The nexus between state and corporate: China-tencent ‘forced’ collaboration in governing game industry

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ABSTRACT

Private enterprise and state sometimes considered as two international relation's actors that contrast in its orientation and objectives. In this paper, writer want to discuss about the nexus between those two actors. In the more specific way, this paper will discuss about the nexus and the forced collaboration between China as a state and Tencent as a private enterprise in governing internet area in China, especially game industry. In Xi Jinping’s era, China enforce new policy and approach in order to strengthen China’s culture value. In making it happen, Xi Jinping gives concern toward game that is considered as digital addiction which can ruin future generation. Chinese Government itself does not have intrument and capability to directly govern this sector, hence China choose to enforce forced collaboration with Tencent as biggest China’s private enterprise in game industry to govern the game sector in China. In order to obey government’s policy, Tencent made many afforts to govern game sector, such as blocking and censoring games that considered nor in accordances with the regulation, creating game with patriotism and nationalism value toward China, and limiting under age children’s time to play game. This research examining how the collaboration between state and corporation appear in case of China and Tencent in governing game industry. This research conducted using qualitative data collection techniques taken from various secondary data sources.

Keywords: China; governmentality; game; governance; tencent

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INTRODUCTION

Highest authority in politics and had various privileges that were not owned by other parties such as absolute power, legitimacy, impersonal power, monopoly of control, and sovereignty. With the dynamics that occur in the 21st century, there are new actors that emerge and begin to challenge the privileges that were previously only owned by the state.
These actors are private authorities, authorities that are not the state, not related to the state, and not established by the state. In the last three decades since the Cold War was declared over, private authority has emerged as an actor that counts in international relations and global economic-political dynamics. There are three sources of private authority, namely moral authority, market authority, and illicit authority. This paper will discuss one of them, namely market authority. One form of private authority sourced from market authority that has now challenged state privilege is private enterprise. In the 21st century, private companies have dominance and power that can be said to rival the state. This phenomenon is directly caused by globalization and its increasingly massive development in this era (Keohane & Nye, 2003).

These two international relations actors are often described as interacting with each other, from collaborating to opposing each other. In the classical economic system, these two authorities oppose each other because basically private companies have the main goal of increasing profits as much as possible by exploiting all available resources, but on the other hand the state has its own interests in the welfare of the people, reducing inequality, eradicating poverty, so the state is required to limit the behavior of private companies through regulation. It is not uncommon for conflicts of interest to occur between the state and private companies (Makhlouf, 2017). Conversely, the state and private companies can also have good interactions as long as there are at least common interests between the two parties.

In this paper, the author wants to provide an explanation of the interaction between the state and private companies. The author will provide a case of interaction between China, which is a communist country, and Tencent, which is a private technology company. Therefore, this paper will start from the question of how the interaction between the Chinese Government and Tencent occurs in the governance of the gaming sector in China? This research will discuss the interaction and intersection between private authority and the state, specifically between Tencent as a private authority and China as a state in conducting internet space governance in China. In this case, the author has a thesis argument that there is a horizontal interaction between China and Tencent. In a communist country like China, even private companies will be used as tools and instruments that can be used by the state to realize its policies by force. In the gaming sector, the Chinese Government itself does not have the instruments and capabilities to carry out governance in the gaming sector. For this reason, the Chinese Government is ‘forced’ to conduct forced collaboration with Tencent as a private technology company that is also engaged in the gaming industry to assist the government in regulating the governance of the domestic gaming sector in accordance with the policies imposed by the government.

**METHOD**

In general, Governmentality is a theory by Michel Foucault that explains the power relations between the government and the population (Lorenzini, 2020). In relation to the relationship between the government and private companies in authoritarian countries such as China, the author will focus on one of the three typologies of Governmentality described by (Collier & Whitehead, 2023) namely Forced Governmentality. This theory tends to be used to explain authoritarian states that have absolute power. In the 21st century, private companies have taken an important role in people’s lives, especially technology companies. These technology companies have created various products such as social media, e-commerce, and games that have a great influence and have their own utility in society. The modern technology products created have had a positive impact and helped people’s lives, in accordance with the essence of ‘technology’ itself. However, modern technology that has
a positive impact at the same time also has negative impacts and new problems. According to (Collier & Whitehead, 2022) this modern technology provides problems for the government, but the core of the problem is that this modern technology is managed and regulated entirely by the private technology companies that create it, not by the government (Enroth, 2014). The consequence is that the government must impose coercion on private technology companies as the creators of modern technologies that cause problems to manage and regulate the related action space in accordance with the governance system and applicable state regulations (Clegg, 2019).

