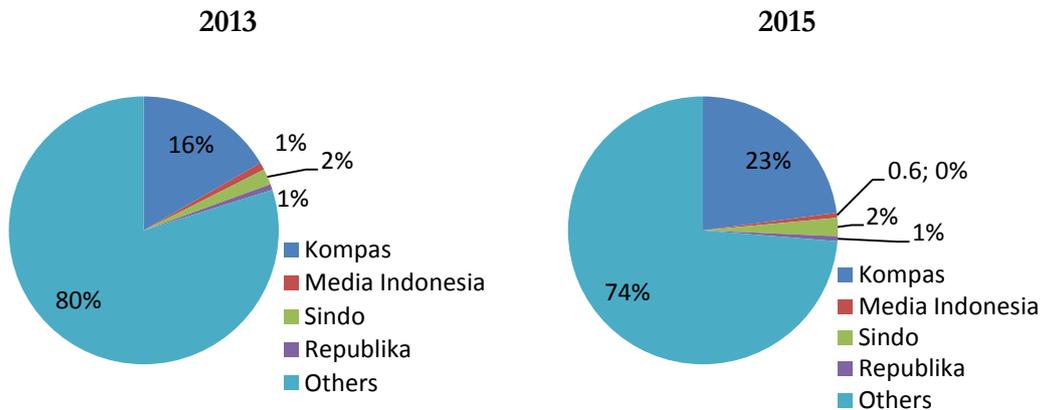
Source: Author's calculation

Table 5.1 shows the value of the mean, standard deviation (SD), minimum and maximum values, and the summary of the observations. It shows that the average value of the front page is 1.04 with a standard deviation of 4.22. There are maximum 46 occurrences of corruption scandal news reports captured in one institution. The low average of front pages reflects the fact that 13.87% observations have zero occurrences. The summary statistics also show that the average spending on advertising across all newspapers is Rp325 million. The amount of average spending is small as only a few institutions spent money on advertising. It shows that overall observations with advertising is about 59.2%, while observation with zero advertising is lower, at about 40.9%.

On the other hand, political affiliation is categorised based on the binary variables. The average value of political affiliation is 0.24, with a standard deviation 0.43. The 82 institutions are classified as neutral, coalition, and opposition, based on the two presidencies (Susilo Bambang Yudhoyono and Joko Widodo), if the institutions have an apparent political affiliation, the author put 1, and 0 if the institution is neutral or in opposition to the government. Table 5.1 shows that majority of the observations have no political affiliation, around 76.4%, while the rest have a political affiliation or apparently support the ruling government.

The data on the corruption coverage and the government advertising spending throughout 2013 and 2015 are from four national newspapers, *Kompas*, *Media Indonesia*, *Republika*, and *Sindo*. The average value of readership is 236280.5 in 2013 and 2015, with standard deviation 0.47. Among the national newspapers, *Kompas* has the highest readership, followed by *Sindo*, *Media Indonesia*, and *Republika*. Figure 5.1 shows the share of readership among newspapers.

Figure 5.1 The Share of Readership in percentage



Source: Author's calculation

Kompas is known as the “New Order newspaper par excellence” (Hill 1995 cited in Keller 2009). *Kompas* is recognised as the most prominent newspaper in Indonesia based on daily readership⁷; *Media Indonesia* is the political and economic newspaper whose target audience includes young people and upper-class society⁸. *Media Indonesia* is owned by Surya Paloh, the Chairman of National Democrat Party (Partai Nasdem) and *Republika* is known as the segmented daily newspaper for the moderate muslims (Keller 2009). Besides making the Islamic rubrics, *Republika* also organises general rubrics such as the Walt Disney. *Sindo* targets readers from the upper middle class, in the age range 18 years and over, from various professions⁹. The company is owned by Hary Tanoesoedibjo, the Chairman of Indonesia United Party (Partai Perindo).

5.4 The Trend of News Coverage of Corruption

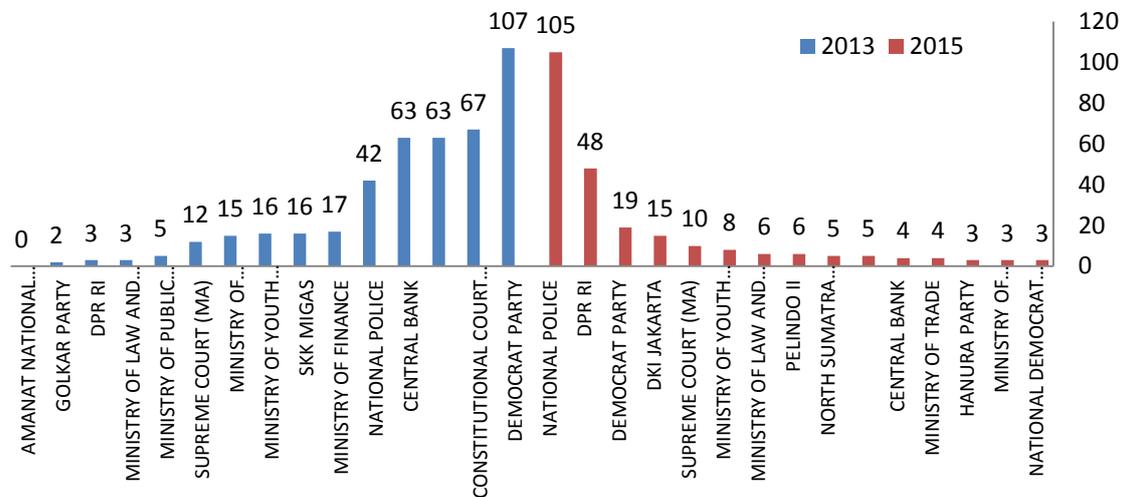
According to the dataset, we find that particular institutions have considerable corruption scandals exposed by newspapers in 2013 and 2015. The 20 institutions that have the highest corruption coverages on them are as follows,

⁷ More than 60% readers are college graduates whose has low income at least Rp2,250,000 per month . *Kompas* is also read by 76.4% men and around 24% women. (Keller 2009).

⁸ The majority of readers are men, around 87%, and only 14% of the audiences are over 45 years old (Keller 2009).

⁹ The readers of *Sindo* is dominated by men (58%) and women (42%) (Sindonews.com 2014).

Figure 5.2 20th Corruption Scandal According to the number of front pages (2013 and 2015)



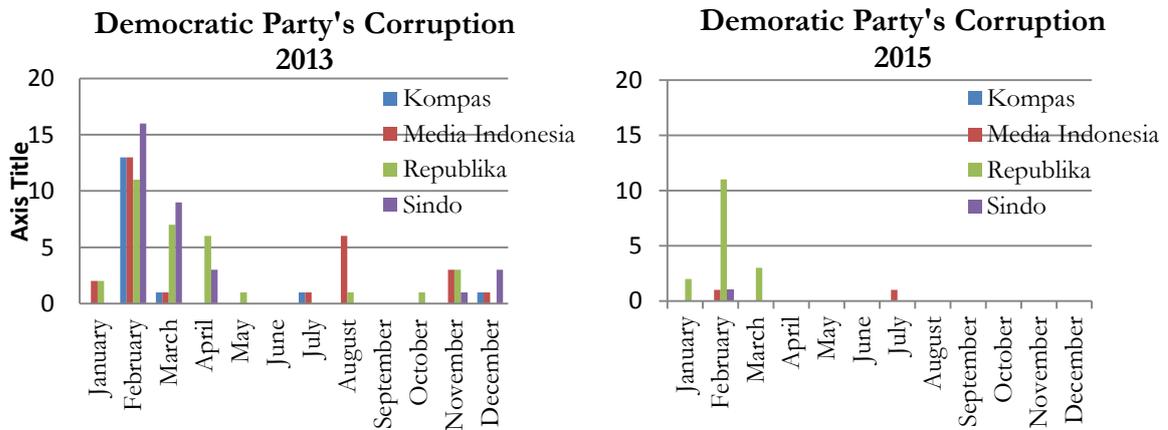
Source: Author's calculation

The graph above indicates that corruption scandal coverage is high in national newspapers throughout 2013 and 2015. The Democratic Party and National Police had the highest occurrences of their corruption scandals in the newspapers' front pages for each year. At the end of Susilo Bambang Yudhoyono's presidency in 2013, media blew up the corruption scandals inside the ruling government and the ruling party (Democratic Party). Besides being the Indonesian President, Susilo Bambang Yudhoyono also serves as the chairman of the board of supervisors of the Democratic Party. However, in 2013 the popularity of the Democratic Party went down to 8%¹⁰ (Tempo 2013) after several elites were accused of corruption. There are a number of cases involving the elites of the Democratic Party, such as Hambalang Graft Case, Century Scandal, Bribing Scandal, Sea Games Embezzlement, and bribery case on College Project Budget.

Those corruption scandals were published massively by four newspapers especially during the first three months of 2013. Overall, there are 107 corruption reports on the Democratic Party on the front pages throughout 2013. However, the number of corruption reports in the media had the highest occurrences since January and reached the peak in February when all the newspapers reported the corruption headline on the Hambalang graft case. There are 75 corruption reports on the front pages in February and 74 of those occurrences relate to the Hambalang graft case, while one front was related to the Century scandal. Figure 5.3 shows the trend of the Democratic Party's corruption in 2013 and 2015.

¹⁰ The Democratic Party's electability rate has dropped significantly from its peak of 21% in 2009 to 7% in 2013. A survey was released by Saiful Mujani Research and Consulting in 2013.

