E-ISSN XXXX-XXXX

JURNAL GLOBAL-LOKAL

CORPORATE DIPLOMACY OF MULTINATIONAL COMPANIES IN ENTERING THE INDONESIAN MARKET: A CASE STUDY OF APPLE INC.

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ABSTRACT

This study examines the practice of corporate diplomacy carried out by Apple Inc. in maintaining market access and business sustainability in Indonesia amid government regulatory pressures, particularly the Domestic Component Level (TKDN) policy. Indonesia has become one of the largest digital markets in Southeast Asia with significant potential for Apple; however, the company faces several challenges, including investment obligations, TKDN certification barriers, and restrictions on iPhone product marketing in Indonesia. research employs a qualitative method with a case study approach. Data collection was conducted through document studies using official company reports, government regulations, national and international media reports, and other relevant secondary sources. The study applies theoretical triangulation by combining the perspectives of International Political Economy (IPE), David Baron's Strategic Nonmarket Participation, as well as Corporate Diplomacy and the DIPLOM framework proposed by Witold J. Henisz to analyze the relationship between Apple and the Indonesian government. The findings indicate that Apple does not merely rely on its global brand power and market strategies to maintain its position in Indonesia. Instead, the company carries out various corporate diplomacy activities through investment adjustments, political engagement with the government, social approaches through the Apple Developer Academy, and the strengthening of corporate social legitimacy. These activities are conducted to maintain market access, build long-term relations with the Indonesian government, and adjust the company's global business interests to Indonesia's domestic policies. This study demonstrates that corporate diplomacy has become an important strategy for multinational corporations in dealing with regulations in developing countries and maintaining business sustainability in global markets.

Keywords: Corporate Diplomacy, Apple Inc., International Political Economy, Domestic Component Level (TKDN), Indonesia.

INTRODUCTION

Multinational corporations (MNCs) are no longer viewed solely as economic actors but also as non-state actors capable of building relationships with governments, communities, and various stakeholders through corporate diplomacy activities (Steger, 2003). One company that demonstrates such practices is Apple Inc., one of the world's largest technology corporations, operating extensive business networks across numerous countries and generating revenues of USD 395.7 billion in 2024 (MacroTrends, 2025). In recent years, Asia has become one of Apple’s most important growth regions, with Southeast Asia recording a 15% year-on-year increase in iPhone sales (Sellers, 2025).

Indonesia represents a strategically important market for Apple due to its large smartphone user base. According to the Indonesian Ministry of Industry, iPhone sales in Indonesia reached approximately 2.3 million units in 2023 (Muzzaki, 2024). Despite intense competition from other smartphone brands, Apple maintained a dominant position in the premium smartphone segment (above USD 600), accounting for 40% of the premium market in Indonesia in 2024, an increase of 6% compared to the previous year (StatCounter Global Stats, 2024). These figures highlight Indonesia's significance for Apple's business sustainability in Southeast Asia.

However, Apple faces several regulatory challenges in Indonesia, particularly regarding the Domestic Component Level (TKDN) policy, which requires technology companies to meet local investment and certification requirements. In 2024, the Indonesian government delayed the commercialization of the iPhone 16 because Apple had not fulfilled the required TKDN standards (France-Presse, 2024). This situation illustrates the interaction between multinational corporations and the state, where the government seeks to protect domestic industrial interests while Apple attempts to maintain access to the Indonesian market.

In response to these challenges, Apple has implemented various non-market strategies, including increasing investment commitments, expanding the Apple Developer Academy, and developing innovation facilities (Apple Inc., 2024). The company has also intensified its engagement with the Indonesian government as part of its broader corporate strategy. For instance, Apple CEO Tim Cook met with President Joko Widodo in 2024 to discuss the expansion of Apple Developer Academy facilities in Indonesia (Kementerian Sekretariat Negara, 2025). Furthermore, Apple announced plans to establish an AirTag manufacturing facility in Batam with an investment value of approximately USD 200 million in 2026 (Kemenperin, 2025).

