

# The Constellation of Tobacco Issues: The Strategy of Gappri's *Stakeholder Relation* among the Negative Campaigns against the Cigarette Industry

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## ABSTRACT

*The Tobacco Products Industry with the main products of cigarettes currently faces severe challenges. Marked the incessant campaign with health arguments delivered by various groups. Ranging from Non-Governmental Organizations (NGOs) to governments driven by the Ministry of Health. Aside from the health side, the industry is also pushed by government policies that continue to raise cigarette excise. From an economic point of view, the tobacco products industry contributes significantly to state revenues in the form of excise which reaches more than IDR 159 trillion a year. Even though, for anti-tobacco groups, the economic contribution is not comparable to the adverse effects that produced by the tobacco products industry. The focus of this study is to explain the constellation in the tobacco products industry and how the stakeholder relations strategy of the Association of Indonesian Cigarette Manufacturers (Gappri) in responding to negative campaigns against the industry. The theories and concepts used in this study were organizational communication, the theory of organizational sustainability, the theory of stakeholders, and the theory of conflict. The results of the study indicate that the association runs an organization with a strategy analysis approach by using opinion leaders to fend off negative campaigns. In addition, it actively engages in synergy and collaboration with various groups to support the vision and mission of the organization.*

Keywords: *Stakeholders Relation*

## 1. INTRODUCTION

The Tobacco Product Industry with the main products of cigarettes currently faces severe challenges (Rachmat, 2010: 67). Marked the incessant campaign with health arguments delivered by various groups. Ranging from Non-Governmental Organizations (NGOs) to governments driven by the Ministry of Health. Aside from the health side, the industry is also pushed by government policies that continue to raise cigarette excise.

From an economic view, the tobacco products industry contributes significantly to the state revenues in the form of excise that reaches more than IDR 159 trillion a year (Likke, 2000: 69). Even though, for anti-tobacco groups, the economic contribution is not comparable to the adverse effects that produced by the tobacco products industry.

The Tobacco Control Support Center and Indonesian Public Health Expert Association stated the prevalence of tobacco consumption tended to increase in both men and women. More prevalence it increases in women from 1.7% in 1995 to 6.7% in 2013, while in men from 53.4% in 1995 to 66% in 2013. Thus, the number of smokers in Indonesia continues to rise every year.

According to the Tobacco Control Support (TSC), the cigarette industry must be controlled because in terms of production it continues to increase. The anti-tobacco group also questioned the Tobacco Product Industry Roadmap compiled by the Ministry of Industry No. 63/M-IND/PER/8/2015 for the 2015-2020 period, with the main point being hoisting exports while controlling production in the range of 5-7% per year, increased partnerships between cigarette producers and mutually beneficial tobacco farmers.

The road map that became a mess and the framework of the cigarette industry was later revoked by the Supreme Court after the anti-tobacco group sued the Roadmap to the Supreme Court. The Supreme Court through Decision Number 16P/HUM/2016 granted all requests for judicial review of the Regulation of the Minister of Industry Number 63/M-IND/PER/8/2015 concerning the Roadmap for the Tobacco Products Industry in 2015-2020.

The Supreme Court stated that the Minister of Industry Regulation was in conflict with the five higher regulations, namely Law Number 36 of 2009 concerning Health and Law Number 39 of 1999 concerning Human Rights. Then, Law Number 11 of 2005 concerning Ratification of the International Covenant on Economic, Social and Cultural Rights; Law Number 23 of 2002 concerning Child Protection and Law Number 11 of 1995 concerning Excise (Rahman & Widodo. 2015: 94) .

With the publication of this Supreme Court decision, no further efforts to defeat the larger interests, namely public health. The roadmap of the tobacco industry undermines the demographic bonus of 2030 because promoting products containing dangerous addictive substances then actually encourages cigarette production to reach 524.2 billion cigarettes in 2020. The roadmap benefits the cigarette industry and does not benefit the community so that it is worth revoking.

The Association of Indonesian Public Health Experts considers cigarette consumption to be very high because in terms of selling prices it is still very cheap. While the Department of Demography at the University of Indonesia recorded only 281.571 direct workers in the cigarette industry in 2012. This number is not as much as the food industry and other industries. The cigarette industry claims that claim to absorb a lot of labor are due to including indirect workers in their calculations such as traders and household members who are covered.

