

## THE IMPACT OF GOVERNMENT REGULATION ON THE ECONOMIC EFFICIENCY OF THE TELECOMMUNICATIONS INDUSTRY

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### Abstract

Government policy in the telecommunications industry is aimed at ensuring economic efficiency by regulating tariffs, spectrum management, and encouraging fair competition. These regulations are important because they prevent market domination by foreign companies, such as those regulated in the rules regarding share ownership by foreign investors with certain limits. The study conducted in this research used the literature research method. The results show that first, well-designed regulations can increase economic efficiency by keeping tariffs affordable, optimising spectrum usage, and encouraging healthy competition among companies. Second, overly strict or bureaucratic regulations can slow innovation and infrastructure investment, which in turn can hinder the growth and efficiency of the telecommunications industry. Third, excessive regulation can have negative impacts, such as lengthening the licensing process and reducing companies' incentives to invest in research and development. On the other hand, the absence of adequate regulation can trigger anti-competitive practices and market abuse, which also adversely affect economic efficiency. Thus, it is important to find the right balance in regulation such as being strict enough to maintain fairness and transparency, but also flexible enough to allow for innovation and quick responses to technological change.

Keywords: Government Regulation, Economic Efficiency, Telecommunication Industry.

### Introduction

The telecommunications industry has always been one of the important pivots in a country's development. The rapid development of information and communication technology has changed the way people, businesses, and even governments exchange information. This sector has a strategic role in promoting innovation, increasing productivity, and strengthening global competitiveness.

The telecommunications industry focuses on providing electronic communication networks such as telephony, internet, and television broadcasting. It plays a vital role in modern life by connecting people, businesses, and governments around the world (Tang & Jefferson, 2024). Thanks to technological advances, the telecoms industry has transformed from a mere telephone service to a complex global network with a wide range of digital services. Typically, telecoms companies are responsible for the infrastructure that provides communications such as cellular towers, submarine cables, and satellites. Through these services, information can be delivered