Despite these developments, studies specifically examining Apple's corporate diplomacy practices in responding to Indonesian regulations remain limited. Therefore, this study seeks to answer the following research question: **How does Apple conduct corporate diplomacy in Indonesia?**

This research employs a qualitative case study approach to examine Apple Inc.'s corporate diplomacy practices in Indonesia. Data were collected through document analysis, including corporate reports, government regulations, media publications, and other relevant literature. Data analysis was conducted using the interactive model of Miles, Huberman, and Saldaña, consisting of data condensation, data display, and conclusion drawing. To enhance the validity of the findings, this study applies theoretical triangulation by combining the perspectives of International Political Economy (IPE), Strategic Nonmarket Participation, and Corporate Diplomacy through the DIPLOM framework.

THEORETICAL FRAMEWORK

International Political Economy (IPE)

From the perspective of International Political Economy (IPE), global economic activities are inseparable from power relations and political interests among actors in the international system (Caporaso & Levine, 1992). Economic outcomes are shaped not only by market mechanisms but also by political decisions, regulations, and institutional arrangements established by states. In this framework, the state functions as a regulator that formulates policies and legal frameworks, while the market serves as a mechanism for production, distribution, and exchange driven by supply and demand (Griffiths, 2007). Consequently, the relationship between the state and the market is characterized by mutual dependence, reflecting the interaction between power and economic interests within the international political economy.

In the context of multinational corporations, IPE provides an analytical lens for understanding how firms interact with host governments. Multinational corporations seek market access, investment opportunities, and profit maximization, while states pursue economic development, industrial growth, and national interests. Therefore, interactions between multinational corporations and host countries often involve negotiation, cooperation, and conflict over economic and political objectives.

Strategic Nonmarket Participation

Strategic Nonmarket Participation refers to corporate actions conducted outside traditional market activities through engagement in political, social, and institutional environments that may influence business operations and competitive outcomes (Baron, 2001). Rather than relying solely on market competition, firms seek to shape or adapt to policies, regulations, and stakeholder expectations that affect their business environment.

Baron (2001) identifies two primary mechanisms of nonmarket strategy. The first is majority building and vote recruitment, which involves securing support from legislative actors through lobbying, coalition-building, or advocacy efforts. The second is common agency, which occurs when different interest groups attempt to influence executive decision-makers, such as presidents or ministers, by offering political, economic, or social benefits.

In the case of Apple in Indonesia, Strategic Nonmarket Participation provides a useful framework for understanding how the company engages not only in market competition but also in political and institutional interactions with the government and other stakeholders. Through investment commitments, stakeholder engagement, and negotiations related to TKDN requirements, Apple demonstrates the use of nonmarket strategies to maintain its business operations and market access in Indonesia.

Corporate Diplomacy

he concept of corporate diplomacy was popularized by Ulrich Steger as a response to the increasingly complex business environment in which corporations must manage not only economic interests but also social, political, and institutional relationships (Steger, 2003). Corporate diplomacy emphasizes the ability of firms to engage constructively with governments, communities, and other stakeholders to secure long-term business sustainability.

Henisz (2014) defines corporate diplomacy as a firm's capability to establish and maintain productive relationships with stakeholders in ways that create value for both the company and society. According to Henisz, many corporations face challenges such as regulatory delays, operational disruptions, rising costs, and obstacles to market expansion due to conflicts with governments, communities, activists, or non-governmental organizations. Corporate diplomacy serves as a mechanism to address these challenges by fostering cooperation and trust among stakeholders. To evaluate corporate diplomacy practices, Henisz (2014) proposes the **DIPLOM framework**, which consists of six elements:

1. **Due Diligence** – understanding the political, social, and regulatory environment.
2. **Integration** – incorporating stakeholder interests into corporate decision-making.
3. **Personal** – building strong interpersonal relationships with key stakeholders.
4. **Learning** – adapting strategies based on changing circumstances.
5. **Openness** – maintaining transparency and effective communication.
6. **Mindset** – fostering a diplomatic organizational culture and long-term orientation.

Furthermore, Egea et al. (2020) identify four primary instruments of corporate diplomacy: **competitive intelligence**, **the management of relationships**, **corporate reputation**, and **lobbying**. Meanwhile, Steger (2003) highlights five key factors contributing to successful corporate diplomacy: **Early Awareness System**, **Balancing**

Conflict and Cooperation, **Corporate Communication**, **Legitimacy and Credibility**, and **Understanding the Non-Market Environment**.

