Corporate Community Relations and Development: Engagement with Indigenous Peoples

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Abstract

Purpose – To increase knowledge about *community relations and development* (CRD) activities done in conjunction with mining activities of multinational companies affecting indigenous peoples, and thus help improve relationships between them, despite continuing bad consequences the people continue to endure. It is through such better relationships that these consequences may be redressed and mitigated, and greater sharing of benefits of mining may occur, bearing in mind what constitute benefits may differ from the perspectives of the indigenous peoples and the miners.

Design/methodology/approach – A qualitative approach is taken, including interviews with company officials responsible for CRD activities, elaborated with observations, company and public documents, and previous literature about these mining operations and the peoples.

Findings – The CRD activities have gradually increased compared with their absence previously. They are officially labelled social investment in community development programmes, and are funded from profits and couched in terms of human development, human rights, preservation of culture and physical development of infrastructure. Dissatisfied with programme quality and relevance, company officials now relate with indigenous people, their leaders and representatives in ways called engagement and partnerships.

Practical Implication – The findings can inform policies and practices of the parties to CRD, which in this West Papua case would be the miners and their company, CRD practitioners, the indigenous peoples and the civil authorities at local and national level, and aid industry participants.

Social Implication – The study acknowledges and addresses social initiatives to develop the indigenous peoples affected by mining.

Originality value – The study extends older studies in the same territory before CRD had matured, and corroborates and elaborates other studies of CRD in different territories.

Keywords: Mining industry, community relations, community development, indigenous engagement, qualitative research

1. Introduction

The phenomenon of a for-profit business sponsoring and carrying out community activities and projects to fulfil social commitments is not new (Bowen *et al.*, 2008). However, it has recently applied to multinational companies engaged, often controversially, in mining, or similar commodity extraction or production, on lands previously occupied only by indigenous peoples. The activities, labelled here as *community relations and development* (CRD), take the form of economic and social development programmes resembling those more often associated with governmental and non-profit aid agencies, and supranational organisations; indeed, they may be criticised for by-passing government institutions, and so eroding or excluding the state's development functions (Eweje, 2006; Nana and Beddewela, 2019; Van Alstine and Afionis, 2013).

CRD activities are often a direct, visible manifestation of what companies refer to conceptually and rhetorically as corporate social responsibility (CSR), exercised seemingly for peoples for whom a company's normal activities have bad consequences (Jamali and Karam, 2018; Kemp and Owen, 2013; O'Faircheallaigh, 2013, 2015). The activities may be seen as presenting a balance between community demands (or *social sustainability*) and environmental protection (*environmental sustainability*) with profitability (*economic sustainability*) (Jenkins and Yakovleva, 2006), and making up for absence of or inadequacies in governmental regulations, policies and activities to protect the interests of the vulnerable, including indigenous peoples (Cooney, 2013; Van Alstine and Afionis, 2013). An alternative interpretation is that, consistent with emergent practices of CSR, they signify an almost unhealthy enthusiasm among people in businesses to be progressively sensitised "to systems and dynamics of governance beyond government, regulation beyond law, and responsiveness beyond responsibility" (Horrigan, 2007, p. 85).

In keeping with academic research about accounting, management and policy to find solutions to sustainable development issues (Adams, 2019), the aims of this article are to articulate current practices around CRD activities and to help improve these practices in places where indigenous worlds and corporate mining collide (cf. Hill *et al.*, 2012; Kemp and Owen, 2013). These aims are justified by a literature accumulated from a wide range of studies in several countries, some of which are about mining and other extractive industries. The aims are consistent with building relationships between those involved in mining operations and the indigenous peoples for whom these operations are having consequences, many of them bad and harmful. Through these relationships, these consequences might be redressed and mitigated, and a greater sharing of mining benefits might ensue. Increased public knowledge about performing CRD will assist mining and similar companies to realise greater social, environmental and economic sustainability. More importantly, when it comes to the present imbalances between these companies and indigenous peoples, knowledge can inform indigenous peoples, and so empower them, in order that they benefit from

2

development programmes (Díaz-Puente *et al.*, 2007) and their awareness of, and ability to participate in, policy debates on issues affecting them increases.

These aims are achieved by drawing on insights from the case of an American-Indonesian joint-venture mining company, PT Freeport Indonesia (PTFI), and its Ertsberg/Grasberg Mines (hereafter Grasberg) in the Mimika Regency (cap. Timika) of West Papua (i.e., the western half of the island of New Guinea), over which, controversially, the Government of Indonesia (hereafter, the Government) has sovereignty. The mine is reputed to be the world's largest gold mine and second largest copper mine. According to PTFI (2017), the company is spending an average of US$95 million annually on programmes of a CRD nature. This expenditure is funded ostensibly from a specified appropriation of profits, perhaps implying that the indigenous peoples are sharing in these profits. The programmes, distinguished as health, education, infrastructure, business development, culture preservation and stakeholder engagement, are seemingly carried out for the sake of communities of indigenous peoples in the mine's vicinity, with aims couched in terms of human development, human rights, preservation of culture and physical development of infrastructure. The programmes are rationalised and publicised using notions of *pemangku kepentingan*, or stakeholders, and stakeholder engagement, in particular engagement, or partnership, with indigenous peoples and their communities, and CSR (see Freeport-McMoRan, 2020; PTFI, 2018b; cf. Kemp and Owen, 2013). They may be held up as an example of CSR legitimising otherwise questionable activities among stakeholders, including in terms of the company acquiring a "(social) licence to operate" where those most affected could otherwise feel aggrieved (cf. Harvey, 2014; Moffat and Zhang, 2014; Vanclay and Hanna, 2019).