This research will be conducted using qualitative data collection techniques taken from various secondary data sources collected by the author from various sources that contain information that is considered valid and credible. The author will use literature studies by collecting data obtained from scientific journals, books, theses, articles, news, and other internet media. The type of research used in this paper is explanatory research, which is generally used to provide an explanation of the things that happen behind a phenomenon (Neumann, 2014). With this type of research, the author wants to conduct a test of a theory on a specific phenomenon. The period of this research ranges from 2019 to 2022. The year 2019 was chosen because it was in that year that the Chinese Government began to impose strict regulations on the governance of the internet space, although it was only massively enforced in 2020, while the year 2022 was chosen as the latest range analysis on the phenomenon to be studied.

RESULT AND DISCUSSION

The multinational company that is the main unit of analysis in this paper is Tencent or legally referred to as Tencent Holding Limited. Tencent is a technology company that represents China's digital economy (Su & Flew, 2021). This company has been established since 1998 in China by an entrepreneur named Ma Huateng, also known as Pony Ma, who started his business from scratch. In 2022, Tencent has been recognized as the largest technology company in China which is the parent company of various other subsidiaries. These subsidiaries of Tencent are engaged in various sectors in the internet industry such as the entertainment sector, artificial intelligence, games, social media, to music. In 2018, Tencent was recorded as the first Chinese company, even the first Asian company to reach a market capitalization exceeding 500 billion US dollars, but with the dynamics in the global and domestic political economy Tencent is now recorded to have a market capitalization of 405 billion US dollars as of December 2022. As a highly capitalized holding company, Tencent is now focusing on investing in smaller companies, especially tech start-ups in Asia. In total, Tencent now owns around 600 technology companies as evidenced by shareholdings (Kraples, 2017).

Although Tencent is now a technology company that spans across multiple sectors, at the beginning of its history, Tencent was only engaged in the social media sector. In 1999, Tencent launched an online instant messaging application, now called QQ. In 2004, Tencent then conducted an IPO on the Hong Kong stock exchange. In the same year, Tencent then began to expand its business by venturing into the gaming sector by producing various online games. Tencent did this because it saw prospects in this sector due to the increasing number of profits on the trade in virtual goods (Zhao & Lin, 2021). Tencent continued to develop this sector until in 2011, Tencent purchased a 90 percent stake in Riot Games and became the majority shareholder with a value of 220 million US dollars. Tencent also invested in other global game development companies such as Unreal. Epic Games, and Fortnite a year later and since then Tencent has been recognized as the world's largest company in the gaming sector (Chen & Nakamura, 2018).
The Dynamics of Tencent’s Relationship with the Chinese Government

As a company born in China, there are various suspicions from various international media that Tencent has close ties with the Chinese Government, or more precisely with the Chinese Communist Party. This allegation is proven true by the fact that Tencent’s CEO and founder, Ma Huateng is rumored to have an important position in the Chinese Communist Party as a delegate to the Chinese National People’s Congress. The various things done by Tencent during its inception until now also represent the policies of the Chinese Communist Party itself. It is a fact that China uses its domestic private companies to promote their policies. One of the most controversial policies ever carried out by China itself is The Great China Firewall, which is a policy of the Chinese Government in its efforts to 'protect' internet space in its own country by filtering various information on the internet entering China, and vice versa, filtering internet information coming out of China. In this policy, the Chinese Government then carried out various censorship in China's internet space strictly (Guo & Liu, 2021).