These concepts provide the analytical foundation for examining how Apple conducts corporate diplomacy in Indonesia and how the company adapts to regulatory challenges while maintaining its market presence and long-term business sustainability.

RESEARCH METHOD

This study employs a qualitative research method with a case study approach to examine Apple's corporate diplomacy in responding to Indonesian government regulations (Stake, 2010). A case study approach was selected because it enables an in-depth understanding of the processes, actors, and strategies employed by Apple to maintain its market access in Indonesia (Merriam, 2014). The study focuses on the period from 2015 to 2025, particularly concerning the Domestic Component Level (TKDN) policy, investment commitments, and market access issues. Data were collected through document analysis. According to Bowen (2009), document analysis involves the systematic review and evaluation of printed and electronic materials, including government regulations, corporate reports, press releases, journal articles, media publications, and other relevant documents. This method was considered appropriate because it provides comprehensive information regarding Apple's corporate diplomacy practices and its interactions with the Indonesian government.

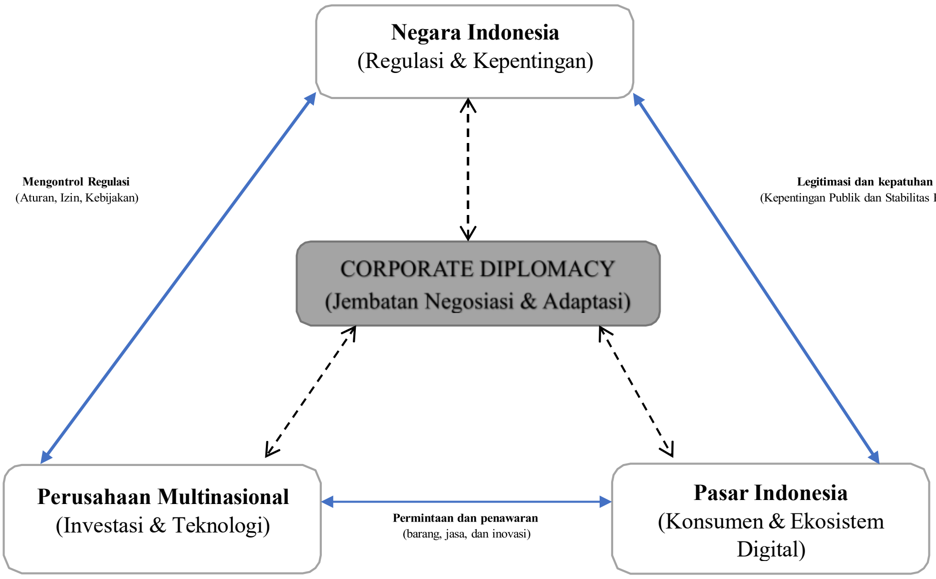
The study relies on secondary data obtained from existing documents and publicly available sources. Data were analyzed using the interactive model developed by Miles, Huberman, and Saldaña (2014), which consists of three stages: data condensation, data display, and conclusion drawing. Data condensation was conducted by selecting and simplifying relevant information, while data display was used to organize findings and identify analytical patterns. The final stage involved drawing conclusions based on the relationships and patterns identified throughout the analysis. To enhance the validity of the findings, this study applies theoretical triangulation by integrating three analytical perspectives: International Political Economy (IPE), Strategic Nonmarket Participation, and Corporate Diplomacy. The combination of these perspectives allows for a more comprehensive understanding of the relationship between Apple and the Indonesian government, as well as the strategies employed by the company in responding to regulatory challenges.

RESULTS AND DISCUSSION

From the perspective of International Political Economy (IPE), the relationship between multinational corporations and states extends beyond economic activities and involves the interaction of power and political interests (Caporaso & Levine, 1992). Indonesia represents an attractive market for multinational corporations due to its large population and rapidly expanding digital economy. With a population of 281.6 million in 2024 and a productive-age population accounting for 69.28% in 2025, Indonesia offers significant opportunities for technology companies seeking market expansion (Kementerian Kependudukan dan Pembangunan Keluarga/BKKBN, 2025).