The status and extent of PTFI's CRD activities follow two decades of their gradual increase in size and scope; in the three decades before that, such activities barely existed. Starting in the 1970s, the company regularly uprooted the indigenous peoples in order to conduct its mining and ancillary operations (e.g., transporting and processing of ore, accumulating tailings, shipping processed ore to smelters inside and outside Indonesia, building employee dwellings and facilities). The general territory around these activities has been an arena of environmental damage, human rights violations, protests against these and in support of change, and other conflicts between the indigenous peoples and the miners. The miners have been mostly supported by the Government, which has had a stake in the company for some time and has benefited considerably longer from royalties and taxes. Significant economic costs to indigenous peoples came without anything approaching equivalent economic benefits.

The indigenous peoples comprise one from the highlands who identify as Amungme (total population less than 20,000), and a second from the coastal plain whom the company and other outsiders identify as Kamoro (less than 15,000). The two have had ancestral ties since time immemorial to land now directly affected by mining, accumulation of overburden and ancillary operations [1]. Perhaps because of the mine's remoteness and the difficulty of

3

observing it or obtaining data about it which is regarded as reliable (Correa and Larrinaga, 2015; Paull *et al.*, 2006; Ross, 2008), what has occurred is not general knowledge in the outside world, even though it is well documented (e.g., see Amiruddin and de Jesus Soares, 2003; Ballard, 2001; Ballard and Banks, 2009; de Jesus Soares, 2004; Kyriakakis, 2005; Leith, 2002; McKenna, 2015a, 2015b; McKenna and Braithwaite, 2011; Muller, 2001; Nakagawa, 2008; O'Brien, 2010; Perlez and Bonner, 2005; Price, 2015; Rifai-Hasan, 2009; Sethi *et al.*, 2011). The mining's undesirable consequences range among environmental (e.g., landslides, land degradation, pollution), social (e.g., settlement displacement, illness and infirmity, diminution of local skills), economic (e.g., loss of natural resources and traditional livelihoods, underutilisation of local factors of production, inequitable distribution of benefits and costs, exploitation), cultural (e.g., change in conception of "self") and political (e.g., loss of de facto sovereignty, violent suppression). They have represented unimaginable surprises for both peoples, who have differed in their responses to them, with the Amungme being more inclined to resist what has been occurring (Muller, 2001).

A qualitative approach, involving fieldwork at the company and among the two indigenous peoples, was used in researching the company's presence and activities in West Papua and how these have disturbed the entire ways of life of these peoples. This article is based on data from intensive interviews conducted with company officials responsible for CRD activities. Thus, it tends to advance the perspective of the company, including what the company does and how it claims to engage, and so, like other studies of community engagement and similar, may be criticised for not clarifying the perspectives of the community itself (cf. Mathur *et al.*, 2008). However, the stories of the Amungme and Kamoro are for later articles, although it is impossible to present the present analysis without reference to these stories. The interview data used were analysed using initial and selective/focussed coding. The analysis was further elaborated with observations, company and public documents, and previous literature just cited about these mining operations and the peoples. The analysis results in, and is based on, a model to consider CRD in terms of engagement with indigenous peoples, and so provide insights into how collaboration with a community can enhance the quality of CRD activities.

The rest of this article is in four more sections. Section 2 reviews the literature mentioned above as justifying the aims of the article. Section 3 outlines the study domain in West Papua and the methods used in the research investigations. Section 4 draws on the results of the investigations to put forward a model for carrying out CRD activities and programmes, including how these programmes live up to ideas of community engagement and sustainable development. The workings and implications of the model are elaborated and criticised, with consideration given to other areas which the officials and their company make claims about, namely culture, religion and human rights. Section 5 discusses how the insights obtained from this case study might inform practical and policy actions elsewhere aimed at benefiting an indigenous people and similar societies. In keeping with the aims of the article, the discussion considers how to improve social and environmental sustainability performance

4

generally in places where industrial mining, or similar corporate activities, collide with indigenous worlds. The article concludes with limitations and ideas for further research.

2. Review of Literature

Addressing bad consequences of human activities carried out under the auspices of businesses and other organisations has increasingly become part of policy debates, research and additions to the curriculum, including in accounting (see Atkinson, 2014; Fleischman and Schuele, 2006; Gold and Heikkurinen, 2018). Examples of catchwords and phrases associated with these matters include responsible business practices, diversity and inclusion, carbon footprint, climate change and global warming, environmental threats, deforestation and human rights abuses. These matters have gradually been brought together under the labels CSR and sustainability, but then nuanced by distinctions being made between economic, social and environmental aspects (e.g., see Australian Centre for CSR, 2017).