The Chinese Communist Party itself as the runner of the government does not have the instruments and capabilities to do this, therefore the party then 'forces' its domestic technology companies that have the ability and capability to implement the policy. Tencent then became one of the technology companies forced by the Chinese Communist Party. In this case, Tencent is asked to monitor and censor the content that users can access from their apps. In Tencent’s WeChat app, users are required to register an account through a phone number that can be monitored by the state. Even when registering an account, Chinese people are also required to comply with terms and conditions that refer to China’s censorship laws. With this, Tencent as a private technology company seems to have become a ‘tool’ for the Chinese Government in manifesting various policies in internet governance in the country (Tang, 2019).

The relationship between Tencent and the Chinese Communist Party has not always been good. During Hu Jintao's presidency, Tencent and other large Chinese technology companies were given a lot of help and space to develop their business. In fact, various actions that could be indicated as monopolistic behavior and abuse of market dominance by large technology companies such as Tencent did not even get attention from the government. In 2011, Tencent once practiced 'choose one between two' on a digital antivirus application called Qihoo 360. In essence, Tencent’s applications are arranged so that they cannot be operated if the Qihoo 360 application is installed on the same device. Tencent monopolized by forcing users to choose between two apps. In that era, such monopolistic practices were often carried out by various Chinese technology companies, supported by the attitude of the Chinese Government which did not impose any punishment. However, all this changed in China under Xi Jinping. President Xi Jinping has taken a contrary approach to his predecessors. With new policies and his campaign of common prosperity, Xi Jinping sought to crack down and punish companies that did not comply with his policies. Tencent, which committed various acts of monopolization and abuse of market dominance, was directly punished by being charged with various antitrust laws and becoming a target of the State Administration for Market Regulation (SAMR).

Cultural Crackdown in the Xi Jinping Era

As mentioned earlier, Xi Jinping has a variety of new approaches, one of which is a shift in approach to the governance of internet space. This is related to Xi Jinping's new policy in his call for a common prosperity campaign. In the Xi Jinping era, the Chinese government has tightened control over Chinese society with the aim of creating social change as an effort to use culture as a new strategic interest. Under the common prosperity campaign, Xi Jinping
came up with a new social approach that has now become one of the priorities in party policy called the 'Red New Deal' (Che, 2021). In this Red New Deal, Xi Jinping wants to strengthen culture in Chinese society.

There are several culture-related things that are regulated in this new policy such as the use of cell phone screens, games, artists, movies, occupation, and sports. China’s own regulators have strictly blocked men who are considered ‘feminine’ to gay from television, the internet, and other media. In addition, Xi Jinping ordered the media to broadcast more content containing traditional Chinese history and values. This was done by Xi Jinping to cultivate masculinity in men in China. In the same mission, Xi Jinping also promoted massive sports lessons and programs by hiring more sports coaches and teachers in formal educational institutions such as schools. This was done by Xi Jinping with the justification that he wants to save China’s youth by limiting the content that can be accessed, the role models and figures that can be used as examples, and how they spend their time more healthily and productively (Che, 2021). In addition, Xi Jinping has also called in his policies for silencing artists deemed morally bad and blocking various ‘fandoms’ or fan communities. On mobile screen usage, Xi Jinping is concerned about the amount of screen time used by his people. Therefore, the party imposed a time restriction policy on cell phone use, especially for children under the age of 14 for 40 minutes every day. In general, the party also provides 'go to sleep' notifications on all cell phones that are active during bedtime.

Xi Jinping referred to his campaign of societal reform, crackdowns on artists and feminized men, prioritization of traditional Chinese culture, rules for society, and how young people should behave as a 'new era'. The Chinese Communist Party itself does not have the technology, instruments, or tools to manifest Xi Jinping's policies. Therefore, the party forces technology companies that have the instruments and capabilities to contribute to this new policy. Xi Jinping’s China Tech Crackdown on tech companies has implicitly forced these tech companies to contribute to Xi Jinping’s vision. Tencent as the largest gaming company in China is also 'forced' to do this. Various things done by Tencent in order to realize Xi Jinping's policies are censoring and blocking games that are deemed incompatible with party rules, creating games with the theme of patriotism and nationalism towards China, and imposing time restrictions on the use of games.