The findings of the Demographic Institute, the average wage of cigarette industry workers under the foreman is lower than the average wage of the food industry and other industries. This has happened consistently in the last 13 years. In 2013, the average cigarette industry wage was IDR. 1,196,200 while the average food industry wage is IDR. 1,375,100 and the total industry wage is IDR. 1,636,200 per month.

The Association also highlighted that there was a tendency of the government to be helpless before the cigarette industry. There are seven categories noted that the government does not have bargaining power when dealing with the cigarette industry. The seven categories are the level of participation in policy making; activities claimed to be corporate social responsibility (CSR); providing benefits to the cigarette industry; unnecessary forms of interaction; transparency; conflict of interest; and preventive measures (Hayati, Istiqomatul. 2017 ). In the category of the level of participation in policy making, the government actually composes regulations that are driven by the cigarette industry. This was seen when the legislative board chose to continue discussing the Bill on Draft Law until later it remained in the National Legislation Program 2018 (Abadi, Tulus: 2016)

The Indonesian Legal and Human Rights Assistance Association assesses the regulation of addictive substances between cigarettes and alcohol is very lame. In fact, both are addictive substances. Different treatment happens when making the Draft Bill on Alcohol and the Broadcasting Bill which allows cigarette advertisements. In the process of drafting the law, it must always harmonize with the Preamble of the 1945 Constitution. In the Draft Bill on Alcoholic Prohibition, the reference to the Opening of the 1945 Constitution is used to suppress the circulation of alcoholic beverages. Ironically, when drafting the Broadcasting Bill which allows cigarette advertisements, the legislative board does not refer to the Opening of the 1945 Constitution (Hayati, Istiqomatul. 2017).

The cigarette industry is also highlighted by anti-tobacco groups on the side of the corporate social responsibility (CSR) activities. The government is considered to always receive assistance from the cigarette industry. For example, CSR activities of a cigarette company when planting 12 thousand trembesi trees on the Cipali toll road. The Demography Institute of the Faculty of Economics, University of Indonesia also assesses the cigarette industry often influences policy and drafting regulations. For examples, the preparation of the Excise Law No. 39 of 2007. In the regulation it was stated that every decision to increase excise tax must be consulted with the industry. There is no obligation for the government to listen to the public. (Samodro, Dewanto. 2017).

The hard attitude towards the tobacco industry was also conveyed by the Indonesian Consumers Foundation (Abadi, Tulus. 2017). It stated that the government's attitude is clear in terms of the cigarette industry, only the Ministry of Health. Other ministries are supported regardless of health aspects. The Foundation also stated that the government considers cigarettes is not a disaster and actually supports the cigarette industry (Ariyanti, Fiki. 2016).

The Indonesian Consumers Foundation assessed cigarette excise as little compared to the socio-economic impact of cigarette consumption. Jonan's statement on cigarette excise, aside from being misleading and wrong, will also make the cigarette industry even bigger head (Bata, Frederikus. 2017 ). It assessed the statement of the Minister of Energy and Mineral Resources, Ignatius Jonan, who gave the view that the economic contribution of the cigarette industry exceeds Freeport, where PTFI's tax deposit was only IDR. 8 trillion, compared to cigarette tax payments of IDR. 135 trillion.

The anti-tobacco group assesses the indication of the government's partiality in the cigarette industry, because there are regions compiling rules on the prohibition of cigarette advertisements, Minister of Political Law and Human Rights Tedjo Edhy Purdijatno calls on two regional governments, Jakarta and Bogor. Cigarette producers are also untouched by law enforcers, in this case the police and BPOM, despite violating rules such as in the promotion of cigarette advertisements.

The attitude of the House of Representatives and the Government to draft the Bill on Tobacco was also suspected as part of protecting the industry as well as a part of the government's refusal to ratify the Framework Convention on Tobacco Control (FCTC) (Rachmaningtyas, Ayu. 2016) Anti-tobacco groups and pro-health groups have the view that tobacco does not have any positive effects. So that FCTC access is a must. The excise tax on cigarettes must also be increased to 150% (Aisyah, Arina. 2018)

The spotlight on the tobacco industry also comes from religious organizations. Muhamadiyah noted that smoking had an impact on family welfare. Based on statistics, the smokers' family expenditure on cigarettes was ranked second after rice (Nasrullah, G. Yahya. 2017). Then health will have an impact on productivity, if it decreases then income also decreases. If income decreases, poverty increases. While the Chairperson of the Indonesian Church, Bambang Wijaya, suggested that the price of cigarettes should be increased so that children would not buy them. As Father Benny Susetyo also suggested that the price of cigarettes be made expensive or equated with international prices.