Despite its large market potential, the Indonesian government has maintained its bargaining position through the Domestic Component Level (TKDN) policy, which requires foreign technology companies to contribute to domestic industrial development and human resource capacity building (Peraturan Menteri Perindustrian, 2016). This condition demonstrates that Apple cannot rely solely on its global brand reputation and technological advantages but must also adapt its business strategy to Indonesia's regulatory environment. These findings indicate that the relationship between multinational corporations and the state is characterized by negotiation and mutual dependence. While governments seek investment, technology transfer, and economic growth, multinational corporations require market access and regulatory legitimacy. Consequently, interactions between states and multinational corporations involve continuous bargaining processes rather than purely market-based economic exchanges.

Overall, the presence of multinational corporations in Indonesia reflects an ongoing negotiation between market interests and state sovereignty. As one of the world's leading technology companies, Apple recognizes that brand strength alone is insufficient to overcome regulatory barriers. Instead, the company must adopt diplomatic approaches that demonstrate the long-term value of its investments to the Indonesian government. These dynamics provide the foundation for understanding Apple's corporate diplomacy practices in Indonesia.



Gambar 4.1 Pola Interaksi Negara, Pasar, dan Perusahaan Multinasional dalam Perspektif IPE
Sumber: Diolah Peneliti

Based on this pattern, interactions among states, markets, and multinational corporations from an IPE perspective reveal that the relationships among these three entities are mutually influential. States strive to safeguard national interests, while multinational corporations seek market access through adaptation strategies and corporate diplomacy. In this study, Apple Inc. serves as an example of a company that employs a non-market approach to build legitimacy and ensure the sustainability of its business.

Forms of Apple’s Corporate Diplomacy in Indonesia

To maintain its market access in Indonesia, Apple relies not only on business strategies and global brand strength but also on various corporate diplomacy activities. Indonesia represents a strategically important market due to its large population of 281.6 million people and a productive-age population accounting for 69.28% in 2025 (Kementerian Kependudukan dan Pembangunan Keluarga/BKKBN, 2025). These demographic characteristics indicate substantial market potential, although the Indonesian smartphone market continues to be dominated by Android devices (StatCounter Global Stats, 2025).

At the same time, Apple faces regulatory pressures through the Domestic Component Level (TKDN) policy, which requires foreign technology companies to contribute to domestic industrial development and human resource capacity building (Peraturan Menteri Perindustrian, 2016). The delay in the commercialization of the iPhone 16 due to unmet TKDN requirements demonstrates that market access for multinational corporations remains significantly influenced by government regulations

(CNN Indonesia, 2024b). Consequently, Apple has responded through investment expansion, the development of the Apple Developer Academy, and closer engagement with the Indonesian government.

As part of this response, Apple increased its investment commitments and renewed its certification arrangements through a memorandum of understanding with the Indonesian government. Furthermore, meetings between Apple CEO Tim Cook and both President Joko Widodo and President-elect Prabowo Subianto illustrate the company's efforts to establish direct political relationships with key decision-makers in Indonesia (Office of Assistant to Deputy Cabinet Secretary for State Documents & Translation, 2024).In addition to its economic and political engagement, Apple has strengthened its presence through educational initiatives, particularly the Apple Developer Academy, which has expanded across several Indonesian cities. Based on these findings, Apple's corporate diplomacy activities can be classified into four main categories: competitive intelligence, management of relationships with host stakeholders, management of corporate reputation, and lobbying.

1. Competitive Intelligence

Apple continuously monitors not only developments in Indonesia's digital market but also regulatory changes that may affect its market access. The Domestic Component Level (TKDN) policy, which requires foreign technology companies to contribute to domestic industrial development and human resource capacity building, demonstrates that multinational corporations must align their business strategies with Indonesia's national interests (Peraturan Menteri Perindustrian, 2016). The delay in the commercialization of the iPhone 16 due to Apple's failure to meet TKDN requirements further illustrates the direct impact of government regulations on the company's operations in Indonesia.

In addition to regulatory pressures, Apple operates in a market dominated by Android, which controls more than 85% of Indonesia's smartphone market, while iOS accounts for only around 10-12% (StatCounter Global Stats, 2025). This market structure limits Apple's ability to disregard government policies and necessitates the adoption of non-market strategies. Unlike Samsung, which has invested in local manufacturing facilities to comply with TKDN requirements (Kementerian Perindustrian, 2015), Apple has focused on innovation and digital talent development through the Apple Developer Academy (Apple Inc., 2025b). This approach is closely related to Apple's global supply chain structure, which remains concentrated in strategic partner countries such as China, India, and Vietnam (Vengattil, 2025). Consequently, Apple has chosen to adjust its investment model without significantly altering its global production network.