**Tencent's Game Blocking and Censorship**

In an effort to manifest China's policies, Tencent became a tool for the party to censor and block imported games. China itself is now the largest market for the international gaming industry. This is because China's population is the largest in the world, reaching 1.4 billion by 2021. Of these, the number of game users in China has touched 750 million (Holmes, 2021). This is far more than the population of the United States and Indonesia combined, and is a fantastic number for the gaming industry market. In addition, the economic ability and purchasing power of the Chinese people is also relatively high compared to people from other countries, which has implications for their ability to buy virtual goods that are usually available in games, which is the main source of profit for the game industry. As a result, a lot of game companies are looking to include their game products in the Chinese market. Although in terms of user numbers China could be a potential market for the gaming industry, in reality China has a stop-start relationship with the gaming industry.

Since its inception, the Chinese government has imposed strict regulations on the gaming industry. At the beginning of the development of games in Japan in the 1980s, Chinese people had illegally imported various arcade game devices from Japan, so that by the 1990s, arcade games had mushroomed in various regions in China and became popular
among the youth. The Chinese government showed concern about this new phenomenon. China tends to be on the opposing side of this phenomenon. In 2000, the Chinese Communist Party even referred to these widespread and popular games in China as ‘electronic heroin’ and ‘digital opiates’ that were considered to disrupt the activities of young people and cause mental damage (Holmes, 2021). Soon after in the same year, the Chinese Government blocked or banned arcade game machines and various other game consoles. This was done because gaming had caused serious social problems in China. Many students then prefer to go to internet cafes to play games instead of studying at home, exercising, and doing other activities. This has caused consternation among parents and teachers in schools, and the Chinese government has responded by banning arcade machines altogether, but not personal computer games.

Realizing that gaming has become a very lucrative business, China has opened up to gaming. Now, international game manufacturers can put their products into the Chinese market. However, China still has concerns that there will be values that are not in accordance with Chinese culture coming into the country through games, as a result China is trying to implement various new policies. Any foreign game company that wants to enter China is required to have a domestic game company as a local partner (Holmes, 2021). This is done by China to monitor and censor games entering China from political elements, cults, pornography, violence, sadism, blood, and mystical things. China’s policy is of course also profitable in business terms for Chinese domestic game companies such as NetEase and Tencent. Tencent has systematically acquired a large number of shares of game companies that want to enter China in exchange for assistance in accessing the promising Chinese market. With direct ownership of shares, Tencent can freely censor the games it wants to put into China.

In addition to contributing to censorship efforts, Tencent has also contributed to efforts to block foreign games. In May of 2022, Tencent announced that it would block Chinese players from accessing some foreign games. There is no official statement explaining the reason behind this blocking of access from Tencent or the Chinese Government, but speculation from various observers suggests that this is related to Chinese regulations. Tencent is forced to better comply with Chinese regulations with new, stricter guidelines and rules. The Chinese government itself is actually not directly blocking these games. To play international games in China, access to applications that can strengthen the internet network is required. One of the largest service providers in this field is Tencent (Ye, 2022). Online games that are not verified by the government will be blocked through Tencent’s internet accelerator service, but generally games can still be played if users do not use the accelerator. But the implication is that users are required to play at low internet speeds and this will make players uncomfortable and experience lag while playing (Ye, 2022).

Patriotism and Nationalism-themed Game Production

As a communist country, China is closely associated with the various propaganda that they do to their society. The Chinese government has carried out various propaganda to incorporate its ideological values through various instruments and methods, such as through books, schools, and posters on the streets. Not only using conventional methods, the Chinese government also uses more ‘modern’ ways of propaganda, namely through television, the internet, and even through games. In the end, game producing companies such as Tencent are forced by the Chinese Government to produce games with Chinese themes and patriotism values and convey Chinese ideological values. This was done by Tencent to improve its image in front of Xi Jinping and the Chinese Communist Party.
In 2017, there was a viral phenomenon. Tencent created and launched a new game that aimed to praise China’s supreme leader, Xi Jinping (Ming, 2017). The game was specifically used to praise Xi Jinping’s speech at the 19th Chinese Communist Party Congress. The game was named by Tencent 'Excellent Speech: Clap for Xi Jinping'. The online game itself challenges users to clap by touching their screens. Players were required to 'clap' as many times as possible within a 19-second time frame after watching some video footage of Xi Jinping’s speech which took place over a period of approximately three hours. The game became a trend in China and Tencent noted that over 400 million users had played the game. Players competed with each other to do the most applause. Tencent also noted that the game has given more than one billion applause to Xi Jinping (Ming, 2017).