In the National Socio-Economic Survey in 2010, young smokers aged 10-14 years increased by 3.96 million or 10,869 new smokers every day (Lestari, Martina. 2017). In the same year, Basic Health Research found that young smokers aged 15-19 years had tripled over the past five years.

From the industry side, with various criticisms that continue to be conveyed and also the absence of regulatory guidance after the tobacco industry roadmap has been revoked, industries such as not having clear regulatory references. This condition is certainly a challenge, how to 'negotiate' business interests with various pressures from various community groups. With the public being increasingly critical of the industry, accompanied by pressure from the government in the form of excise and tax policies, business competition is increasingly tight where the tobacco industry group is only concentrated in several brands while the sentiment between cigarettes makes the cigarette industry very solid. Therefore a comprehensive approach of *stakeholders relation* is needed so that the industry stays in the midst of various pressures and siege from various sides.

## 2. LITERATURE REVIEW

### 2.1 Strategy

Strategy originated from said Greece *strategeia* (*Stratus* = military; and *ag* = lead), that the meaning art or science for to be a general. Strategy can also interpreted as something plan for division and use power military and material on certain area for reach certain aim. According to Stoner, Freeman, and Gilbert (2005), concept strategy get it defined based on two different perspectives i.e. (1) from perspective what that something organization want do (intends to do), and (2) from perspective what that organization finally do it (eventually does) (Stoner, et. al. 1995).

Based on the first perspective, strategy could defined as program for determine and reach aim organization and implementation their mission. That is, that managers play important role that active, be aware of and rational in formulate organization strategy.

While based on the second perspective, strategy defined as pattern response or response organization to the environment all along time. On this definition, every organization certainly have strategy, although strategy that is not ever formulated explicitly. This view applied for managers that are nature reactive, that is only respond and adjust self to environment in a manner passive when needed.

According to Tjiptono (2008) at in something organization there is three strategy levels, corporation level, unit business level or line business, and functional level. Strategy Levels of Corporation, formulated by top management that set activities and operation organization that have line or business. Strategy Levels of Business Unit, more directed on management activities and operation something business certain. Strategy Level Functional is strategy in framework function of management that could support strategy of unit business level (Tjiptono. 2008).

According to Rangkuti (2009) strategy could grouped based on three types of strategy that are: Management Strategy. Includes strategy that could do by management with orientation development strategy in a manner macro, for example: strategy of product development, determination price, acquisition, market development, and so on (Rangkuti. 2009).

Investment Strategy, is activities that oriented on infestation. For example, company wants to do strategy growth aggressive or attempted hold up penetration market, strategy development back something division new or divestment strategy, and etc. Business Strategy. It called as business strategy in a manner functional because this strategy oriented on functions in activities management, for example marketing, production or operational, distribution strategy and etc.

### 2.2 Stakeholders

Public institutions have used the term stakeholder extensively into decision making and decision processes. In simple terms, stakeholders are often stated as parties, cross actors, or parties related to an issue or a plan. Freeman (1984) defines stakeholders as groups or individuals who can influence and/ or be

influenced by an achievement of certain goals. Whereas Biset (1998) briefly defines stakeholder as a person with an interest or concern for the problem.

According to ISO 26000 SR, stakeholders (<https://www.iso.org/>) defined “individuals or groups who have an interest in organizational decisions and activities”. The views above show that the introduction of stakeholders does not merely answer the question of who the stakeholder is an issue but also the nature of stakeholder relations with the issues, attitudes, views, and influence of the stakeholder. These aspects are very important to be analyzed to get to know stakeholders.

Based on the strength, important position, and influence of stakeholders on an issue, stakeholders can be categorized into several groups; primary, secondary and key stakeholders (<http://momentumsudutdanrotasibendategar.blogspot.co.id>) That is:

1. **Main Stakeholders (primary).** The main stakeholders are stakeholders who have a direct relationship with the interests of a policy, program and project. They must be placed as the main determinant in the decision making process.
2. **Supporting Stakeholders (secondary).** Supporting stakeholders (secondary) are stakeholders who do not have direct links to the interests of a policy, program, and project, but have concern and concern so that they share their voices and influence. Like local non-governmental organizations (NGOs): NGOs engaged in areas that are in line with the plans, benefits, impacts that arise that have a “concern” (including related mass organizations).
3. **Key Stakeholders.** Key stakeholders are stakeholders who have legal authority in terms of decision making. If at the policy level, the key stakeholders in question are executive elements according to their level, legislature, and agency. With the important role and position of stakeholders, decision makers in the organization must truly implement the activities that considered important by stakeholders. In the sense that the organization needs apply bear it he replied to stakeholders and too apply good corporate governance. For Helena and Therése (2005), society is stakeholders most important for an organization and media holding on role important in communicate activities organization to stakeholders. Media also have power for reveal information company, if company do action that not appropriate. So that organization need apply principle good corporate governance and corporate social responsibility for keep reputation in front of its stakeholders. Following this is the chart who explained classification stakeholders in a general manner. Organization should able to pay attention all over stakeholder interests in a balanced manner and not only pay attention interests holder stock (*shareholders*). This ability will be very determine success and sustainability life of company in long period.

### 2.3 Organizational Sustainability

In order to live and grow sustainably, organizations must integrate business objectives with social and ecological goals as a whole. In the perspective of this theory, society and the environment are the basic and

main pillars that determine the business success of an organization so that it must always be protected and empowered.

Every development and expansion of the business to be carried out must consider economic, social and environmental factors so that it does not leave negative impacts in the future. Then (Coblentz, 2010) revealed that in order to run well, an organization must have three things that are applied continuously. “A sustainable organization needs to be strong institutionally, financially and morally. It needs all three in equal measure. Not even exceptional strength in one can overcome weaknesses in the others “.

## **2.4 Organizational Communication**

There are two views in organizational communication; objective and subjective views. An objective approach to the organization is something physical and concrete, and the structure of the boundary - a definite boundary. The term organization implies that something tangible encapsulates people, relationship relationships and goals. While the subjective views of organizations as activities carried out by people. The organization consists of actions, interactions and transactions involving people.

The term comes from the Latin *organizare*, which means alloy of parts that are interdependent of each other. The correlation between the science of communication with the organization lies in its review which focuses on human beings involved in achieving the organization's goals. Communication science questions what forms of communication take place in the organization, what methods and techniques are used, what media are used, and what processes, what factors are the obstacles and so on.

The answers to these questions are for study material to then present a communication conception for a particular organization based on the type of organization, the nature of the organization, and the scope of the organization taking into account certain situations when communication is launched. Organizations are typically regarded as nouns, while organization is considered a verb (Pace & Faules. 2006: 11). Communication and organizational success are interconnected. Improving organizational communication means improving the organization.

## **2.5 Conflict Theory**

Etymologically, conflict comes from Latin *con* which means together and *figure* which means collision. There is a collision from each wishes or needs, opinions, and desires involving more than two parties. According to Degenova conflict is something that normally occurs in every relationship, where two people never always agree on a decision made ( DeGenova. 2008) . Kurt Lewin explained that conflict is a condition in which the impulses in a person are in the opposite direction and almost the same strength (Kurt. 1997).

According to Richard E. Crable, “conflict is a disagreement or a lack of harmony”. The sentence can be interpreted as a conflict is an incomprehension or incompatibility. Weiten (2004) defines conflict as a state where two or more motivations or impulses to behave that are not in line must be expressed simultaneously.

Sociologically, conflict is defined as a social process between two or more people (can also be a group) where one party tries to get rid of the other party by destroying it or making it powerless. Conflict means a perception of perceived divergence of interest or a belief that the aspirations of the conflicting parties are not achieved simultaneously (Susan. 2010) .

According to the Big Indonesian Dictionary, conflict is defined as disputes, disputes, and conflicts. Whereas social conflict is a conflict between members or society that is comprehensive in life. Conflict is the process of achieving goals by weakening the opponent, without regard to the prevailing norms and values (Soekanto. 1993). In another sense, conflict is a social process that takes place by involving people or groups that challenge each other with the threat of violence.

Conflict is experienced by differences in the characteristics that individuals carry in a community interaction. The differences that often occur one of them is concerning physical characteristics, intelligence, wealth, knowledge, regional customs, beliefs, and so forth. With the differences of each individual that makes a reasonable situation in society. Because, not one community has never experienced conflict between its members or other community groups. As Ralf Dahrendorf said that the process of social conflict is the key to social structure.

There is another key concept in conflict theory that is “interest”. Dahrendorf divides social groups into pseudo groups and interest groups. First is a pseudo group. This pseudo group is a prospective group which will later become an interest group. It's just that the pseudo groups at that time were not yet aware of what interests must be fought for or said to be latent.