Figure 5.3 The Trend of Democratic Party's Corruption on the Front Pages



Source: Author's calculation

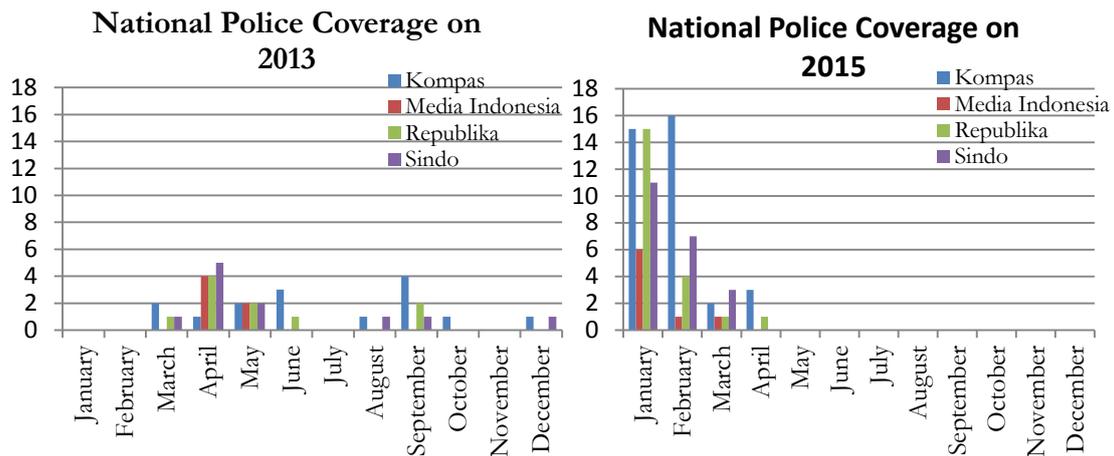
The Hambalang graft case is the corruption scandal committed by the Democratic Party (Partai Demokrat) which was blown up by the media since 2010. However, the case became national headlines since the chairman of the Democratic Party was accused in the scandal. The Hambalang sports facility construction project's fund embezzlement involved a number of Democratic Party officials, which is the ruling party and holds a seat in the presidential cabinet. The case involved a number of party elites among government officials and members of the house of representatives. The suspects were accused of arrangement of the tender and the projected winner to the inflation of initial budget of Hambalang Sport Center Project. The antigraft body has named a number of the suspects such as Nazaruddin, Angelina Sondakh, Anas Urbaningrum (Chairman of the Democratic Party), Andi Mallangeng (Minister of Youth and Sports), and other government officials and businessmen (Maulana and Situngkir 2013). The timeline of the Hambalang graft case is shown on **Appendix 4**.

The corruption scandal related to the National Police blew up in 2015. The national police attracted media attention since the antigraft body charged the senior general of National Police, Djoko Susilo, with money laundering for the driving simulator procurement project in the national traffic police which caused Rp121 billion state loss (JakartaGlobe 2013). The media reported this case as the "Lizard vs. Crocodile Chapter 1st"¹¹. The conflict reappeared in 2015 when the senior general, Budi Gunawan, candidate for Chief of Indonesia's Police Force, was accused as a suspect by the antigraft body. The

¹¹ The terminology indicates the high tension between Corruption Eradication Commission (KPK) and National Police (POLRI). The tension between two institutions have also been widely called as the case of 'lizard vs. crocodile' which originally was an intriguing comment made by Susno Duadji, a senior general in national police, who was suspected in the wiretrapped recording (Suwito 2010:36).

case of KPK vs Budi Gunawan accounted for the most popular scandal with 82 reports in the front pages, followed by the criminalisation against KPK with 21 incidents. Both cases are linked because after Budi Gunawan was named as a suspect; the national police started to criminalise a number of KPK commissioners. The occurrence of scandal is depicted in Figure 5.4.

Figure 5.4 The Trend of National Police’s Corruption on The Front Pages



Source: Author’s calculation

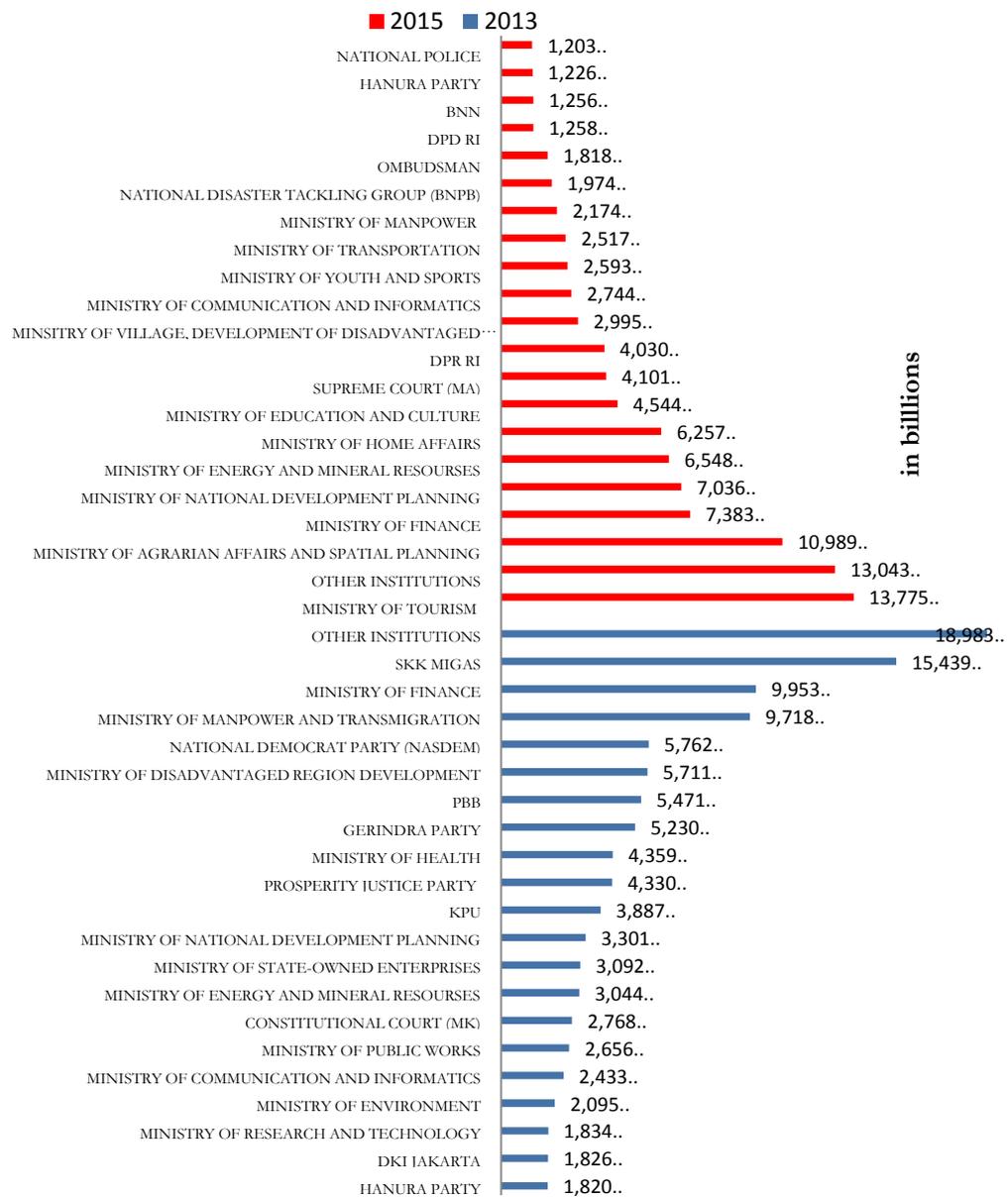
The figure compares the total number of corruption scandal coverage appeared in 2013 and 2015. The 2013 corruption coverages were much higher with 431 reports, while in 2015 the corruption scandal coverage had only 254 reports. However, the real corruption scandals handled by anti-graft body show the opposite trend. According to data released by Anti-Corruption Clearing House (2017), the anti-graft body executed 44 scandals in 2013 and 38 scandals in 2015. The pattern indicates that media were much more interested in corruption issues during the presidency of Susilo Bambang Yudhoyono, compared to Joko Widodo’ period.

5.5 The Trend of Government Advertising Spending

The data also shows that the average advertising spending for all newspapers is Rp325 million in both years. The low average of government advertising spending compared to the total amount of advertising budget reflects that not all institutions spend their budgets on advertising in newspapers. There are also 268 observations with do-not-have-advertising in 2013 and 2015. Meanwhile, 388 observations have considerable advertising spending to improve public image and promote the programme to the public. The institutions that do not advertise are included in the statistical tests as control variables to test the hypothesis that non-advertising institutions tend to have more corruption news published on them than the institutions with advertising.

Overall, newspaper advertising revenue was still the highest category with more than Rp5.3 trillion in 2015 (Nielsen 2015). The data of government and political institutions' advertising shows that SKK Migas and Ministry of Finance spent the highest amount during 2013 which came to nearly Rp15,439 billion and Rp9,953 billion respectively. Meanwhile, Figure 5.5 portrays that the advertising spending in 2015 was smaller than 2013 when the Ministry of Tourism and the Ministry of Agrarian Affairs and Spatial Planning have the highest spending on advertising in 2015, followed by the Ministry of Finance and the Ministry of National Development Planning.