In 2019, Tencent also produced a game entitled 'Jia Guo Meng' in Mandarin or 'Homeland Dream' which was a collaboration between Tencent and the state-owned news company, People’s Daily, and the Chinese Propaganda Department. Shortly after its release, this game immediately topped the game category with the most local downloads in China. The content of Homeland Dream is city building, where players are asked to build their own virtual city with socialist-style policies such as reducing taxes and alleviating poverty. Various features in the game are also colored with Chinese nationalist slogans such as 'opening up and reform', 'made in China', 'create a strong and prosperous army', and 'one country two systems' (Lucas & Xueqiao, 2019).

As previously explained, the Chinese government has blocked various outside games, one of which is the game 'Player’s Unknown Battle Ground' (PUBG) which is a popular international game. Uniquely, one of the developers of this game is Tencent, which is a domestic Chinese company. Many Chinese citizens have protested through various social media platforms due to the blocking of this game. Finally, the Chinese government provided a solution by forcing Tencent to produce a game that was almost the same as PUBG, but contained Chinese ideological values. This game is then referred to as ‘Game for Peace’ which is themed on the Chinese Air Force (Li & Goh, 2019). The objective in this game itself is to defend the Chinese Air Force headquarters from enemy attacks. Not only that, China also promotes patriotism-themed games in China’s largest gaming convention or festival, ChinaJoy. Various game producing companies other than Tencent, such as NetEase and Shenqu Games are also forced to produce their own patriotism games. In the end, many patriotism and nationalism-themed games emerged in China itself.

**Time Limitation for Game Use**

There is a dilemma that occurs within the Chinese Government in determining regulations for the governance of game use in China. On one hand, China realizes that its people are a large and potential market for the gaming industry and can provide massive profits, but on the other hand the Chinese Government is also concerned about the negative social impact that games can have. In taking a middle ground for this dilemma, the Chinese Government does not totally block games to its people, but prefers to impose time restrictions on the use of games, especially for children. Tencent as the largest game provider in China along with other game companies are forced to impose time limits on their users in the country, although this actually causes a lot of economic losses to game companies because it implies a decrease in the number of daily users of their game products. Tencent was criticized by a Chinese government-affiliated media outlet, the Economic Information Daily, for calling gaming a 'spiritual opium' that has grown into a business worth hundreds of billions of dollars that could destroy future generations. Immediately after the criticism was issued, Tencent’s shares decreased by 11 percent (Soo, 2021).
This time restriction was also an implication and response by Tencent to protests and criticism from the media as well as from teachers and parents. Initially, children under the age of 12 were only allowed to game for 1 hour per day and children aged 12 to 18 were limited to 2 hours a day. However, in an effort to comply with the Chinese Government's regulation to restrict youth from getting addicted to games that are considered as 'digital opium', Tencent imposed a much stricter time limit on children and teenage gamers under the age of 18. The time limit for this age group is three hours per week. These three hours are one hour each on Fridays, Saturdays, and Sundays from eight p.m. to nine p.m., with additional time on official national holidays (Cao, 2022).

Recently, Tencent has attempted to tighten the restrictions on children's gaming hours again in an effort to better comply with Chinese government regulations. Back in January, there was a month-long winter break for Chinese students attending school. Instead of giving underage children and teenagers the freedom to play games during the holiday, Tencent put a time limit of a maximum of 14 hours during the winter break. Tencent founder Ma Huateng mentioned that Tencent will be determined and committed to being a liaison and assistant to the Chinese Government in realizing its policies. Tencent also warned parents not to give their children access to violate this rule. Tencent even provides a 'face recognition' test for children who want to use games through their parents' devices, so that Tencent can even monitor the possibilities that can be used to violate these rules (Coe & Yang, 2022).