While the interest group is where this group has been aware of what must be fought for and become the interest of the association or manifest. It should be noted that the mode of behavior that moves (not yet aware of being conscious) is included in the characteristics of the interest group for the transition from the pseudo group that is finally aware.

Based on the parties involved in the conflict, Stoner and Freeman (1989: 393) divided the conflict into 6 (six) types. They are: conflict within the individual, conflict among individuals, conflict among individuals and groups, conflict among groups in the same organization, conflict among organizations, conflict among individuals in different organizations. Conflict is an expression of conflict between individuals and other individuals, groups with other groups for several reasons. In this view, disputes indicate differences between two or more individuals expressed, remembered and experienced (Pace & Faules, 1994: 249).

### 3. RESEARCH METHODS

The research method used by the writer is the case study. According to Yin that case study has three rationalizations: *firstly*, when the case is that the case is important in testing a theory that had been developed well, *secondly*, cases present a case of extreme or unique and *thirdly* is the case of disclosure



(Irawan, 2018: 75 836). In this study, the technique of collecting data used the in-depth interview method. The main subject of this research is the Chairperson of *Gappri* Ismanu Soemiran as a key informant. Other informant is the Chairman of the Indonesian Tobacco Farmers Association, Agus Parmuji. Mohamad Sobary, Cultureist. Salamudin Daeng, tobacco researcher at the Indonesian Political Economy Association. Enny Sri Hartati, director of the Institute for Development of Economics and Finance (INDEF). Firman Soebagyo, former Chairperson of the RI Legislation Body.

#### 4. RESULTS AND DISCUSSION

The Indonesian cigarette industry is currently in the Shakeout-Maturity phase with characteristics: Saturation of users: young consumers are more health-conscious, and there is a shift from SKT products to SKM-LTLN. Repeat purchase reliance: rely on loyal customers. Growing selectivity of purchase: consumers who are sensitive to purchasing power will tend to trade-down when economic conditions are difficult.

Then Fight & Difficulty in Gaining share: the level of competition is getting tougher because some players issue new product variants at lower prices (to respond to slowing economic conditions). Emphasis on efficiency: with excise rates that tend to increase every year and the level of intense competition makes the company have to focus on efficiency to maintain profitability. Shakeout of the weakest competitors: intense competition has made many small (generally traditional) players close production.

As a result of the increase in excise tax and the increasing number of negative campaigns against tobacco, the number of cigarette companies experienced a significant decline from 3,255 companies in 2009 to 600 companies in 2014. The future cigarette industry is expected to experience low-single digit volume growth due to the domestic economic recovery process (and globally) it is estimated that it will still be slow. Shifting consumer tastes from SKT products to SKM.

*Gappri* is an organization that bridges industrial interests, in this case the company, with various stakeholders, especially the government. The organization was established with a firm attitude that tobacco which thrives in the archipelago is a gift that needs to be preserved.

*“To create a conducive business climate in the tobacco sector business, professional organizations that are reliable and strong are needed in facing the demands of the globalization era, as well as a fostering forum to become strong partners and ambassadors with the Government in facing the tobacco sector both nationally and internationally,”* (Joint Articles of Association of the Indonesian Cigarette Factory Association) .

The organization was established to realize the tobacco industry which contributes to the national economy and the acquisition of foreign exchange. GAPPRI was established as a unifying forum for businesses in the tobacco sector that can accommodate all national tobacco companies both from upstream to downstream to the marketing and export sectors and the domestic market. GAPPRI encourages the ability

of members to become competitive and professional tobacco sector business actors. Then, establish relationships with institutions and agencies as well as parties related to both the tobacco sector at the national and international level.

*“Creating an organization based on a sense of family and mutual cooperation that is independent, professional and broad-minded as a unifying forum for business people in the tobacco sector, in achieving a strong and reliable tobacco business in facing the national and international coffee scene,”* (GAPPRI Articles of Association Page 4) .