These findings suggest that Apple's competitive intelligence extends beyond identifying market opportunities. The company actively monitors regulatory developments and adopts investment strategies that align with both corporate interests and government expectations. Through this approach, Apple has been able to maintain market access in Indonesia while preserving the flexibility of its global supply chain.

2. The Managemen of Relationship with Stakeholders

To maintain its market access in Indonesia, Apple has developed relationships with key stakeholders involved in the country's digital industry. One notable example was the meeting between Apple CEO Tim Cook and President Joko Widodo in 2024, which was also attended by Minister of Industry Agus Gumiwang Kartasasmita and Minister of Communication and Information Technology Budi Arie Setiadi. The meeting focused on investment opportunities and the development of Indonesia's digital industry (Office of Assistant to Deputy Cabinet Secretary for State Documents & Translation, 2024). Beyond its engagement with government officials, Apple has expanded its relationships through the Apple Developer Academy, which collaborates with institutions such as BINUS University, Ciputra University, and Infinite Learning (Apple Inc., 2025b). By 2025, the program had involved more than 2,500 participants, with approximately 90% securing employment in the digital sector (Apple Inc., 2025b). These findings indicate that Apple's stakeholder engagement extends beyond political elites to include educational institutions and local communities through digital talent development initiatives.

From a corporate diplomacy perspective, stakeholder engagement plays a crucial role in building trust and legitimacy in host countries. The Apple Developer Academy serves not only as an educational initiative but also as a mechanism for strengthening social trust and supporting Indonesia's digital transformation agenda. This approach positions Apple as a partner in national digital development rather than merely a foreign technology company selling products in the Indonesian market.

Furthermore, these activities reflect the implementation of Strategic Nonmarket Participation as proposed by Baron (2001). Apple's business sustainability in Indonesia is influenced not only by market competition but also by its ability to establish relationships with policymakers and other stakeholders. Therefore, stakeholder relationship management has become an essential component of Apple's strategy for maintaining long-term market access in Indonesia.

Table 4.1. Mapping of Apple's Stakeholders in Corporate Diplomacy in Indonesia

Stakeholder	Interests	Form of Relationship with Apple
President of Indonesia	Investment and legitimacy	Direct meetings
Ministry of Industry	TKDN compliance	Investment negotiations
Ministry of Communication and Information Technology	Digital transformation	Digital cooperation
Universities	Human resource development	Apple Developer Academy
Digital Talent Communities	Access to technology	iOS ecosystem development

Source: Compiled by the author.

Table 4.1 demonstrates that Apple's stakeholder engagement extends beyond the central government to include educational institutions, digital communities, and other social stakeholders. From a corporate diplomacy perspective, the company's success is not solely derived from its economic capabilities but also from its ability to establish social legitimacy and long-term relationships with local stakeholders. By engaging multiple actors, Apple strengthens its position as a strategic partner in Indonesia's digital development while enhancing its acceptance within the country's broader socio-political environment

3. The management of corporate reputation

Apple has built its reputation in Indonesia not only through the strength of its brand but also by contributing to the country's digital development. This was evident when the Apple Developer Academy launched in Indonesia, fulfilling the innovation investment requirements under the TKDN policy as outlined in Ministry of Industry Regulation No. 29 of 2017. Furthermore, this was supported by the reception given to Apple CEO Tim Cook, who was welcomed by the President of Indonesia—a gesture demonstrating recognition of Apple's role in developing the national digital ecosystem, rather than merely viewing it as a foreign company coming to sell its products in

Indonesia (Office of the Assistant to the Deputy Cabinet Secretary for State Documents & Translation, 2024). This situation demonstrates that a company's reputation in corporate diplomacy is shaped not only by economic activities but also by its ability to adapt to the social interests of the host country.