Viewed normatively (Carroll, 1979, L'Etang, 1994), CSR is about things companies and other organisations should do to respond to society's broader expectations of them in terms of values, policies and activities, not least in social and environmental matters. At more micro levels, processes of CSR have increasingly involved engagement with so called stakeholders (Bartlett and Devin, 2011). This is notwithstanding the concept of *stakeholders*, and theorising with it, having a chequered history (see Freeman, 1984; Freeman and Reed, 1983) and still being problematic (e.g., see Fassin, 2009; Mitchell *et al*., 1997; Parmar *et al*., 2010; Phillips *et al*., 2003). Similarly with the concept of *engagement* (e.g., see Gambetti and Graffigna, 2010; Jeung, 2011; Grudens-Schuck, 2000), Dent (2016) suggesting it amounts to any instances of human interaction in any sphere where entities meet, increase knowledge, form opinions and negotiate with one another.

As for *stakeholder engagement*, Clayton (2014) argues it is more than merely a combination of the two words literally, but rather an evolution and application, including in conjunction with CSR and then with CRD activities and programmes (e.g., see Van Alstine and Afionis, 2013). Normatively, the concept has acquired institutional standing via the organisation AccountAbility, its practice standards indicating that "stakeholder engagement is the process used by an organisation to engage relevant stakeholders for the purpose of achieving agreed outcomes" (AccountAbility, 2018, p. 37). Others have put it in the context of organisations being accountable: an organisation is obliged to more than just interact with selected interested parties but rather to engage people as stakeholders, critical and otherwise, through a systematic process, to identify, understand, and respond to social and environmental concerns, as well as to report about its decisions, actions and performance in explanatory ways, including answering stakeholders' questions and responding to their comments (e.g., see Afreen and Kumar, 2016; Swift, 2001; Waddock and Graves, 1997).

Still others regard stakeholder engagement more widely as associated with business and organisational ethics and a broad dialogue among interested parties to facilitate mutual social learning and understanding and reconciliation of interests (e.g., see Mathur *et al*., 2008). By

engaging their stakeholders, through consultation, communication, working collaboratively, etc., those conducting the activities know more about the various perspectives which stakeholders might have about those activities, and so can turn this knowledge to mutual advantage. On the other hand, instrumentally, stakeholder engagement may also be construed as an attempt on the part of an organisation's senior managers to organise or structure relations with the various people inside and outside the organisation in order to prioritise some over others, to play them off against each other, to ignore some, deliberately or inadvertently, and otherwise to manipulate them (Boesso and Kumar, 2016; Clarkson, 1995; Donaldson and Preston, 1995; Foster and Jonker, 2005). Such manipulations could be at a strategic level, including trying actively to influence the social expectations of stakeholders seen by managers as crucial to the organisation's strategies, resources and standing with society, government and law (e.g., see Scherer *et al.*, 2013). In any case, an association between stakeholder engagement and CSR is widely recognised in corporate business activities (e.g., see Black, 2015; Greenwood, 2007; Tregidga and Milne, 2006) and in the aid industry (e.g., see Bayiley and Teklu, 2016; Vogel *et al.*, 2007).

The same applies to mining which, being a human activity which is invariably dirty and dangerous, entailing the disturbance of nature, including the land or sea and their flora and fauna, human and otherwise, is prominent in the CSR debate and research (Rodrigues and Mendes, 2018). Further consequences arise in mining from the raw or processed material being transported elsewhere and its use in agriculture, manufacturing, construction, etc. (see ERMITE-Consortium *et al.*, 2004; O'Faircheallaigh, 2015). Probably for as long as there has been mining, there have been concerns about its more overt bad consequences, be it muck, grime, stench, injury, illness, death, land degradation, air pollution, water contamination (e.g., see Galloway, 1882; Cheney *et al.*, 2007). However, the industrialisation of mining, its conduct along business lines and it spread away from places where materials have already been exhausted, have meant its consequences have increased in scale and their range is also better articulated, that is as environmental, economic, social, cultural and political (Ross, 2008). This includes mining companies being under increasing pressure to show how they create value in the long-term and how that value is distributed.

Given where mining takes place (i.e., where mineral deposits are found), an undeniable aspect of CSR is the relationships and interactions between people disturbed or otherwise affected by mine operations and their share of value distributed (Phiri *et al.*, 2019). Arguably, these people are stakeholders, and so entitled to be heard, engaged with and inspired. The more mining companies do this, the more these companies are understood, trusted and supported (Pilot, 2017). This is based on the notion that incorporating stakeholders into CSR practices creates mutual understanding, and convinces the stakeholders that organisations are committed to behaving responsibly and are worthy of the mutual trust inextricably linked to long-term value creation (Campbell, 2007; Rifai-Hasan, 2009). However, ideas of relations between business organisations and people cast in the roles of stakeholders have mostly

6

developed either within a quite well-defined economy or society, or among economies or societies with similar characteristics, including relatively high levels of income, wealth, education, technology and institutional sophistication. Conversely, mining often takes place elsewhere, including in places where it disturbs an indigenous society.