The Tobacco Products Industry has many interests. As seen in the following table:

**Table 1**  
**Grouping and Explanation of the Status of Cigarette Industry Stakeholders**

<b>Stakeholders</b>	<b>Status</b>	<b>Explanation</b>
Indonesian Cigarette Factory Association (Gappri) Association	Pro	Maintain turnover Cigarettes are businesses that have profits so they will continue to strive to keep producing and selling
Indonesian Tobacco Farmers Association (APTI)	Pro	Livelihood Business hereditary It's not easy to change professions
Solidarity of Public Advocates for Tobacco Control (SAPTA)	Counter	Reason for health hazards Campaign funding support Power is quite strong Solid campaign
Directorate General of Taxes/ Customs/ Ministry of Finance	Pro	Source of state income Meet the annual APBN excise target Keep the deficit not to wider
House of Representatives	Neutral	Being split between supporting and refusing Gerindra PKB Golkar PDIP relatively supports tobacco PKS rejects tobacco policy
Ministry of Industry	Pro	Maintain industrial performance Meet the country's revenue targets Keeping no bankruptcy
Ministry of	Pro	Strategic commodities

Agriculture		The existence of millions of farmers
Ministry of Health	Counter	Health argument Maintain the young generation Unproductive expenditure Dangers of various diseases caused by smoking
Muhammadiyah	Counter	Cigarettes are <i>haram</i> , not useful A lot of evil Anti-smoking campaign from donors
Nahdhatul Ulama	Pro	The cigarette industry has an economic contribution   Business hereditary Industry is in the NU base
Indonesian White Cigarette Manufacturers Association ( <i>Gaprindo</i> )	Pro	The economic contribution of cigarettes to the country Cigarette market leader Maintaining the positive trend of the mild cigarette industry
Cigarette Entrepreneurs Association ( <i>Gapero</i> )	Pro	Industrial base in the area Keep millions of workers There are SME businesses in the regional cigarette industry
Indonesian Women Without Tobacco ( <i>WITT</i> )	Counter	Damaging Health Threatening the Young Generation
Indonesian Consumers Foundation	Counter	The government's attitude is too pro-industrial It is not strict to raise cigarette excise
Clove Community	Pro	Cultural Heritage of Clove Hereditary efforts
General East Java Chamber of Commerce and Tobacco Revitalization Team	Pro	Economic contribution Tobacco producing area
Home of Indonesian	Counter	Damaging the Young Generation

People's Study and Advocacy		Government Protects Industry
World Health Organization	Counter	Health Protection The threat of health continuity
Center for Indonesia Taxation Analysis (CITA)	Pro	Economic contribution Labor factor There is no substitution of state revenues
Indonesia Corruption Watch (ICW)	Counter	The cigarette industry is detrimental The government is weak against the industry
National Tobacco Control Committee	Counter	Damage health Cigarette excise is not significant Economic losses
Indonesian Legal Aid Foundation	Counter	The cigarette industry does not need to be protected
Demographic Institute (LD) UI	Counter	The cigarette industry's contribution has diminished There are still many other sources of income More negative economic impacts

As for the negative campaign, tobacco, both *Gappri* and the Indonesian Tobacco Farmers Association, have similar views. The Chairman of the Indonesian Tobacco Farmers Association, Agus Parmudji worried, on a negative campaign, at the end, will kill tobacco commodities which in fact become the livelihood of farmers in the region.

Agus Parmudji explained:

*“We see it is a conspiracy to kill tobacco farming. Examples of pharmaceutical companies are now aggressively producing Nicotine Replacement Therapy (NR). They also carry out other campaign movements. This happens because Indonesia is still a soft land for multinational industrial industries. “*

Chairperson of *Gappri*, Ismanu Soemiran, said that in 2014 with an increase in excise tax approaching 12 percent, there had been layoffs of 10,000 clove cigarettes workers, almost all women (Nurmayanti, 2015).

General Chairperson of *Gappri* Ismanu Soemiran explained:

*“How complicated this industry is. Especially when talking about hand clove cigarettes. It's labor intensive, 90 percent of women. When it comes to women, the government must be able to see this can be a double income for families. Husband works, wife works. That's from the perspective of labor. Many policies from the government corner the cigarette industry. Now this anticlimax is, our industry*

*has a lot of rules. Until the area without cigarettes and so on. We ask for protection, security and maintenance. There is an imbalance in health information related to cigarettes. In addition, a firm attitude from the government is needed regarding the development of the domestic cigarette industry.*“

In each policy formulation of a regulation related to industry always gives input, information, related to the real condition of the industry. Therefore, it is expected that the government, as one of the main stakeholders for the industry, can be clearer in drafting and implementing a regulation. In the tobacco products industry there are a number of important stakeholders with each interest.