Table 4.2. Apple Developer Academy Programs in Indonesia

No.	Location	Year Established	Program Type	Duration	Institutional Partner	Description
1	Tangerang (BSD)	2018	Non-formal, non-degree program	9 months	BINUS University	First Apple Academy in Asia
2	Surabaya	2019	Non-degree, full-time program	10 months	Ciputra University	Expansion to Eastern Indonesia
3	Batam	2021	Apple ecosystem application development program	10 months	Infinite Learning	Focus on digital talent and developers
4	Bali	2022	Non-degree, project-based program	9 months	BINUS University	Supporting creative and global digital ecosystems
5	Jakarta	2024–2025	Non-formal digital skills development program	10 months	Ciputra University	Strengthening the national digital talent hub

Source: (Apple Inc., n.d.) processed by the researcher

Based on the table above, it is evident that Apple's commitment in Indonesia is growing in the field of digital development by expanding the Apple Developer Academy to several regions across the country not limited to a single city but expanding to multiple cities. These findings indicate that Apple's reputation in Indonesia is not only supported by brand strength or product sales but also by its tangible contributions through the development of digital human resources. Therefore, Apple is able to build its image as a digital innovator by supporting the national talent development agenda.

Apple's competitive advantage in the Indonesian context is not shaped by the company's global image, but rather by its ability to adapt that advantage to domestic needs. Apple strives to position itself as a partner in digital development, not merely as a foreign company selling premium devices. This shift in competitive advantage is significant because the Indonesian government is currently prioritizing an agenda of downstream industrialization, knowledge transfer, and strengthening human resource capacity. Therefore, Apple's reputation is built on the alignment between the company's interests and Indonesia's national development priorities.

This is a corporate effort to communicate with individuals, groups, or organizations to influence a particular interest—but in a constructive manner through the exchange of information. In other words, the company must be able to influence the government or other parties to secure support, build relationships, and maintain a positive reputation. Companies must build relationships, convey their perspectives, and convince other parties. In this way, the decisions made will not be detrimental to either party and will support the sustainability of the business.

4. Lobbying

Several activities undertaken by Apple demonstrate the implementation of lobbying as part of its corporate diplomacy strategy in Indonesia. These activities include high-level meetings with key stakeholders, particularly Apple CEO Tim Cook's meeting with President Joko Widodo in April 2024, which was attended by the Minister of Communication and Information Technology and the Minister of Industry (Office of Assistant to Deputy Cabinet Secretary for State Documents & Translation, 2024). Apple also negotiated additional investment commitments in response to market access barriers related to the iPhone 16, which was unable to enter the Indonesian market due to unmet TKDN requirements (CNN Indonesia, 2024a). Furthermore, Tim Cook met with President-elect Prabowo Subianto to discuss future investment opportunities. These engagements culminated in the signing of a Memorandum of Understanding (MoU) between Apple and the Indonesian government concerning TKDN certification renewal and an investment commitment of IDR 1.58 trillion (Antara News, 2025).

At the same time, Apple used these negotiations to align its corporate interests with Indonesia's national development objectives through increased investment commitments and support for the domestic digital industry. This indicates that lobbying was not a one-sided effort by the company but rather a bargaining process between a multinational corporation and the Indonesian government. From an IPE perspective, this relationship reflects a pattern of negotiation in which both parties influence one another in determining market access and investment arrangements. Through initiatives such as the Apple Developer Academy, Apple was able to present digital talent development as an alternative form of contribution while the government continued to emphasize domestic industrial development through TKDN regulations.

From the perspective of International Political Economy, Apple's lobbying activities demonstrate that competition among multinational corporations extends beyond market mechanisms and includes the ability to build political influence and institutional relationships with host governments. Consequently, Apple's corporate diplomacy illustrates how business strategies, domestic regulations, and stakeholder engagement are interconnected in shaping market access and long-term business sustainability in Indonesia.

Analysis of Corporate Diplomacy Activities through IPE, Strategic Nonmarket Participation, and the DIPLOM Framework

Apple's corporate diplomacy activities in Indonesia can be analyzed through theoretical triangulation by combining International Political Economy (IPE), Strategic Nonmarket Participation, and the DIPLOM framework. From an IPE perspective, the Indonesian government demonstrates a strong position in regulating market access through the Domestic Component Level (TKDN) policy. This is reflected in the delay of iPhone 16 commercialization because Apple had not fulfilled the required TKDN standards (CNN Indonesia, 2024b). This condition shows that Apple cannot rely solely on its global brand power to maintain market access in Indonesia.