The notion of indigenous peoples as stakeholders is recent, under-developed and, in the many cases, not widely accepted. These cases include where mining is occurring in territories sometimes designated as *less-developed*, *developing*, etc., which until recently were colonies, and which, although nation states, are still subject to neo-imperialism. In such nation states, the notion of a foreign mining company having in-country stakeholders is predated by the continuing idea of a binary relationship between the foreign company and the externally recognised government of the nation state (Ballard and Banks, 2003). In these territories, and even elsewhere (e.g., Canada, Australia, the United States), despite indications of mining companies accepting obligations in line with CSR, engagement of indigenous peoples affected by the immediate mess of mining exploration, extraction and closure (including any reclamation works) still has considerable scope for being embedded practically (e.g., Fordham *et al.*, 2018; Kemp and Owen, 2013). This scope is reflected in mining industry and government oversight body advice to multinational mining companies about policies and practices (e.g., International Council on Mining and Metals (ICMM), 2015; Mining Association of Manitoba, 2016; Victoria State Government, 2018) being carried across from elsewhere into the new nation states just alluded to.

A related consideration is differences in how CSR is applied, stemming from social, cultural, economic and political characteristics of a nation's peoples, indigenous and otherwise. Jamali and Karam (2018) find that within and outside national business systems, CSR is influenced greatly and complexly by what has preceded it institutionally and at a macro-level. The CSR itself is a mix of ideas, rhetoric and posturing, it involves multiple actors with both formal and informal roles in governance, and things done in its name have outcomes, results and impacts which vary between developmental and detrimental. Nana and Beddewela (2019) delve into the issue of CSR being not so much altruistic but opportunistic and instrumental, a means to the end of corporate political activity, which is about mining companies managing their interactions in the binary relationship they have with governments, specifically to influence public policy on mining, foreign ownership, labour relations, corporate taxes, etc.

The process just alluded to of organisations working collaboratively with and through groups of people to address issues affecting the well-being of those people has been labelled *community engagement* (Bowen *et al.*, 2008). This concept is used or alluded to in various studies of mining situations where the engagement is with communities of indigenous peoples. Dent (2016) argues that community engagement represents human interaction where people meet, grow knowledge, form opinions, negotiate with one another, build relationships, and develop mutual understanding and respect (see also Kwiatkowski *et al.*, 2009). Influencing this interaction are antecedents and the attitudes and perceptions they engender,

how transformational the engagement is likely to be and the consequences, including the distributions of costs and benefits (Bebbington and Unerman, 2018; Bowen *et al*., 2008; Cheney *et al.*, 2007; Jamali and Karam, 2018).

While consultation is a cornerstone of this engagement, because it enables members of a community to determine their own development (Flemmer and Schilling-Vacaflor, 2016), the engagement also comprises "iterative mutual learning processes designed to promote transformative action" (Bebbington *et al*., 2007, p. 357). In the case of indigenous people, such transformative action amounts to preparing these communities for and moving them towards profound change. For example, impact assessments may be carried out because mining affects lands and communities in often profound and irreversible ways. Successfully engaging communities of indigenous people in mining depends much on these assessments being effective. However, they are often impaired because of lack of knowledge and skills among the indigenous people to define matters, whether from their perspectives or otherwise, in the areas being assessed. Hence, once mining commences, communities encounter and are overawed by surprises they could never have imagined. This applies not only to the mining as a whole but also to particular, related aspects such as for a health project, which requires a community to have the capacity to define its health risks, trends and related issues.

These sorts of issues are evident in Hill *et al*. (2012). They devise a continuum of indigenous engagement, but in the field of environmental management rather than CRD. They find four types of engagement which vary according to whose knowledge shows up most, and so whether authority lies with the indigenous people or otherwise. The four types range from *agency governance*, through *co-governance* being either *agency-driven* or *indigenous-driven*, to *indigenous governed collaborations*. Most engagement in mining situations is agency-driven (i.e., company-driven), reflecting the extent to which companies have financed CRD programmes and their desire for quick and visible results (e.g., roads, schools, hospitals). The notion of a social licence to operate, referred to in Section 1, provides a theoretical basis for this: advancement of an organisation requires some engagement with its communities, even if those communities are perceived to be politically weak, economically poor, and bound by tradition and superstition; the engagement process contributes to mutual understanding and community legitimacy and respect (Scherer *et al*., 2013). Legitimacy is important not only with the communities themselves but also with other stakeholders, such as the mining industry and government oversight bodies cited above.

Agency-driven governance results in tangible CRD being dominated by the creation of modern infrastructure, attempts to establish social, economic and political institutions associated with modernisation, and attempts to transfer and embed modern technology. It also results in the focus of the capacity building being on training indigenous persons to function in their new, modern surroundings (cf. Sillitoe, 1998). Other tangible aspects of engagement fit with this adaptation to a modern, monetised way of life. They include indigenous peoples receiving payments as restitution and compensation for companies encroaching on

8

indigenous lands, being provided with paid employment and receiving other financial benefits (Holcombe, 2009, Howard, 1994; Lahiri-Dutt, 2004; Xanthaki, 2003; Van Alstine and Afionis, 2013; Vanclay and Hanna, 2019).