Figure 5.5 20th Government Advertising according to Total Spending (2013 and 2015)



Source: Author's calculation

Political parties' spending was relatively high in 2013. Before the general election in 2014, there were three political parties which had a large amount of spending on advertising, such as the National Democratic Party (Nasdem), the Crescent Star Party (PBB), and the Gerindra Party. Nasdem and Gerindra parties, as new parties, needed massive publication to reach the minimum parliamentary threshold of 3.5% national votes in 2014 (Butt 2015), while the PBB Party which failed to pass the electoral threshold in 2009, needed to pass the minimum parliamentary threshold in the coming elections¹² (Vivanews 2009).

5.6 The Trend of Political Affiliation of Media Owners

Media ownership is the crucial aspect of Indonesian media. What makes the Indonesian media unique is the fact that the owners of the mainstream media have direct links with the political parties (Tapsell 2015). There is growing literature which focuses on the increasing conglomeration and concentration in the media companies, in which the owners have a powerful position to control the information (Robinson and Hadiz 2005; Winter 2013). I classify political affiliation of media owners through the political background of the owners, the chairmen, or the shareholders.

Media Indonesia and *Sindo* draw particular attention in this case. Both newspapers consistently had apparent political position in 2013 and 2015, while the other two newspapers had no clear political spectrum in 2013 and 2015. The political affiliation of newspaper companies is shown in Table 5.2.

Table 5.2 Newspapers-Government Relationship

Newspapers	2013	2015
Kompas	Neutral	Neutral
Media Indonesia	Opposition	Coalition
Republika	Neutral	Neutral
Sindo	Opposition	Opposition

Note: This classification only based on the political background of the ownership/shareholders/and CEO.'

Source: Author's estimation

Kompas was born during the Old Order Regime, on 28 June 1965. As a newspaper which lived through three different government periods: the Old Order, the New Order, and the Reformation Era, *Kompas* also had different political affiliations. Before *reformasi*

¹² The quick count of Indonesia Survey Institution (LSI), CIRUS Survey Group, and LP3ES released that PBB Party had failed to reach the minimum parliamentary threshold in the general election of 2009. PBB Party only had 11 chairs in the parliament, less than 3.5% (Vivanews 2009).

1998, Kompas was affiliated to the Katholik Party which was led by Frans Seda. *Kompas* was built under Yayasan Bentara Rakyat by several catholic organisations such as Catholic Party, Catholic Women, Association of Catholic Student of The Republic of Indonesia (PMKRI), and PK Ojong (Sen and Hill 2006). However, during 2013 and 2015, *Kompas* was classified as neutral since the owner had no affiliation to the ruling government or the political party.

Meanwhile, media mogul, Surya Paloh owns majority of the shares in *Media Indonesia* (Media Group). He owns 75% shares of the *Media Group* which has three subsidiary companies including *Metro TV*, *Media Indonesia*, and *Lampung Post*. The 25% shares of Media Group is owned by *PT Centralindo Pancasakti Cellular* which is also owned by Surya Paloh (Sudibyo 2004). In early 2011, Surya Paloh formed the Nasdem Party which was officially declared on 26 July 2011. He was appointed as the chairman for the 2013-2018 term in the first conventions. Since that time, the coverage of *Media Indonesia* was influenced by Nasdem Party's policies. During the presidency of Susilo Bambang Yudhoyono, the Nasdem Party insisted on being in the opposition (Republika Online 2013). Meanwhile, in 2015, the Nasdem Party joined the government's coalition under the presidency of Joko Widodo (Antara News 2014).

Republika was established by the religious organisation and described itself as the representation of the muslim community. *Republika* daily newspaper was formed in 1992 by Yayasan Abdi Bangsa who was supported by Association of Indonesia Muslim Scholars (ICMI). Before 2000, ICMI was the major shareholder of *Republika*, but the majority of shares were bought by *Kelompok Mabaka Media* which is owned by Erick Tohir (Audinovic 2013). Erick Tohir is known as a businessman who has no affiliation with any political party.

Meanwhile, *Sindo* published political news more often compared to other newspapers. The research on media independence by the Press Council (Dewan Pers) in 2014 found that the MNC Group (a holding of *Sindo*) had more political news and news related to the owner. The depiction of the owner and the political affiliation tends to be positive and consistently present on almost every news platform (newspapers, online, and television). During 2013, Hary Tanoesoedibjo joined the Hanura Party after experiencing conflict with the Nasdem Party. Since that time, *Sindo* published intensively on news related to the owner's activity in the Hanura Party and also presented the ideal future leader of Indonesia which was represented by the political partnership between Wiranto (The Chairman of Hanura Party) and Hary Tanoesoedibjo. Furthermore, news coverage of the political leaders and the presidential candidates are reported critically and mostly had negative tendency (Press Council 2014). This policy did not change much in 2015. Even though Hary Tanoesoedibjo formed the Indonesia United Party (Perindo) after resigning from the Hanura Party, his political affiliation did not change. During the 2014 election, Hary Tanoesoedibjo joined the red and white coalition together with the losing candidate, Prabowo Subianto and Hatta Rajasa (Hadi 2015).

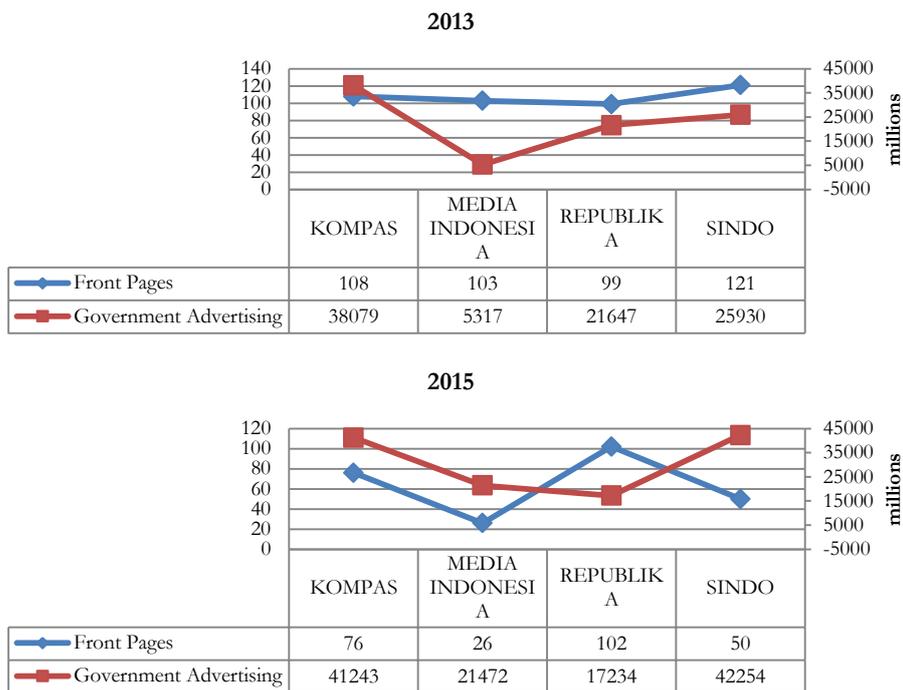
Chapter 6 Results and Analysis

This chapter provides the results of the statistics and descriptive analysis of the data. The main objective of this research is to examine the effect of government advertising and political affiliation of media owners on the front page coverage of corruption scandals. This chapter is structured as follows: the first section presents the comparison between the trend of advertising spending and front page coverage of corruption in newspapers, and provides the statistical results of empirical findings; the second section presents the effects of political affiliation on the front page coverage of corruption scandals.

6.1 The Effect of Government Advertising on News Coverage of Corruption

The result of the data analysis shows that the newspapers that receive more advertising tend to expose less corruption news in the front pages. The relation between advertising and front page coverage of corruption trends as follows.

Figure 6.1 The Interaction between Government Advertising and Front Page Corruption News Coverage



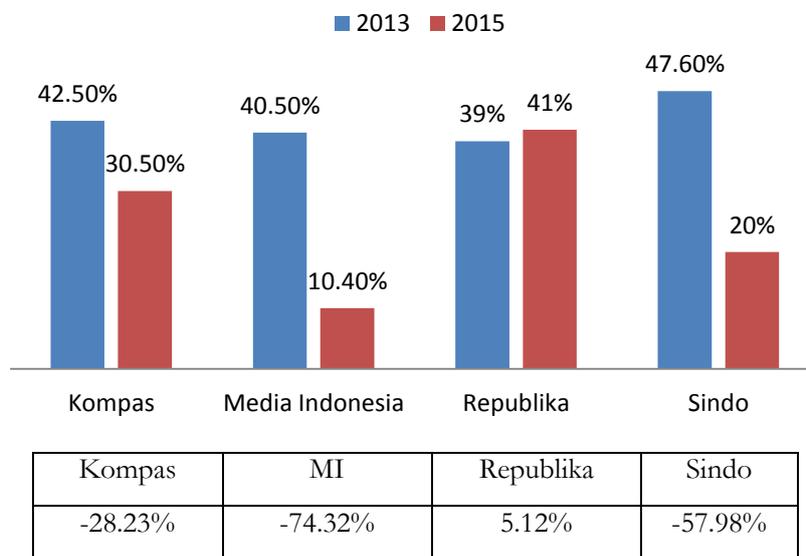
Source: Author's calculation

Figure 6.1 provides information on the correlation between government advertising and coverage of corruption. Newspapers with high advertising revenue tend to have low coverage of corruption and vice versa. This is in agreement with what is mentioned by Herman and Chomsky (2010). They state that advertisers selectively choose the media

based on their basic principles, which means the advertisers will rarely sponsor the newspapers that have serious criticism of their activities. Therefore, following media interest to publish corruption scandals might antagonise the capitalist owners and advertisers (government and political institutions) (Sen and Hill 2006).