Regulatory pressure has encouraged Apple to implement non-market strategies through investment adjustments, political engagement, and the development of the Apple Developer Academy. These findings indicate that Apple's success in Indonesia is not determined only by market strategies but also by its ability to adapt to domestic regulations and build constructive relationships with the Indonesian government.

1. **Due Diligence**
   Due diligence refers to Apple's ability to understand changes in the business and regulatory environment. Apple demonstrates this capability by observing the growth of the Asia-Pacific digital market and the increasing pressure of TKDN regulation in Indonesia (Apple Inc., 2025a, p. 202). At the same time, the Indonesian government strengthens TKDN policy to encourage multinational corporations to contribute to domestic industry. This condition pushes Apple to adjust its investment strategy through digital talent development as a form of adaptation to Indonesia's regulatory environment.
2. **Integration**
   Integration is reflected in Apple's effort to incorporate stakeholder interests into its business strategy. This can be seen through the Apple Developer Academy, which collaborates with several educational institutions in Indonesia (Apple Inc., 2025a). The program shows Apple's attempt to align its corporate interests with Indonesia's national digital transformation agenda. At the same time, the Indonesian government provides room for TKDN fulfillment through innovation and human resource development schemes (Peraturan Menteri Perindustrian, 2016).
3. **Personal**
   The personal element is reflected in the direct involvement of Apple CEO Tim Cook in meetings with President Joko Widodo and President-elect Prabowo Subianto in 2024 (Office of Assistant to Deputy Cabinet Secretary for State Documents & Translation, 2024). These meetings discussed investment opportunities and the development of Indonesia's digital industry. This activity shows Apple's effort to build trust and direct relationships with political elites as part of its corporate diplomacy strategy.
4. **Learning**
   Apple demonstrates the learning element through its adjustment of investment strategy after the Indonesian government delayed the commercialization of the iPhone 16 due to unmet TKDN requirements (CNN Indonesia, 2024a). In response, Apple increased its investment commitment and renewed its agreement related to digital talent development in Indonesia (Isdarmadji, 2024). This condition indicates an adaptive process between Apple and the Indonesian government in pursuing their respective interests.
5. **Openness**
   The openness element is reflected in Apple's willingness to communicate its investment plans and the development of the Apple Developer Academy to the Indonesian government (Kementerian Pendayagunaan Aparatur Negara dan Reformasi Birokrasi Republik Indonesia, 2024). This openness helps build trust and creates a more stable relationship between the company and the government.
6. **Mindset**
   The mindset element is reflected in Apple's view of Indonesia not merely as a product market but also as part of its long-term digital ecosystem strategy (Apple Inc., 2025a). Through the Apple Developer Academy and cooperation with educational institutions, Apple seeks to develop digital talent connected to its technological ecosystem. This shows that Apple's corporate diplomacy is not only oriented toward economic profit but also toward building influence and sustaining its digital ecosystem in Indonesia.

This indicates that the theoretical triangulation of the relationship between Apple and the Indonesian government does not occur solely through economic channels, but also involves political, social, and institutional negotiations. From an IPE perspective, the

Indonesian government maintains a strong position through TKDN regulations, which can be used to control market access for multinational corporations. On the other hand, Apple employs strategic non-market approaches by building political relationships, adjusting its investments, and establishing social legitimacy to ensure the sustainability of its business in Indonesia. These findings are further supported by DIPLOM data, which demonstrates that corporate diplomacy is carried out in a systematic manner—including the ability to analyze the business environment, build relationships with stakeholders, adapt to regulatory pressures, and strengthen the company's influence within the digital ecosystem in the target country.

Factors Contributing to Apple's Success in Corporate Diplomacy in Indonesia.

The success of Apple's corporate diplomacy activities in the Indonesian market is determined not only by the nature of those activities, but also by the company's efforts to manage strategic factors in the non-market environment. For example, Apple secured distribution permits for its products, such as the iPhone 16, and the renewal of its TKDN certification. Therefore, this study adopts the approach proposed by Ulrich Steger (2003), which identifies five key factors that underpin the success of Apple's corporate diplomacy in Indonesia.