In terms of the less tangible, social relations side of CRD, community engagement can go further than mere communication of information from a company to a community about planned projects. It can refer to problem solving and decision making the company undertakes, in which an affected community is involved and contributes in ways which lead to better results. It may involve discussion about sharing in business and employment opportunities. In addition, active dialogue and partnering may occur in a sustained manner across the life cycle of mining or of projects and other activities which fall within the sphere of CDR. From an indigenous perspective, the ideology underlying any engagement is important, particularly that it is aligned with the people's culture. Above all, tangible signs of positive changes are needed (Holcombe, 2005; ICMM, 2015; Mining Association of Manitoba, 2016; Victoria State Government, 2018).

In contrast to these ideals of engagement, and how they flow from broader ideas of CSR, indigenous perspectives on engagement are often not taken into consideration (Boiral *et al.*, 2019), or some corporate officials exhibit the narcissism of knowing what is best for everyone their mining activities affect. Consequently, indigenous peoples continue to feel overlooked, not heard and given no chance to express their opinions about the impacts of the mining and the destruction of their territories. Indeed, they can be treated as being in the way of the exploration and development, and so forcibly displaced (Cooney, 2013). However, CSR means companies are under pressure to change, including to engage with indigenous peoples, including as stakeholders with requisite entitlements, and to operate in ways which reduce the harm of mining to these peoples and mean they benefit from it (Phiri *et al.*, 2019). For example, the Mining Association of Manitoba (2016) emphasizes the importance of conducting meaningful consultation with the community in order to accommodate the exercise of the community's rights, which are now recognised according to treaties, laws and modern-day ethics differently from even a few decades ago.

In summary, the literature indicates the mining industry still being in a state of flux, including ebbing and flowing of the desirable, as far as indigenous peoples are concerned. Perhaps of greatest concern is a list of generic undesirables, including absence of or shortcomings in community consultation (Flemmer and Schilling-Vacaflor, 2016; Mamen and Whiteman, 2001) and in community participation (Booth and Skelton, 2011; O'Faircheallaigh and Corbett, 2005), and problems with community development projects and CRD activities (O'Faircheallaigh, 2013; 2015); and, predating these, adverse consequences of mining activities on things on which communities depend (e.g., land or water used for agriculture, hunting or fishing and domestic purposes), on people's health, and on immigration (of work-seekers) (Jenkins and Yakovleva, 2006). The earlier issues triggered calls for community engagement responses and so gave rise to a range of approaches to engage communities,

9

varying from one mining site to another, or even one project to another (e.g., see Brereton and Parmenter, 2008; Hill *et al.*, 2012; Kwiatkowski *et al.*, 2009). Indigenous worlds and corporate mining continue colliding, and so there is still much scope for improving practices around CRD activities, including for a model of building relationships between parties performing and benefitting from CRD activities and programmes. Through these relationships, longer-lived adverse consequences might be redressed and mitigated, and a greater sharing of mining benefits might ensue.

3. Study Domain and Method

This study is based on a single case. However, this singularity should not be of great concern, given the significant size of the case on a world scale and the previous attention it has attracted in the academic and other literatures. Besides, there are precedents, such as studies by Kemp and Owen (2013), of a large-scale mine in West Africa, and by Afreen and Kumar (2016), of a seaport in India. Indeed, case studies are one of several common ways to undertake social science research (Dul and Hak, 2008; Mills and Durepos, 2013).

The rest of this section is in two parts, the first outlining the study domain and the second describing how primary fieldwork data were collected and then analysed in conjunction with secondary data. The study domain information is provided here because it influenced how the fieldwork was carried out and the data analysed. This part explains discretion exercised and some things the researcher was unable to do, for example, because of personal safety.

3.1 Mining by PTFI and its Collision with Amungme and Kamoro

Consequences of mining endured by the Amungme and Kamoro in terms of land seizures, human rights violations and environmental damage are mentioned in Section 1. They are consistent with much of the literature just reviewed, indicating that where a mining company operates within or near territories of indigenous peoples, social, economic and other disadvantages for those peoples are invariably exploited. As Ross (2008, p. 208) points out, both indigenous peoples were "wholly unprepared" for what was to happen after "placing their thumbprint on the contract" with Freeport-McMoRan half a century ago. This contract is the so called 1974 Agreement, which was supposedly designed to deliver them from isolation, ignorance and poverty but which proved ineffective. The proposed mining enterprise was far beyond their experience and comprehension, including what would happen to the landscape and in terms of infrastructure, facilities, immigration, the economy, security, law and order, government institutions, loss of human dignity and mistreatment, etc. This exemplifies the notion of ignorance of ignorance (Gross, 2007), a state which may have continued into the present period of social investment, community development projects and CRD activities generally, with differing understandings of what is "education", "healthcare" "utilities and transport infrastructure", "welfare", "business", etc.