I found that *Media Indonesia* and *Sindo* are the most inconsistent newspapers in reporting corruption. The paper tries to analyse how both these newspapers present corruption on the front pages in 2013 and 2015. In the beginning, I arranged the percentage of coverage based on the working days in Indonesia¹³. The percentage of coverage is provided in Figure 6.2 below.

Figure 6.2 The Percentage of Coverage of Corruption in 2013 and 2015



Source: Author's calculation

Figure 6.2 shows that four newspapers had a relatively similar percentage of corruption reporting in 2013, but then *Media Indonesia* and *Sindo* gave less weightage to corruption news in 2015. This coverage trend is always inversely proportional to the number of advertisements that companies received from government institutions. In 2013, *Media Indonesia's* advertising revenue was very low, around Rp5317 million, and had around four-folds increase in 2015. At the same time, the coverage of corruption decreased sharply by 74 percent from 2013 to 2015. This trend was followed by *Sindo*, where the coverage of

¹³ During a year, Indonesia has a number of national holidays in which all newspapers do not publish on that period. Also, media considers that soft news is more appropriate for the weekend coverage, instead of politics and corruption news. The 365 day in a year would be reduced by the national holiday and the weekend coverage. Therefore the total number of publication throughout the year would be 254 days (2013) and 249 days (2015).

corruption dropped by approximately 58 percent when the advertising revenue almost doubled.

However, the above trends exclude the possibility that the number of corruption scandals handled by law enforcement bodies vary between 2013 and 2015. We can argue that the corruption coverage in 2013 is higher than in 2015 because the number of corruption cases handled by law enforcement body was higher in that year. Therefore, by using FEM, we try to control all the specific characteristics which may distort the result.

The empirical findings support the trend in the data. In table 6.1, I regress the model specification with the dependent variable (front pages) and independent variables (advertising, readership, political affiliation, and variable dummies). Column 1 of Table 6.1 shows that the coefficient of government advertising is negative and statistically significant at five percent level when we add all the independent variables. This indicates that higher advertising spending leads to lower front page coverage of corruption. The size of the estimated effect is non-negligible: increasing government advertising budget by a one billion is associated with reduction in the coverage of corruption scandal in a given institution, by a given newspaper and in a given year by 0.454 of the front pages.

Table 6.1 News Coverage of Corruption Scandals and Government Advertising

Explanatory Variables	Front Page		
	1	2	3
Government Advertising	-0.454** (0.185)	-0.468** (0.185)	- -
Political Affiliation	-	0.456 (0.503)	0.355 (0.451)
Readership	0.771 (2.565)	-0.389 (2.867)	- -
Constant	-0.375 (3.067)	0.81 (3.334)	0.26 (1.113)
Newspaper, institution, year fixed effects	Yes	Yes	Yes
Observations	656	656	656
R-squared	0.55	0.551	0.545

Note: Dependent variable is the number of front pages which are devoted to corruption scandals of each institution in each newspaper per year. Government Advertising is the amount of money spent by government in each newspaper, in billion Rupiah per year. The readership is the average number of readers, with one million readers per days.

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Further test suggests that the inclusion of political affiliation in the model shows a slight increase of main variable interest. The coefficient on government advertising in column 2 is negative and statistically significant at five percent level. It worth noting that the coefficient increases just by 0.014 points after including the political affiliation. This result suggests that the political proximity between media company and government institution does not change the front page coverage of corruption significantly, instead the amount of advertising revenue is a dominant factor. The high amount of advertising revenue will lead to low coverage of corruption on the front pages. The result thus supports the first hypothesis in which government advertising influenced news coverage on corruption.

Table 6.1 also presents the association between readership and the front pages. The result indicates that there is a positive correlation between readership and the coverage of corruption in the front pages. The coefficient in column 1 points out that a one million increase in readership is associated with 0.771 increase of front page coverage of corruption of a given institution, in a given newspaper, and in a given year. It explains that newspapers with high readership has greater opportunities to hide corruption than newspapers with low readership. However, due to the risk of losing readership, newspaper outlets may calculate pros and cons of hiding corruption scandals. This loyal readership base will ultimately determine how much advertising revenue the newspaper outlets receive from government and political institutions.

The result suggests that newspapers may not always report the desired output regarding corruption, especially when the newspaper operates in the countries with small business elites, thus making the state the main source of advertising revenue (Nogara 2009). Even though commercial advertising is growing in Indonesia (see Figure 1.1), the government and political institutions' spending on advertising are still dominant. In 2015, government and political institutions were the highest contributor to advertising revenue for newspapers, with Rp5.3 trillion. Furthermore, the close connection between newspapers and government also determine the advertising revenue. For instance, the owner of *Media Indonesia* was closely associated with the ruling government and the ministers, who are loyal to the political party. Therefore, it is difficult for *Media Indonesia* to expose corruption in government institutions and hold it accountable to the country, when the company also receives money from those institutions.

It is clear that these newspapers only rely on revenue from advertising. Before advertising became the primary source, the sale of newspaper copies had to cover the business expenditure of media companies (Herman and Chomsky 2010). The amount of money that the media receives depends heavily on the number of readers and the extent of circulation because advertisers would consider the popularity of media before giving advertisements (Turow 2016). However, this assumption is not true in this case since low readership newspapers received more money than higher readership newspapers. For instance, *Sindo* received more money than *Kompas* in 2015, even though the readership of *Sindo* is much lower than *Kompas*.

The advertising revenue is the main income to run the wheel of business of the media companies. An empirical study by Suphachalasai (2005) found that profit-maximising media seeks to publish corruption scandals of government officials. It is true that the more number of corrupt bureaucrats exposed by the newspaper, the bigger attention it gets from the public, which subsequently increases the revenue from circulation. However, the collusive practice between media companies and the government diminish the coverage of corruption. The newspapers would consider pros and cons of exposing the scandal. If government agrees to place advertisements, the newspaper will hide the scandal, and if the government does not place advertisements, the newspaper will expose the scandal. Vaidya (2005) summarises the steps in the process of such collusive practice between government institutions and media companies. The scheme of collusive practice starts when the newspaper covers the scandal and successfully provides valid evidence. The newspaper company then checks the government response to the reporting. Then it will consider whether to publish the scandal or negotiate with the government.

6.2 The Effect of Political Affiliation on News Coverage of Corruption

In this context, I examine whether the political affiliation of media owners influences the coverage of corruption scandal. I found that media with political affiliation are less likely to report corruption on the front page than independent media. Since the *reformasi 1998*, there is a clear indication of how mainstream media owners seek to control the press for their political purposes. The contestation between media and political faction surfaces since the largest media companies have an apparent affiliation to the political parties (Tapsell 2015). This situation continued in the era of Susilo Bambang Yudhoyono and Joko Widodo where the interaction between media and politics became powerful.

The result confirms that *Media Indonesia* and *Sindo* are likely to report corruption inconsistently, depending on the owner's political interests. During SBY's second term (2013), *Media Indonesia* and *Sindo* have been creating mainstream media's opinions, especially related to political issues. Both these newspapers are affiliated to political parties. *Media Indonesia* is affiliated to the Nasdem Party, while *Sindo* is linked to the Hanura Party (2013) and the Perindo Party (2015). Mietzner (2015) mentioned this growing power of oligarchs as the biggest reason for decline of democracy since *reformasi 1998*. In contrast, Joko Widodo's period (2014-2018) is being fully supported by the mainstream and internet-based media. Before the 2014 election, Joko Widodo was primed as the ideal future leader for Indonesia by both mainstream media and social activists lead by lower-class groups and civil society organisations.

So, do political affiliation of media owners influence the coverage of corruption scandals? I did not find the robustness, and there is a positive correlation between political affiliation and the coverage of corruption scandal in the empirical result. The result in Table 6.1 suggests the relationship between political affiliation and the coverage of corruption is positive and statistically insignificant. The coverage of corruption is not

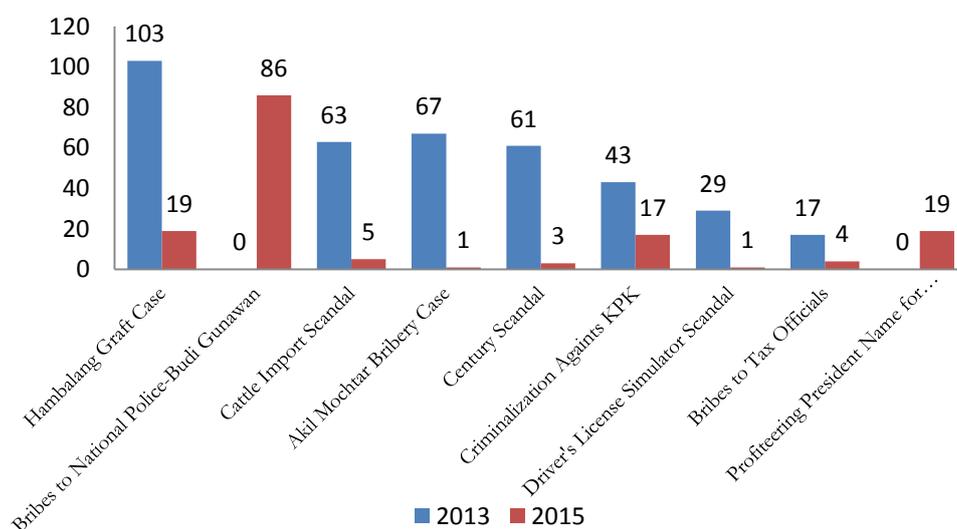
driven by the political background of the owners. However, the analysis on the trend of the alleged scandal of corruption in the front pages suggesting that newspaper with the political affiliation tend to report low-coverage of corruption.