In developing the strategy, *Gappri* can apply the principle of analysis to measure strengths, weaknesses, opportunities, threats. SWOT analysis can be applied by analyzing and sorting out various things that affect the four factors, then applying them in the SWOT matrix image, where the application is how strengths are able to take advantage of existing opportunities, how to overcome weaknesses which prevents the existing opportunities, then how strengths are able to deal with existing threats, and finally how to overcome weaknesses that are able to make threats become real or create a new threat. Following analysis SWOT of *Gappri* which can be explained:

#### **A. Strength**

1. Economic contribution. *Gappri* with members, contributed significantly to the country's income. Every year the tax and excise contribution is close to IDR. 200 trillion.
2. Mastering market share. *Gappri* members, especially the combined PT Gudang Garam Tbk and Djarum dominate the cigarette market. In the regions, *Gappri* members also controlled the market.
3. Credibility. *Gappri* is the oldest organization in the tobacco products industry. Has a network of various stakeholders. Credibility is the basis for the establishment of trusts from stakeholders that prove to be a crucial point in business development.
4. Representing the interests of domestic products. *Gappri* is an organization where the majority of members are local manufacturers with clove cigarettes.

#### **B. Weakness**

1. Lack of Campaign. In compiling a campaign to ward off negative issues, *Gappri* only relied on certain moments such as anti-tobacco days.
2. Cross-group synergy is low. Collaboration of interest group synergies to support the *Gappri* target is less solid. Rarely do joint activities and still incidental.
3. Activities with media are lacking. Collaboration with the media is an important part of encouraging the dissemination of positive information. In this section the event with the media is still low.
4. Education about cigarette excise has also not been routinely carried out.

#### **C. Opportunity**

1. By having two large cigarette companies, PT Gudang Garam and Djarum, *Gappri* has the opportunity to prepare more massive campaigns on various media channels.

2. The trend of Low Tar Low Nicotine cigarette. The cigarette market has changed dramatically. Consumers increasingly like its products. An opportunity for *Gappri* to change products according to market demand. The high level of public health awareness and lifestyle that considers the cigarettes are cooler allows changes in the trend in the cigarette industry.
3. Regional market. With a network of cigarette factory members spread to the area, it becomes an opportunity to enlarge cigarette products according to regional consumers.

#### D. Threats

1. Regulations concerning anti-smoking. This regulation allows a reduction in the number of smokers and requests for cigarettes that occur in an area that has an anti-smoking regulation.
2. Internal competitor. Each *Gappri* member manufacturer began to explore the market share of mild cigarettes. For now big cigarette producers have produced mild cigarettes, Gudang Garam has Surya Signature, from Djarum's, LA Light was born, which is quite threatening to Sampoerna at this time, from the Bentoel Prima stronghold there is Starmild which is third in the mild cigarette market, even small producers of cigarette, like Nojorono Tobacco Indonesia, enlivened the Indonesian cigarette industry by carrying out Class Mild products which were ranked runner-up.
3. The high tax on cigarettes. The high cigarette tax makes the people's purchasing power low on cigarettes resulting in a decrease in demand for cigarettes.
4. Reduced event sponsored by cigarette companies. Reduced cigarette-sponsored events are an impact of the community mindset that supports anti-smoking and wants to reduce the promotion of cigarettes found in events, especially youth events. With the reduction in events sponsored by cigarette companies making cigarette companies difficult to promote their products and over time awareness levels will decrease.
5. NGO of anti-tobacco. Every day various opinions expressed by anti-tobacco groups are voiced in the media. The statement further made the industry depressed and at the same time perceived badly by stakeholders, especially the public.

With this analysis, it can be considered the interests and influence of stakeholders in the Tobacco Products Industry in table 2 below:

Table 2: Interests and Effects of Tobacco Industry Stakeholders

Stakeholders	Main interests	Strength and Influence
Government	Excise and Tax	Determinants of Policy, Regulating Regulations, Budget Planning.
Non-governmental	Refusing cigarette circulation	Change affects public perception

organization	The negative product campaign Clear tobacco	
Consumer	Purchasing power	Product revenue/ repurchase
Cigarette factory	Business continuity, profit growth, stock increase	Funding support for the organization
DPR	Arranging regulations Pressing the government	Add to changing regulations
Farmer	Continuity of business of cultural sustainability	Direct support demonstration
WHO	Anti-tobacco regulations Health Aspects Pharmaceutical Protection	Financial support for anti-tobacco campaigns

In responding to negative campaigns, *Gappri* also used opinion leaders to influence the public. The opinion leader question was then prepared in the press release form to be distributed to the national and regional mass media. In addition, *Gappri* and members also synergize with other organizations that have similar interests. The collaboration strategy was chosen to further increase bargaining power and position in the eyes of the government. Pro-tobacco groups issued a joint attitude to urge the government to be careful in designing excise policies and policies that would harm the industry.