Isolation was the primary reason for neither the Amungme nor the Kamoro being prepared. This is evident from the timeline shown in Figure 1. Until the 1960s, despite *de jure* claims of

their lands being part of territory ruled over by outsiders, little such external government was in evidence. Both peoples lived separately, largely self-sufficiently, in their territories, normally in communal villages. Notwithstanding centuries of geographical proximity, contact between the two peoples was limited, as was contact with outsiders, particularly so for the Amungme in the highlands. All this changed with the events after 1970.

[Insert Figure 1 about here]

When they first came to Amungme and Kamoro lands in the 1960s, Freeport-McMoRan's representatives seemingly paid little heed to the rights and culture of either people; nor did they appreciate any of the many differences between them, which run to physiognomy, demography, identity, language, nutrition, religion, culture, politics and society (e.g., see Amiruddin and de Jesus Soares, 2003; Beanal, 1997; Harple, 2000; Jacobs, 2011; Muller, 2001; Pickell, 2003; Sarwono, 1998; Timang, 2016). Since then, relations have varied considerably between the two peoples on the one hand and the mine operators and the Government on the other. From the late 1960s to the mid-1990s, the term stakeholders, with any sorts of rights, would be inaccurate as a description of how the foreign mining company and the Government regarded the Amungme and Kamoro; closer would be "spear-holders", who were militarily weak, primitive and obstacles to mining operations. Both peoples reacted to the many things about the miners and the mining they disliked, offering resistance which, although varying according to their different cultures, was based not on stakeholder rights but on traditional ideas of land and people, and wanting to defend their territorial rights. As they became accustomed to external ideas, they staged protests, both peaceful and violent, took out lawsuits, and appealed to foreign governments and supranational organisations for support. All these had unpleasant, often violent and sometimes fatal repercussions, which the company and Government justified in the name of *security* (McKenna, 2015a; Nakagawa, 2008; Perlez and Bonner, 2005).

The protest on 10 March 1996 indicated on Figure 1 is memorable for proving something of a turning point in the Amungme and Kamoro's struggles. As detailed on Figure 1, between then and 2003, local government was formally established; a trust fund was initiated for community development programmes into which PTFI pays one percent of its annual net revenues or profits [2]; various *partnership* organisations were established to administer some of the monies available annually from the trust fund, the main one being *LPMAK* [3], with the rest being administered within the company, greatly adding to what it had been spending previously on community outreach activities; and PTFI's parent company, namely Freeport-McMoRan Copper and Gold (2003), voluntarily adopted a code of conduct dealing with human rights, employment and economic development of the indigenous peoples affected by its Indonesian operations (Sethi *et al.*, 2011).

However, given the company's previous record, these changes and the motives behind them attracted scepticism from academic quarters, (e.g., see Ballard, 2001). De Jesus Soares (2004) speculated about how CRD projects might be made more effective in terms of involvement of

11

and outcomes for the Amungme and Kamoro, among others. According to Ballard and Banks (2009) and Rifai-Hasan (2009), they did not improve conditions for the indigenous peoples, quite the contrary in several respects. Furthermore, Braithwaite *et al.* (2013) criticised the fund, contrasting the amounts the company spent up to 2005 on community development with its profits, payments of taxes and expenditures on security; and these mirrored similar criticisms based on comparison with the remuneration of Freeport's most senior executives (Ballard and Banks, 2009). Sethi *et al*. (2011) report a series of conflicts in the area up to 2010, as referred to on Figure 1.

Two other *a priori* circumstances in the study domain are noteworthy. First, there is a history of tension between Freeport-McMoRan and successive Governments, which has been added to by tensions between the latter and its United States counterpart (Murphy, 2010; Perlez and Bonner, 2005). This tension was manifested while the fieldwork was being carried out. At that time the Government was seeking to increase its 10% minority shareholding in the mine (Freeport-McMoRan, 2017b). Since the fieldwork was completed, an agreement was reached giving the Government in conjunction with the Provincial Government of Papua a majority interest (Hernawan, 2019; Otto and Sentana, 2018). Second, according to Sethi *et al.* (2011) cultural attitudes within PTFI were a mix, first, of an expatriate Western corporate culture typical of the mining industry, which included unilateral, top-down decision-making, a drive to do things quickly, efficiently and completely, and distrust of outsiders; and, second, of Javanese Indonesian culture, which included a belief that Javanese culture is superior to Papuan and other Indonesian cultures, limited sharing of information, and conflicts being resolved indirectly or often remaining unresolved intentionally.

3.2 Data Collection and Analysis

The literature referred to in Section 3.1 draws on events and circumstances up to about 2010. Subsequent literature has largely been based on that literature and period. As is evident in previous sections, all this constitutes secondary data for the present study. Primary data are also used in this study, being acquired through fieldwork. The fieldwork was informed by the secondary data, which together with literature from elsewhere was used in the analysis (Hox and Boeije, 2005).