The political spectrum of media ownership seems to affect corruption coverage on the front pages. Interestingly, the newspaper with the political spectrum linked to the government had high fluctuation of corruption coverage. *Media Indonesia*, for instance, seemed to be more critical of corruption issues (103 incidents) in 2013. However, when the owner of *Media Indonesia*, Surya Paloh, joined the government coalition group under the National Democratic Party, the number of front page reporting declined by around 75 percent. Since that time, *Media Indonesia* (also *Metro TV*) tends to report the positive news, instead of the negative news of the ruling government.

For the sake of clarity, I provide a specific scandal inside the government and political institutions. Institution's corruption coverage (as a whole) may not be directly related to the political affiliation of media owners since media companies have an interest in each corruption case. For instance, *Media Indonesia* may support the government by hiding the corruption scandal in front pages. However, *Media Indonesia* probably will not hide the corruption scandal committed by Indonesia Democratic Party of Struggle (PDI-P) or institutions with the different political background even if they are members of the ruling party's coalition group.

The alleged scandals exposed by newspapers on the front pages in the two years are provided in Figure 6.3. Corruption cases are ranked based on the number of occurrences in the front pages. Ten alleged scandals are part of the institution's corruption.

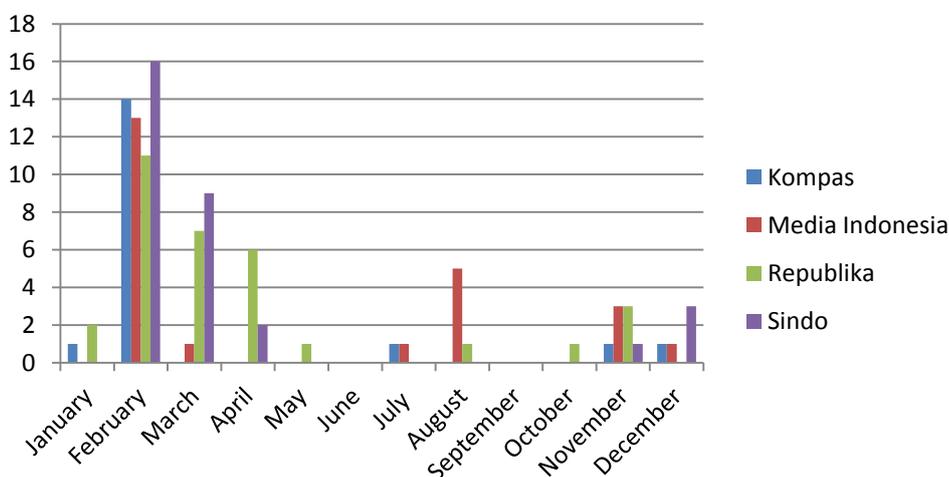
Figure 6.3 The 10th Corruption Ranking on the Front Pages



Source: Author's calculation

The majority of the scandals happened during SBY's second term (2013). Figure 6.3 suggests that political corruption¹⁴ was reported in high frequency. At the end of SBY's period, the ruling party was being rocked by a number of corruption scandals, including the Hambalang Graft Case and the Century Scandal. The prominent corruption scandal is the Hambalang Graft Case, with the highest occurrences during 2013 (103 incidents of reporting). The media opposed to the government attacked the Democratic Party and the ruling government by exposing the negative news, especially before the election. There was a much higher coverage of the Hambalang Graft Case in 2013 compared to the coverage after the election. This corresponds to Fell's (2005) finding that no democratic country has been immune to massive corruption scandals and this has contributed to the downfall of the dominant political parties in the United States, Italy, and Spain. This issue also applies to many "third wave democracies" such as Indonesia (Fell 2005).

Figure 6.4 The Trend of Hambalang Graft Case



Source: Author's calculation

The Hambalang scandal was a joint corruption case involving two institutions, the Democratic Party and the Ministry of Youth and Sports. The coverage of the Hambalang Graft Case first appeared in 2010 (**Appendix 4**), shortly after Anas was chosen as the new Chairman of the Democratic Party¹⁵. Even though the case started in 2010, the front page coverage of the Hambalang case was consistently high, especially before the 2014 general

¹⁴ "Political corruption is any transaction between private and public sector actors through which collective goods are illegitimately converted into private-regarding payoffs" (Heidenheimer et. al. 1993:6). Political corruption takes place at the high level of political decision and it is not distinguish clearly between political and bureaucratic corruption (Amundsen 1999:3).

¹⁵ Anas appeared on the front pages around 68 percent of total coverages, followed by Andi Mallarangeng (10%), Susilo Bambang Yudhoyono (10%), Ibas (9%) and Silvy Soleha (3%).

election. The trend of Hambalang Graft Case was at its peak in 2013 when 54 incidents of reporting appeared on the front pages.

During election time, political corruption is more attractive and receives more attention because of the election propaganda than any other cases (Fell 2005). The newspapers that are politically opposed to the government reported the corruption scandals more often than those with political affiliation. The author analyses the major corruption scandal of 2013 when none of the newspapers had any affiliation with the ruling government. The result found that *Media Indonesia* and *Sindo* reported the corruption more often than *Kompas* and *Republika*, and the corruption scandals exposed by both newspapers mainly involved political parties that are members of the government coalition.

To prove this claim, we analyse three other major scandals including the Cattle Import Scandal, Akil Mochtar Bribery Case, and the Century Scandal. Political corruption had a larger number of occurrences than corruption without any political linkages. The result suggests that *Media Indonesia* and *Sindo* reported the Cattle Import Scandal and the Century Scandal more than the two other newspapers (**Appendix 6**). In 2013, when the Cattle Import Scandal was at the peak, *Sindo* reported it 13 times, followed by *Media Indonesia* (10 times), *Kompas* (6 times) and *Republika* (5 times). This trend was similar to media reporting on the Century Scandal. *Media Indonesia* and *Sindo* influenced the mainstream media's opinion which intensively exposed the scandal¹⁶. However, when the scandal is not linked to a political party, like the Akil Mochtar Bribery Case, both the newspapers had lower coverage¹⁷.

The Hambalang Graft Case caused an internal fighting between pro-Anas and SBY loyalists which targeted to slump the Democratic Party's support. Media framing of the scandal has been successfully used by the opposition party. In late 2010, the opinion polls show that the Democratic Party's support was more than 20 percent, but in 2013 the popularity went down to 8 percent (Fealy 2012 and Tempo 2013). This scandal was attractive to newspapers that explicitly affiliated with a political party. By reporting the Democratic Party's corruption, the opposition parties was benefiting from this coverage. Therefore, it is not surprising that *Media Indonesia* and *Sindo* have high coverage of the Hambalang Graft Case in 2013.

On the other hand, newspapers with apparent political affiliation tended to have low coverage during Joko Widodo's first period (2015). The most significant finding of the trend is illustrated by the police officer bribery case (General Budi Gunawan). Figure 6.4 shows that *Media Indonesia* is not interested in the scandal as it gave only low-frequency

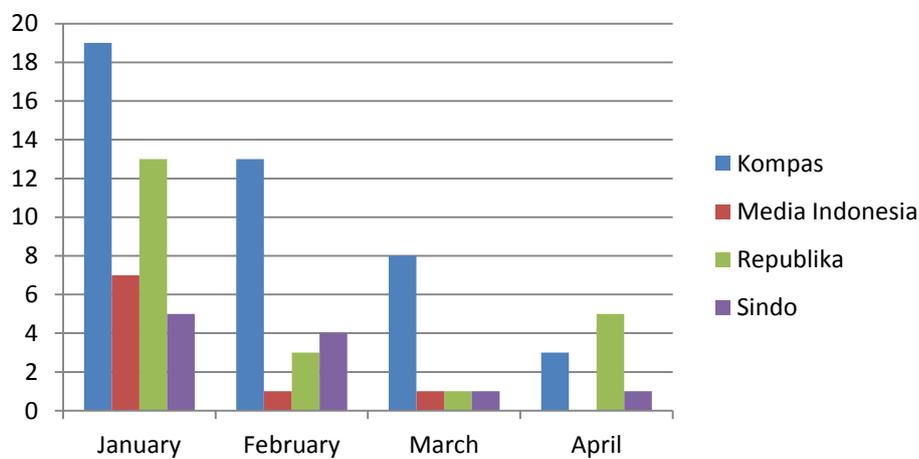
¹⁶ *Sindo* published the Century Scandal 21 times, followed by *Media Indonesia* (20 times), *Republika* (9 times), and *Kompas* (7 times).

¹⁷ *Media Indonesia* reported the case only nine times, and *Sindo* reported the case 14 times. On the other hand, *Kompas* and *Republika* reported the case higher by 27 times and 17 times respectively.

coverage. *Media Indonesia* just reported on it seven times in January following the national headline, while *Kompas* and *Republika* reported on it 19 and 13 times respectively.

This finding emphasises that the bribery scandal of Budi Gunawan caused political disunity among newspapers and the political factions. Budi Gunawan was accused of receiving bribes when he was the Chief of Police Headquarters Career Planning Bureau during 2003-2006. Budi Gunawan is closely linked to the ruling party, Indonesia Democratic Party of Struggle (PDI-P), since he was the former of adjutant of the party chairwoman, Megawati Soekarnoputri, since she was the country’s president (JakartaGlobe 2015). The result in Figure 6.5 is not entirely straightforward, but it confirms the second hypothesis.