The Malang Association of Cigarette Entrepreneurs (*Gaperoma*), firmly requested that the government count carefully about the increase in excise. In the request, *Gaperoma* gave input that in raising the excise policy must be in accordance with economic development. It was stated that industrial conditions experienced a sharp decline. Furthermore, the increase in high excise tariffs led to a decrease in sales volume, which resulted in many tobacco products industries being closed and termination of employment. The tobacco products industry lobbied the government to adjust production to anticipate an industrial slowdown. The application was submitted by the Kudus Cigarette Company Association (*PPRK*) to the Minister of Finance. In the letter, it was explained that the demand was in line with the government's increasing target in terms of taxes and excise.

Then the General Chairperson of *PPRK* Dodiek T.Wartono explained that in the context of state revenues, if the Second Group of Company is given a production limit of more than 3 billion, it will increase production because the positive trend in group 2 (medium) cigarette companies is quite significant and its selling ability remains competitive because it can sell at a price that matches the share market. In terms of labor absorption, the second class cigarette industry houses and employs more than 60 thousand

people. With such a large number of workers and keeping in mind their well-being that must be fulfilled and with the obligation to keep abreast of wage increases, the second class cigarette industry must continue to maintain business and existence so that it can continue to support the government's efforts to increase and maintain active labor. "We from the second class (middle) cigarette companies are ready and willing to support and assist government policies related to the development of the national economy and we hope that we can add to our contribution to the national economy, especially from the cigarette industry tax and excise income".

## 5. CONCLUSION

Based on the results of the study and discussion analysis, the conclusions in this study are: 1) The *Gappri* communication model is an organizational communication model. In fighting negative campaigns, *Gappri* used opinion leaders to explain the condition of the tobacco industry, 2) *Gappri* communicated to the public at certain moments. Relatively incidental, 3) there is a change in the consumption pattern of cigarette products into the category of low tar low nicotine. This change in consumption forced the industry to import tobacco, 4) *Gappri* synergized with other organizations, including Apindo, to fight negative campaigns, while at the same time suppress the Government in tax policy, 5) Communication with other stakeholders is constrained because it has a point of interest that cannot be met. For examples in the Bill of Intensification, farmers urge that imports be limited in the hope that maximum domestic products can be absorbed. However, the industry does not want the market to be disrupted, so it always encourages any policies that are considered to be detrimental to be canceled through various approaches, either lobbying the government or creating opinions in the mass media. 6) Anti-tobacco campaigns tend to use foreign institutions. So that each of these campaigns, despite health claims, was suspected of having other ideological interests, 7) Farmer groups use the communication channels of the party elite affiliated with the government. The Indonesian Tobacco Farmers Association meeting with President Jokowi, bridged by PDI-P politicians, named Ganjar Pranowo, to open access to President Jokowi, 8) As a result of massive anti-tobacco campaigns, in terms of business development, the domestic cigarette industry stagnated in the last four years, and 9) There are four things that affect the tobacco industry. Firstly, competition between developing countries and developed countries in fighting over the cigarette market. Secondly, competition between tobacco companies and processed tobacco products with pharmaceutical companies in fighting over the nicotine market. Thirdly, the fight between large cigarette companies and, fourthly, competition between large cigarette companies and small cigarette companies. 11. High excise adoption by referring to foreign interests besides hitting the cigarette industry also increases the circulation of illegal cigarettes. Excise policies and price increases are carried out as haphazardly as they will not be effective. The impact to the industry, the number of manufacturers will continue to decline.



Based on these conclusions, it is recommended the following: 1) The organization and the pro-tobacco work together, not just campaign incidental to the need to fend off negative news that conveyed the anti-tobacco, 2) *Gappri* need to develop a team of strong communication for counteracting negative campaigns, and 3) the relevant Ministry of Education is expected to be wise in implementing rules relating to the tobacco products industry. Because each policy that is born will have a very broad impact. The increase in excise hit small industries. Regarding these challenges, the government must try to find steps to protect workers and also industrial interests.

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