CONCLUSION

As one of the implications of globalization, private authority emerges as a new actor that challenges the privilege of the state, which has been considered as the sole actor and the main source of authority in international relations. One of the private authorities that now dominates and can challenge the state is private authority sourced from the market, namely private companies. In their interactions, private companies are often portrayed as opposing the state, but at a certain point, these two authorities are able to interact in the form of collaboration. In this paper, the author wants to discuss the intersection of interaction between the state and private companies in the form of collaboration. In conducting the analysis, the author will use the theory of forced governmentality which is a development of Michel Foucault's governmentality theory. In this paper, the author conducts a specific discussion about the forced collaboration between China and Tencent in regulating internet governance, specifically in China's domestic gaming sector.

The Chinese government considers that gaming is a 'digital opiate' that can damage the mentality of Chinese youth, cause mental deterioration, and lead to more serious social problems. Therefore, the Chinese Government wants to impose various regulations to govern the gaming sector in China. However, China does not have the instruments and capabilities to directly govern this sector, due to the fact that the governance of this sector is fully regulated by private technology companies such as Tencent. In addressing this, China then entered into a forced collaboration with Tencent. Tencent was given coercive measures to comply with the Chinese government. Without any other choice, Tencent then complied with the Chinese Government and moved to become a government tool to implement and realize government policies. One of the government policies in the Xi Jinping era is the Red New Deal, which is Xi Jinping's new policy as an effort to strengthen culture in Chinese society. In this policy, Xi Jinping pays attention to the activities carried out by youth and the content consumed by youth. In order to do so, Xi Jinping made various efforts such as imposing strict regulations on the use of cell phone screens, games, artists, movies, occupations, and sports.
Gaming is a sector of concern in this policy. Therefore, the Chinese Government through Tencent took several actions to overcome the problems caused by games. Various actions taken by Tencent as an effort to comply with and realize Xi Jinping's policies in regulating the governance of the gaming sector in China are by censoring and blocking foreign games. Tencent censors games that have elements of sexuality, politics, cults, violence, sadism, blood, mystical things, and values that are considered deviant from Chinese culture. In addition, Tencent also indirectly blocks foreign games that are deemed incompatible with Chinese Government regulations by limiting the internet accelerator feature. Besides blocking and censoring, Tencent also produces games with patriotism and nationalism themes to channel Chinese ideological values to young people through games.

These games are also made as an alternative for Chinese people who cannot access certain foreign games. The Chinese government also imposes time restrictions for children in China in playing games. Especially for children and adolescents who are less than 18 years old, the Chinese Government through Tencent limits their gaming time to a maximum of three hours per week. The Chinese government fully understands that the gaming industry is a potential business in China with the fact that China is the largest gaming industry market in the world. For this reason, the Chinese Government in the Xi Jinping era cannot rashly carry out a total block on games, but prefers to tighten regulations, even though business and economics can also be quite detrimental to private game producing companies such as Tencent.

Through an in-depth examination of the collaboration between the Chinese state and Tencent in regulating the game industry, it becomes evident that the nexus between these entities serves as a mechanism for controlling and shaping the gaming landscape in China. This collaboration, while ostensibly aimed at promoting social welfare and upholding state interests, often results in the imposition of stringent regulations and censorship, impacting both the industry's creativity and consumer freedom. This study sheds light on the intricate dynamics between the state and corporate entities in China, particularly within the context of the rapidly growing game industry. By uncovering the nuances of forced collaboration, it underscores the complexities inherent in navigating regulatory frameworks and ideological agendas. Furthermore, this analysis serves as a cautionary tale for policymakers, industry stakeholders, and scholars alike, highlighting the potential pitfalls of centralized control and the importance of fostering a balanced regulatory environment that nurtures innovation while safeguarding societal values. Ultimately, this research contributes to a deeper understanding of governance mechanisms in the digital age and offers insights into the broader implications of state-corporate collaboration on industry development and consumer welfare.

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