The fieldwork was performed by the first-named author, himself an indigenous Papuan, albeit not from Mimika nor a member of either Amungme or Kamoro. However, he has experienced elsewhere in West Papua the daily conditions endured by Papuans, including having been kept in general ignorance of the history of Grasberg. Having spent time to obtain the required permits from the Government, local authorities and PTFI, he stayed in the mine vicinity for six months in 2017. The fieldwork included visits to places and facilities which had resulted from the CDR projects, meeting various people there, including some Kamoro and Amungme, and generally observing the company's activities and the impacts they have had on the lowlands and its inhabitants, although he was advised not to visit the mine and was unable to do so.

For this article, the most relevant data arose from intensive, semi-structured interviews conducted with a purposive sample of officials prominent in administering the community development programmes from Timika. These interviewees were approached with implicit permission of the company under the permit it gave to the first-named author. They comprised five PTFI staff working in two units, namely its Community Affairs Division and its Environment Department, and a sixth person employed by *LPMAK*. They ranged from middle to senior levels in the hierarchy of the programmes and in the company's onsite organisational structure or in that of *LPMAK*. Five were male. Four were indigenous Papuans, including one Amungme. Their length of service ranged between 5 and 20 years, often with changes in responsibility and promotions, meaning that in combination they had served in various functional stages of CRD activities, including but not limited to planning, executing, supervising and evaluating the various programmes.

The six interviews took a total of 240 minutes to complete, ranging between 30 and 70 minutes. Questions covered the policies and practices of engagement undertaken with communities composed of indigenous peoples; problems and challenges of the engagement; strategies and lessons learned; and the roles of local government, parliament and customary institutions in assisting the engagement in question. Interviewees described what they did and how, and expressed opinions, feelings, etc. about what was occurring. Audio recordings were made of each interview. Most, if not all, of each interview was conducted in Indonesian, and all quotations in this article have been translated from that language. Documents, or indications of where documents and such like were available publicly through web pages, were also provided by interviewees.

Regarding analysis and interpretation, the researchers took a reflective stance on modes of knowing and representing the study domain, and the people, activities and events associated with it. NVIVO 11 was used to assist this, including selective coding based on the data themselves, leaving the data open to further analytic possibilities (Charmaz, 2014).

4. Descriptive Analysis and Interpretation

The analysis and interpretation are of PTFI's CRD activities and, with them, its CSR processes, and what is occurring and resulting. These activities and processes are consistent with extant forms of dealing with indigenous peoples elsewhere through such tangibles as payments as restitution and compensation for indigenous land rights, providing indigenous employment and providing financial benefits to what is portrayed as the local community (see Section 2). It is the third of these on which this section focuses, being manifest in the CRD activities. The section is divided into four subsections. Section 4.1 elaborates the present extent of activities, their organisation and development. Section 4.2 analyses the activities by each of seven programme areas PTFI has established. Section 4.3 analyses the position of the CRD activities more generally as stakeholder engagement. Section 4.4 analyses the critical issues of the process through which PTFI officials engage beneficiaries when it comes to CRD.

4.1 Review of Community Engagement in PTFI

What in this article are called CRD activities PTFI now labels *social investment* and characterise them as "a sustainable commitment so that our operations continues (*sic*) along with the development of communities within our area of operations" (2016, p. 4). Its last report to analyse these by programme area described them as a "social investment portfolio" (PTFI, 2016, p. 3) and enumerated seven programme areas, namely, *community health, community infrastructure*, *community education*, *community relations* (or *stakeholder engagement*), *community economic*, *culture* (or *arts, culture and sport*), and *human rights* programmes (PTFI, 2016, pp. 3-5, 22). The company subsequently reported its total social investment spending as US$104 million in 2018, as per the bar chart from PTFI (2019) reproduced as Figure 2.

[Insert Figure 2 about here]

The chart reproduced in Figure 2 is intended primarily to convey PTFI's total spending (i.e., US$1.7 *miliar* (billion)) since it started to account for *pengembangan masyarakat* (community development) in 1992, and the pattern of this spending by each year since. The lighter blue portion of each bar in the bar chart represents the annual contributions to the One Percent Fund inaugurated in 1996, now managed by *LPMAK* and usually referred to officially as the Partnership Fund. In 2018, around US$55m (or 54% of the total) went to this Fund and the rest, about US$49m, was managed directly within PTFI (see also Freeport-McMoRan, 2020).

Regarding the history of donations to the Partnership Fund since 1996, an upward trend overall is indicated in Figure 2, both absolutely and as a proportion of the total CRD spending, but with some fluctuations. On the other hand, while the amounts involved are undoubtedly substantial, they might be considered in the context of Freeport-McMoRan (2016a) reporting revenues from its Indonesian operations in 2016 alone of US$3.3bn and operating income of US$1.0bn, so mirroring the issue raised by Braithwaite *et al*. (2013) of the small percentage for community development.