Figure 6.5 The Trend of Bribery Scandal of National Police (Budi Gunawan)



Source: Author’s calculation

The content on the front pages also supports the finding: the coverage front page of corruption in *Media Indonesia* and *Sindo* was interfered by the political affiliation of the owners. I found that there was much speculation on the news coverage exposed by *Media Indonesia* in 2015. Nine coverages supported Joko Widodo as the president and Budi Gunawan as the primary suspect in the scandal. For instance, *Media Indonesia* blamed antigraft body in the coverage on 18 January 2015 with the title “Kopolnas calls KPK uncooperative.” Also, the coverage on 22 January 2015 obviously defended Budi Gunawan with the title “Give the Opportunity to Budi Gunawan to Defend Himself not Guilty and Clear of all Charges.”

In contrast, *Kompas* was being more critical and brave in reporting the case. Every title reported how the president should be consistent with the anti-corruption program. *Kompas* tried to prime that the Budi Gunawan bribery case would be a bad precedent in law enforcement in Indonesia and also it would risk public confidence in Joko Widodo. *Kompas*, for instance, wrote “Jokowi Tolleness Is Tested: The Inauguration of Budi Gunawan Arises Problems” on 16 January 2015. After court rejected the appeal filed against Budi

Gunawan in the pre-trial court, *Kompas* blasted the judge's decision on the front page of 17 February 2015 with the title, "Judge's Decision is a Bad Precedent."

Examining the political affiliation of media companies in Indonesia, it is found that the selected newspapers have a clear pattern in reporting corruption. The newspapers consider the political affiliation of their owners while reporting the corruption. This finding was also strengthened by Winters (2013) finding that the oligarch owners shape news according to their interests. Winters stated that "insofar as the media are heavily dominated by the same actors and political forces, it is unlikely that a critical free press or parties will provide the venues and vehicles for challenging this particular form of oligarchic domination." This finding emphasises that political affiliation of the media owners influence the coverage of corruption scandal.

Conclusion

The present research paper aims to examine the effects of government advertising and the political affiliation of media owners to the front page coverage of corruption scandals. The study uses the quantitative model to test the effect of government advertising on front page corruption coverage, and then compare the trend of the findings. The political affiliation of media is traced through the coverage trend of specific alleged scandal and the political background of the media owners.

The findings are consistent with the hypothesis that front page coverage of corruption is influenced by government advertising and the political affiliation of media company. The analysis of the data explains that government advertising reduces front page coverage of corruption. Newspapers with low advertising revenue tend to expose corruption more often than the newspapers with higher advertising revenue. For instance, the finding suggests that *Media Indonesia* and *Sindo* fluctuate a lot in reporting the corruption on their front pages when the firms experienced a dramatic increase in advertising. On the other hand, *Kompas* and *Republika* consistently exposed corruption when the advertising revenue is relatively stagnant.

Though the analysis of data collection proves that media suffers because of the advertiser and the owners, it is also expanded using the Fixed Effect Model as it would provide supported evidence that government advertising reduces the front page coverage of corruption. The main estimate is negative and statistically significant, even after political affiliation is added. The result suggests that the amount of money determines the proportion of the front page coverage of corruption. The inclusion of political affiliation to the model slightly increases the main variable interest and the estimated effect of political affiliation is insignificant, indicating that political affiliation is less important to compromise the coverage, but it still affects the proportion of front page corruption coverage.

The author provides the detail information at the scandal level, which allows us to see the detail picture of how political affiliation is associated with the proportion of front pages corruption coverage. The result indicates that from ten highest frequency scandals appearing on the front pages, the majority of the scandal appeared in 2013, the year preceding the general elections. During that year, there were no newspapers affiliated to the ruling government, and the newspapers with political affiliation to other political parties tended to cover the corruption scandal more than others. However, the coverage of corruption was much lower in 2015. The newspapers which had an affiliation with the ruling government had lower coverage of corruption in 2015, and the content of coverage always supported the government and the suspects who were connected with the government. For instance, *Media Indonesia* had a low coverage of corruption in 2015, when the owner of company (also the chairman of Nasdem Party) joined the ruling government.

This study contributes the further evidences to the existing literature on the media propaganda, corruption studies, and political oligarchy (see Herman and Chomsky 2010;

Winters 2013). Based on the finding, I conclude that mass media in Indonesia suffers from the intervention of the advertisers, owners, and shareholders of the company. The intervention on news coverage of corruption makes the media exposing a limited range of corruption scandals, and the content of the reporting defend the suspect. Future study can enlarge the observation to other dimension of coverage, for instance an analysis of the priming and framing effect of coverage to people's perception of corruption. Also, expanding the observation to other media platforms such as internet-based media and television.

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Appendices

Appendix 1 the list of institutions (Whole sample: 82 institutions)

Institutions	Institution Code
Amanat National Party (PAN)	1
BKPM	2
BNN	3
BPK RI	4
Central Bank	5
Constitutional Court (MK)	6
Coordinating Ministry of Economic Affairs	7
Coordinating Ministry for Human Development And Culture	8
Coordinating Ministry of People's Welfare	9
Democratic Party	10
Democratic Struggle Party (PDI)	11
DKI Jakarta	12
DPD RI	13
DPR RI	14
DPRD DKI Jakarta	15
Gerindra Party	16
Golkar Party	17
Hanura Party	18
Judicial Commission Of Indonesia	19
KPU	20
Ministry of Administrative and Bureaucratic Reform	21
Ministry of Agrarian Affairs and Spatial Planning	22
Ministry of Agriculture	23
Ministry of Communication and Informatics	24
Ministry of Cooperation and Micro Economy	25
Ministry of Defence	26
Ministry of Disadvantaged Region Development	27
Ministry of Education and Culture	28
Ministry of Energy and Mineral Resources	29
Ministry of Environment	30
Ministry of Finance	31
Ministry of Foreign Affairs	32
Ministry of Forestry	33
Ministry of Health	34
Ministry of Home Affairs	35
Ministry of Industry	36
Ministry of Law and Human Rights	37
Ministry of Living Environment and Forestry	38
Ministry of Manpower	39
Ministry of Manpower and Transmigration	40
Ministry Of Marine Affairs and Fisheries	41

Ministry Of Mineral and Energy Resources	42
Ministry Of National Development Planning	43
Ministry Of People Prosperity	44
Ministry Of Public Housing	45
Ministry Of Public Works	46
Ministry Of Public Works Aand Public Housing	47
Ministry Of Religion Affairs	48
Ministry Of Research and Technology	49
Ministry Of Research, Technology and Higher Education	50
Ministry Of Social Affairs	51
Ministry Of State-Owned Enterprises	52
Ministry Of State Secretariat	53
Ministry Of State-Owned Enterprises	54
Ministry Of Tourism	55
Ministry Of Tourism and Creative Economy	56
Ministry Of Trade	57
Ministry Of Transportation	58
Ministry Of Woman Empowerment and Child Protection	59
Ministry Of Youth and Sports	60
Minsitry Of Village, Development Of Disadvantaged Regions And Transmigration	61
MPR RI	62
National Army	63
National Democratic Party (Nasdem)	64
National Disaster Tackling Group (BNPB)	65
National Institute of Public Administration Indonesia (LAN)	66
National Police	67
North Sumatra Regional Government	68
OJK	69
Ombudsman	70
PBB	71
Pelindo II	72
Perindo Party	73
Pertamina	74
PGN	75
PPP	76
Prosperity Justice Party	77
Skk Migas	78
State Intelligence Services	79
Supreme Court (MA)	80
Telkom	81
The State-Owned Electricity Company (PLN)	82

Appendix 2 the list of newspaper (Whole sample: 4 national newspapers)

Newspapers	Newspaper Code
Kompas	1
MI	2
Republika	3
Sindo	4

Appendix 3 The 20th Corruption Scandal during 2013 and 2015 based on the Amount of State Lost

Description	Institutions	Year Of Publication	State Cost (In billion)
Century Scandal	Central Bank	2013/2015	6,700
Internet Service Car Scandal	Ministry Of Communication And Informatics	2013	1,400
IM2 Corruption Case	Pt Indosat Mega Media (Im2)	2013/2015	1,300
IUPHHK/HT Insuance In Pelalawan Riau	Government Of Riau	2013	1,208
Pilgrimage Scandal	Ministry Of Religion Affairs	2015	1,000
Corruption on MTQ-31 And The Supporting Finance to The Local Major	Local Government Of Tanjung Balai	2015	947
Seed Subsidy Program in Kutai Timur	Ministry Of Agriculture	2015	600
Forestry Licencing in Kampar	Ministry Of Forestry	2013/2015	519
Corruption on National Sports Facility (P3SON) Hambalang	Ministry Of Youth And Sports	2015	453
APBK Deposit Scandal in Aceh Utara	Local Government Of Aceh Utara	2013/2015	420
Corruption On SKPN PT BCA 1999.	Ministry Of Finance	2013/2015	375
Corruption On Sanana Mosque 2006-2010	Local Government Of Sula	2013	338
Corruption of Free Trade Area And Port Construction in Sabang	Nindya Construction Company And Local Regency Of Bener Meriah	2015	313
Corruption on PT BLJ	Local Government Of Bengkalis And The Supreme Court (Regional Office Of Bengkalis)	2015	300
Social Grant Corruption	Local Government Of Bengkalis	2015	272
Credit Facility From BRI to PT First International Gloves	Bank Rakyat Indonesia	2013/2015	255
Hambalang Scandal	Democratic Party And Ministry Of Youth And Sports	2013/2015	233
100 Trees Program	Pertamina	2015	226
Rice Farms Construction Scandal	Ministry Of National Enterprise (Bumn)	2015	208