1. Early Awareness System (AES)

Apple's success in navigating TKDN regulations is supported by its ability to detect changes in the business environment and policies early on. When the government tightened TKDN requirements and restricted the marketing of the iPhone 16, Apple did not choose to exit the Indonesian market but instead adjusted its strategy through innovation and the development of digital talent. Apple's swift response in resubmitting its investment proposal demonstrates the company's ability to assess regulatory risks while identifying market opportunities in Indonesia.

2. Balancing Conflict and Cooperation ("Suits" and "Sandals")

Apple demonstrates its ability to balance conflict and cooperation with the Indonesian government. On the one hand, the company faces regulatory pressure arising from TKDN requirements; on the other hand, it continues to maintain formal relations through meetings between Tim Cook and President Joko Widodo as well as President-elect Prabowo Subianto (Office of Assistant to Deputy Cabinet Secretary for State Documents & Translation, 2024). Beyond these formal engagements, Apple also strengthens social cooperation through the Apple Developer Academy, which contributes to the development of Indonesia's digital talent ecosystem (Apple Inc., 2025b). This strategy enables Apple to reduce potential conflicts while fostering long-term collaboration with the government.

3. Corporate Communication

Apple has maintained consistent communication with both the government and the public throughout the TKDN negotiation process. Rather than framing the delay of the iPhone 16 as a dispute with the Indonesian government, the company presented it as part of its effort to comply with domestic regulations (CNN Indonesia, 2024a). This communication strategy helped preserve consumer confidence while minimizing potential reputational risks. In doing so, Apple reinforced its image as a cooperative partner committed to supporting Indonesia's regulatory and digital development objectives.

4. Legitimacy and Credibility

Apple's legitimacy in Indonesia has been strengthened through its contribution to digital human resource development, particularly through the Apple Developer Academy program (Apple Inc., 2025b). At the same time, the company's credibility is reflected in its consistent investment commitments and its willingness to adapt to Indonesian government policies (Kementerian Perindustrian, 2025). Together, these factors have reinforced Apple's position as a partner in Indonesia's digital development rather than merely a technology company selling products in the country.

5. Understanding the Non-Market Environment

Apple has demonstrated a strong understanding of Indonesia's non-market environment through its engagement with government institutions, ministries, and local educational organizations. The company recognizes that business success in Indonesia depends not only on market performance but also on its ability to adapt to political interests, regulatory requirements, and national development priorities. This understanding has become a key factor supporting the effectiveness of Apple's corporate diplomacy strategy in Indonesia.

Apple's understanding of Indonesia's non-market environment is also evident in the company's ability to interpret the political culture and decision-making patterns of the Indonesian government, which tends to prioritize personal relationships, direct communication, and long-term domestic benefits. Therefore, Apple does not rely solely on a business-oriented approach but also engages in high-level political relations with the president, ministries, and local educational institutions. This strategy demonstrates that the company's success in Indonesia does not depend solely on its capital and technological capabilities but also on its ability to understand the political landscape, regulations, and national development priorities of the host country.

CONCLUSION

This study shows that the relationship between Apple Inc. and the Indonesian government is not limited to economic activities but also involves a process of negotiating interests related to regulation, investment, and digital economic development. From an International Political Economy (IPE) perspective, the Indonesian government maintains its bargaining position through the Local Content Requirement (TKDN) policy, while Apple seeks to maintain its market access through various adjustments to its business strategy. These findings indicate that the relationship between the state and multinational corporations unfolds through an interplay of mutually influencing interests.

This study found that Apple employs strategic nonmarket participation through investment adjustments, the development of the Apple Developer Academy, relationship-building with the government, and negotiations regarding regulatory compliance. These activities take the form of competitive intelligence, management of relationships with host stakeholders, management of corporate reputation, and lobbying. Analysis using the DIPLOM framework shows that Apple is able to anticipate changes in the regulatory environment, integrate stakeholder interests into corporate strategy, build relationships with political elites, adjust investment strategies, maintain transparency with the government, and develop a digital talent ecosystem as part of the company's long-term strategy.

Apple's success in corporate diplomacy in Indonesia is underpinned by the company's ability to understand the non-market environment, build legitimacy and credibility, maintain communication with stakeholders, and balance conflict and cooperation with the government. Thus, Apple's success in maintaining market access in Indonesia is determined not only by the strength of its global brand and technology, but also by its ability to align business interests with national interests through the practice of corporate diplomacy.

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