Corruption On Mining Exploration Between Bp Migas And Pt Chevron Pacific Indonesia (CPI)	Skk Migas	2013	200
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Sources: The Indonesia Corruption Watch (ICW)

Appendix 4 The List of Corruption Scandal Appeared on The Front Page

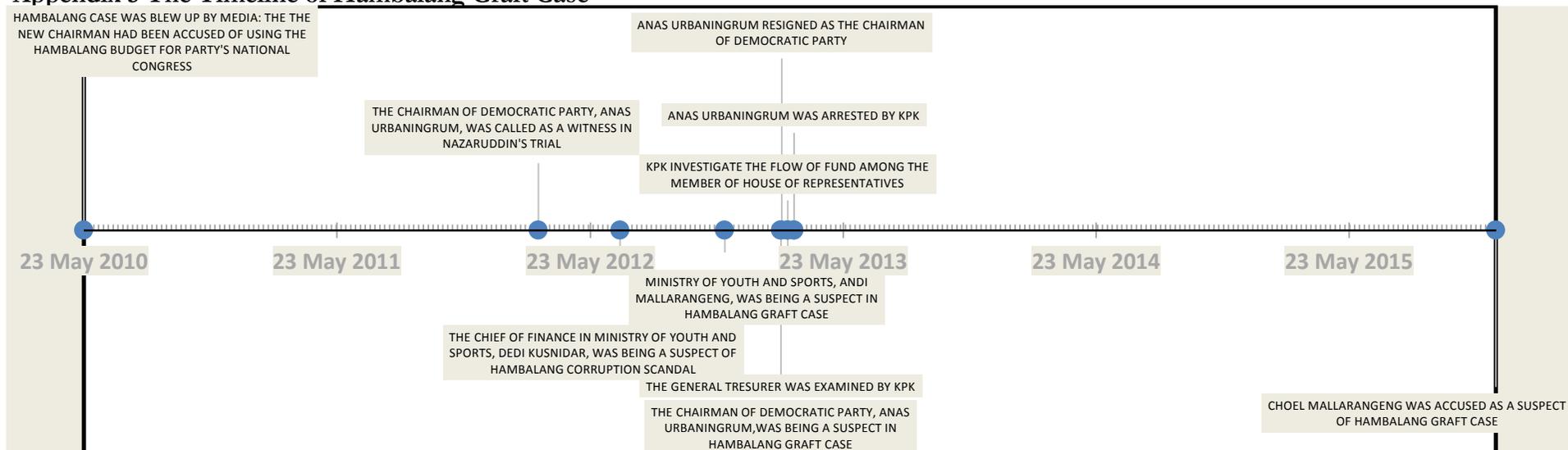
Institutions	Year	Front Pages	Alleged Scandal	Amount of Money (in billion)	Date
Democratic Party	2013	107			
Hambalang Graft Case		103	Embezzlement	700	January, February, March, April, June, August, November, December
Century Scandal		2	Embezzlement	6,700	February
Sea Games Embezzlements		1	Embezzlement	25	April
the Bribery Case on College Project Budget		1	Bribes	13	January
National Police	2015	105			
Bribes to National Police-Budi Gunawan		86	Gratification	1	January, February, March, April
Simulator Scandal		1	Embezzlement	121	March
Criminalization Against KPK		17	Conflict Between Legal Institutions		January, February, March, April
Bribes to National Police-Labora		1	Bribes	1,500	February
Constitutional Court (MK)	2013	67			
Akil Mochtar Bribery Case		67	Bribes	1	October
Central Bank	2013	63			
Century Scandal		61	Embezzlement	6700	February, March, May, June, July, October, November, December
BLBI Fraud		2	Embezzlement	138,442	April
Prosperity Justice Party	2013	63			

Cattle Import Scandal		63	bribes	1	January, February, May, June, July, September, October, November, December
DPR RI	2015	48			
Bribes to Hanura		2	Bribes	1,5	October
KPK's Commissioner Election		7	Conflict Between Legal Institutions		November, December
Profiteering President Name for Electricity Program		19	Embezzlement		November, December
PLMTH Micro Hydro		2	Embezzlement	12	October
Law Revision to Degrade KPK		3	Conflict Between Legal Institutions		October
Profiteering Case of Parlemnt Chairman		14	Bribes		November, December
Procurement and Installation of Panel Surya Scandal		1	Embezzlement		October
National Police	2013	42			
Bribes to the National Police Officer-Susno Duadji		5	Bribes	0.5	April, May
Bribes to the National Police Officer-Labora		3	Bribes	1,500	May, June
Driver's License Simulator Scandal		29	Embezzlement	121	March, April, May, July, August, September, October, November, December
Anti Corruption Taskforce		1			October
PT Salmah Arowana Lestari Graft Case		4	Bribes	4,2	April
Democratic Party	2015	19			
Hambalang Graft Case		19	Embbezzlemen t	700	January, February, March
Ministry of Finance	2013	17			

Bribes to Tax Officials		17	Bribes	150	April, May, October
Ministry of Youth And Sports	2013	16			
Hambalang Graft Case		13	Embezzlement	700	January, April, July, October, November
Sea Games Embezzlements		3	Embezzlement	25	January, November

Sources: Author's calculation

Appendix 5 The Timeline of Hambalang Graft Case



Date	The Legal Process of Hambalang Graft Case
23/05/2010	Hambalang Case was blown up by media: The the new chairman had been accused of using the Hambalang budget for Party's National Congress
09/03/2012	The Chairman of Democratic Party, Anas Urbaningrum, was called as a witness in Nazaruddin's trial
05/07/2012	The Chief of Finance in Ministry of Youth and Sports, Dedi Kusnidar, was being a suspect of Hambalang Corruption Scandal
03/12/2012	Ministry of Youth and Sports, Andi Mallarangeng, was being a suspect in Hambalang graft case
22/02/2013	The Chairman of Democratic Party, Anas Urbaningrum, was being a suspect in Hambalang graft case
23/02/2013	Anas Urbaningrum resigned as the chairman of Democratic Party
04/03/2013	KPK investigate the flow of fund among the member of House of Representatives
13/03/2013	KPK arrested anas Urbaningrum
3/4/2013	KPK examined the General Treasurer
25/10/2013	The General Secretary of Democratic Party was examined as a witness
12/21/2015	Choel Mallarangeng was accused as a suspect of Hambalang graft case

Sources: Author's estimation

Appendix 6 The Result Statistics

Explanatory Variables	Front Pages		
	1	2	3
ads_m	-0.454** (0.185)	-0.468** (0.185)	
readership_m	0.771 (2.565)	-0.389 (2.867)	
politicalaffiliation		0.456 (0.503)	0.355 (0.451)
_iinstcode_2	0.00118 (1.523)	0.00121 (1.523)	-0 (1.529)
_iinstcode_3	-0.0151 (1.523)	-0.0156 (1.523)	-0 (1.529)
_iinstcode_4	-0.0722 (1.523)	-0.0744 (1.523)	-0 (1.529)
_iinstcode_5	8.944*** (1.540)	8.961*** (1.540)	8.375*** (1.529)
_iinstcode_6	8.895*** (1.531)	8.907*** (1.531)	8.500*** (1.529)
_iinstcode_7	-0.0764 (1.523)	-0.0788 (1.523)	-0 (1.529)
_iinstcode_8	0.538 (1.538)	0.554 (1.538)	-0 (1.529)
_iinstcode_9	-0.0794 (1.523)	-0.0818 (1.523)	-0 (1.529)
_iinstcode_10	15.73*** (1.523)	15.85*** (1.528)	15.84*** (1.533)
_iinstcode_11	-0.0528 (1.523)	0.0596 (1.528)	0.0888 (1.533)
_iinstcode_12	1.790 (1.523)	1.787 (1.523)	1.875 (1.529)
_iinstcode_13	0.0273 (1.523)	0.0281 (1.523)	-0 (1.529)
_iinstcode_14	6.765*** (1.531)	6.777*** (1.531)	6.375*** (1.529)
_iinstcode_15	0.0438 (1.523)	0.0413 (1.523)	0.125 (1.529)
_iinstcode_16	0.211 (1.525)	0.331 (1.531)	0.0888 (1.533)
_iinstcode_17	0.297 (1.523)	0.409 (1.528)	0.464 (1.533)
_iinstcode_18	0.392 (1.523)	0.449 (1.524)	0.419 (1.530)
_iinstcode_19	-0.0638 (1.523)	-0.0658 (1.523)	-0 (1.529)
_iinstcode_20	0.384 (1.523)	0.388 (1.524)	0.250 (1.529)

_iinstcode_21	-0.0815 (1.523)	-0.0840 (1.523)	-0 (1.529)
_iinstcode_22	-0.0717 (1.523)	-0.0739 (1.523)	-0 (1.529)
_iinstcode_23	1.957 (1.523)	1.955 (1.523)	2 (1.529)
_iinstcode_24	0.208 (1.525)	0.214 (1.525)	-0 (1.529)
_iinstcode_25	-0.0777 (1.523)	-0.0801 (1.523)	-0 (1.529)
_iinstcode_26	-0.0776 (1.523)	-0.0800 (1.523)	-0 (1.529)
_iinstcode_27	-0.0736 (1.523)	-0.0758 (1.523)	-0 (1.529)
_iinstcode_28	0.242 (1.526)	0.249 (1.526)	-0 (1.529)
_iinstcode_29	0.322 (1.528)	0.332 (1.528)	-0 (1.529)
_iinstcode_30	0.0325 (1.523)	0.0335 (1.523)	-0 (1.529)
_iinstcode_31	3.273** (1.566)	3.300** (1.566)	2.375 (1.529)
_iinstcode_32	-0.0837 (1.523)	-0.0862 (1.523)	-0 (1.529)
_iinstcode_33	-0.0168 (1.523)	-0.0173 (1.523)	-0 (1.529)
_iinstcode_34	-0.0682 (1.523)	-0.0703 (1.523)	-0 (1.529)
_iinstcode_35	-0.0309 (1.523)	-0.0318 (1.523)	-0 (1.529)
_iinstcode_36	-0.0460 (1.523)	-0.0474 (1.523)	-0 (1.529)
_iinstcode_37	1.086 (1.523)	1.085 (1.523)	1.125 (1.529)
_iinstcode_38	-0.0350 (1.523)	-0.0361 (1.523)	-0 (1.529)
_iinstcode_39	0.0370 (1.523)	0.0382 (1.523)	-0 (1.529)
_iinstcode_40	0.0892 (1.523)	0.0919 (1.523)	-0 (1.529)
_iinstcode_41	-0.0722 (1.523)	-0.0744 (1.523)	-0 (1.529)
_iinstcode_42	-0.0825 (1.523)	-0.0850 (1.523)	-0 (1.529)
_iinstcode_43	0.501 (1.536)	0.516 (1.536)	-0 (1.529)
_iinstcode_44	-0.0799 (1.523)	-0.0823 (1.523)	-0 (1.529)
_iinstcode_45	-0.0182	-0.0187	-0

	(1.523)	(1.523)	(1.529)
_iinstcode_46	0.689	0.691	0.625
	(1.523)	(1.523)	(1.529)
_iinstcode_47	-0.0661	-0.0681	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_48	0.00172	0.00177	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_49	0.0177	0.0183	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_50	-0.0538	-0.0554	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_51	-0.00558	-0.00575	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_52	-0.0685	-0.0705	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_53	-0.0856	-0.0882	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_54	-0.0839	-0.0864	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_55	0.0257	0.0264	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_56	-0.0545	-0.0562	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_57	0.453	0.451	0.500
	(1.523)	(1.523)	(1.529)
_iinstcode_58	0.511	0.516	0.375
	(1.524)	(1.524)	(1.529)
_iinstcode_59	-0.0606	-0.0624	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_60	3.117**	3.120**	3*
	(1.523)	(1.523)	(1.529)
_iinstcode_61	0.0848	0.0874	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_62	-0.0273	-0.0281	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_63	-0.0180	-0.0185	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_64	0.636	0.644	0.375
	(1.526)	(1.526)	(1.529)
_iinstcode_65	-0.0586	-0.0603	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_66	-0.0857	-0.0883	-0
	(1.523)	(1.523)	(1.529)
_iinstcode_67	18.31***	18.30***	18.37***
	(1.523)	(1.523)	(1.529)
_iinstcode_68	0.539	0.536	0.625
	(1.523)	(1.523)	(1.529)
_iinstcode_69	0.328	0.337	-0
	(1.528)	(1.529)	(1.529)

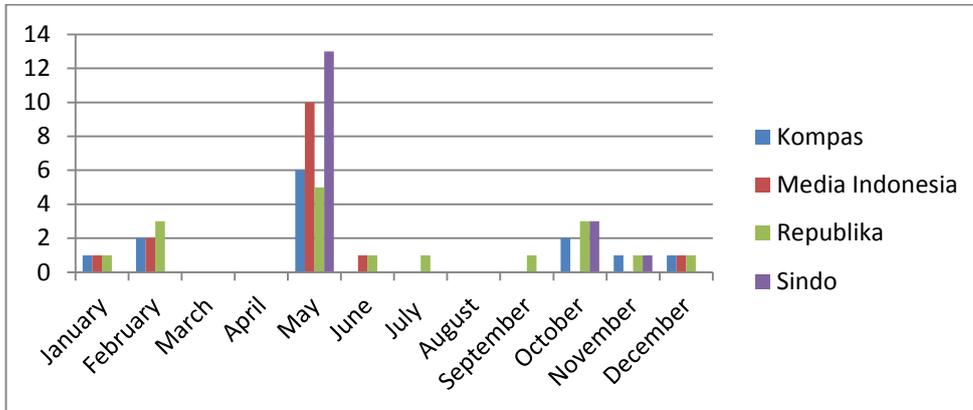
_iinstcode_70	-0.0828 (1.523)	-0.0853 (1.523)	-0 (1.529)
_iinstcode_71	-0.0835 (1.523)	-0.0860 (1.523)	-0 (1.529)
_iinstcode_72	0.664 (1.523)	0.661 (1.523)	0.750 (1.529)
_iinstcode_73	0.189 (1.524)	0.195 (1.525)	-0 (1.529)
_iinstcode_74	1.823 (1.651)	1.870 (1.652)	0.250 (1.529)
_iinstcode_75	0.0203 (1.523)	0.0210 (1.523)	-0 (1.529)
_iinstcode_76	-0.0489 (1.523)	-0.0504 (1.523)	-0 (1.529)
_iinstcode_77	8.414*** (1.523)	8.411*** (1.523)	8.500*** (1.529)
_iinstcode_78	2.442 (1.533)	2.455 (1.533)	2 (1.529)
_iinstcode_79	-0.0862 (1.523)	-0.0888 (1.523)	-0 (1.529)
_iinstcode_80	2.694* (1.523)	2.693* (1.523)	2.750* (1.529)
_iinstcode_81	-0.0773 (1.523)	-0.0797 (1.523)	-0 (1.529)
_iinstcode_82	0.245 (1.526)	0.253 (1.526)	-0 (1.529)
_Inewspaper_2	0.360 (2.821)	-0.916 (3.153)	-0.340 (0.338)
_Inewspaper_3	0.838 (2.838)	-0.228 (3.072)	0.268 (0.397)
_Inewspaper_4	0.675 (2.634)	-0.299 (2.846)	0.0831 (0.396)
_Iyears_2015	-0.528** (0.261)	x (0.316)	-0.703** (0.316)
Constant	-0.375 (3.067)	0.810 (3.334)	0.260 (1.113)
Observations	656	656	656
R-squared	0.550	0.551	0.545

Robust standard errors in parentheses

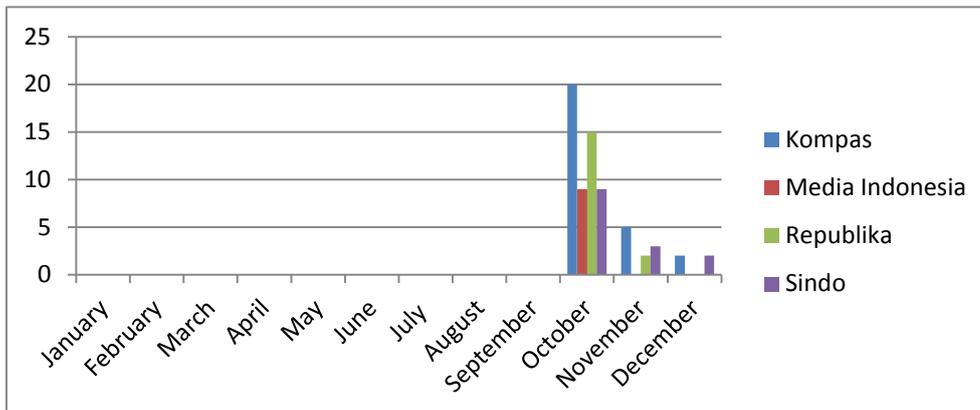
*** p<0.01, ** p<0.05, * p<0.1

Appendix 7 the Trend of the Cattle Import Scandal, the Bribery Case of Akil Mochtar, and the Century Scandal

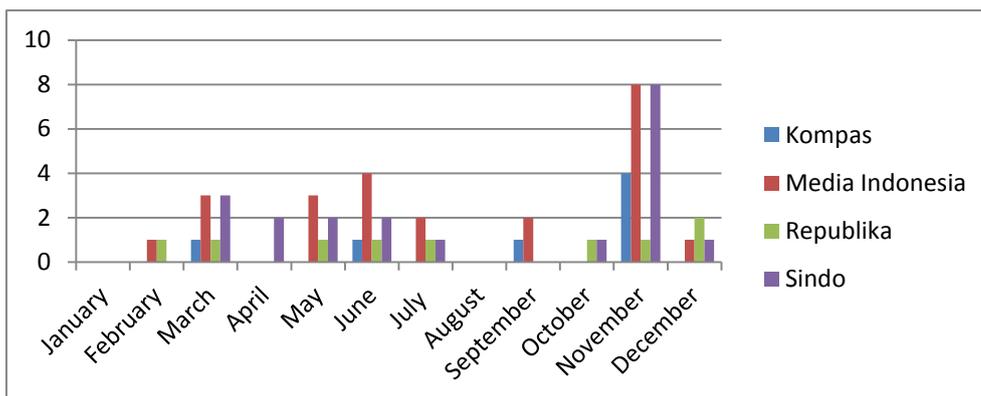
The Cattle Import Scandal



The Bribery Case of Akil Mochtar



The Century Scandal



Sources Author's calculation