Regarding PTFI's direct spending on CRD activities (i.e., the darker blue portion of each bar in the bar chart), this goes back to 1992-1995, when all spending was done by PTFI itself. This expenditure has also fluctuated, but it was on an upward trend up to 2012, since when the trend has been downward. The downward fluctuation from 2012 to 2015 was arrested in 2016, but not to the extent which PTFI signalled in its budget for that year. That budget provided for total spending of US$119.6m but actual contributions made were 28% below because of a "cost efficiency policy" implemented in response to "a decline in [the] company's financial condition" (PTFI, 2016, p. 5). The next two years also saw year-on-year increases, so reaching the US$104m stated above, but still short of intentions signalled earlier. Although some of these lower than envisaged spendings on CRD seem partly a consequence of events outside Indonesia (see Freeport-McMoRan, 2016a, especially p. 28),

PTFI has faced various internal conflicts and other local challenges, including restrictions on exports and obligations to construct a new smelter (Freeport-McMoRan, 2017a). These were an extension of the history of tension between Freeport-McMoRan and successive Governments, as mentioned in Section 3.1, in particular aspects of protracted negotiations with the Government over the renewal of the company's mining licence and the proportion of shares the Government and local government should have in mining entity, now resolved.

These matters notwithstanding, PTFI's Executive Vice President of Sustainable Development claimed the company was continuing to uphold and maintain its commitment "to providing benefits to our host communities through a targeted social investment program" (PTFI, 2016, p. 3). As related in Section 3.1, it was out of the earlier conflicts between PTFI and the Amungme and Kamoro that spending on CRD activities arose initially. The significance of this history continues today, often being a starting point for explaining issues, attitudes, concerns and questions, including among PTFI officials. Thus, one interviewee gave the following account:

> Freeport began its operation in 1973 and made the *January Agreement* [with the Government] in 1974, but the agreement, running from 1974 until March 10, 1996, did not give community rights and benefits. ... the incident of March 10, 1996 [was] a massive act against the company and opened the eyes of government. ... the company was forced to spend a million dollars [a reference to the One Percent Trust Fund provision]. Many bad things occurred there; we cannot mention them again, but we assure you that they happened.

> ... The community never received anything until 1996. From there, the community went forward; Pak Tom Beanal sued the company in the high court in Louisiana, the United States, over the environmental damage and pollution carried out by the company [see Wu, 2001]. Later, Mama Yosepha sued against the company's violation of the Amungme people's human rights [see Pratisti and Wibawa, 2017].

> ... the multiple lawsuits against the environmental damage and human rights violations ended up in a Memorandum of Understanding on July 12, 2000. The MoU consists of six chapters and Freeport fully supported the chapters as a replacement of the failed agreement of January 1974, including the enforcement of human rights in Papua. (Interviewee R, 23 February 2017)

In addition to indicating the continuing importance of the historical events to those involved in the present, this interviewee then added something very interesting:

> ... Actually, if closely examined, the failure was not caused by Freeport; it was the Government who did not ensure the benefits to the community. But Freeport accepted it with an open heart. (Interviewee R, 23 February 2017)

That is, in his opinion, it was the fault of the Government, rather than the company, that the Amungme and Kamoro had not shared the benefits made possible by royalties, taxes and

other contributions the company paid to the Government, inferring these were used elsewhere for other purposes.

The interviewee refers to both the 1974 Agreement and the MoU 2000 (a community development-type agreement – see O'Faircheallaigh, 2013) which replaced it, following five years of negotiations consequent on the 1996 protest (see Figure 1). Although not without controversy or complications (see de Jesus Soares, 2004; Nakagawa, 2008), one thing to come out of this new agreement was how the CRD activities would be organised, governed and managed. This included the formation of customary institutions and tribal representative groups, particularly *LPMAK*. The referring to these as partners, with further references to partnerships and partnering, reflects Freeport-McMoRan's (2015) self-portrayal as "work[ing] in partnership to build sustainable futures" (p. 15) in every community where it operates. It portrays partners as interested in and able to transform people, and help address social issues they face. The company created these institutions to represent indigenous peoples in the places where development support is provided.

Regarding *LPMAK*, its board comprises indigenous leaders, representatives of indigenous women, leaders of churches and customary institutions, and representatives from local government. In running the development programmes and supporting the Amungme, Kamoro and other peoples, these board members and its paid officials liaise with various organisations, such as education and health institutions, local government and churches. This involves working alongside PTFI officials, who seemingly consider *LPMAK* as representing the communities they are committed to developing and whose future generations they claim to be safeguarding (PTFI, 2016). This collaboration is to ensure each and all of the CRD activities "are efficient, transparent and accountable" to the communities (PTFI, 2016, p. 3). In keeping with arguments of Mathur *et al.* (2008), this community engagement enhances inclusivity and local decision-making, as well as promoting equity and building social capital. PTFI engages the indigenous peoples to develop viable, resilient, and independent communities (PTFI, 2016).

PTFI has divisions or departments for Community Affairs, Environment, Special Projects and Human Resources, and a Project Management Office. In carrying out its project management responsibilities, the Project Management Office is required to ensure safety and health standards are complied with. These arrangements within PTFI are similar to those found in mining companies in comparable circumstances (e.g., see Kemp and Owen, 2013). As there is a separation between community-oriented units and those units involved in mining, processing and shipping, a need arises for coordination. The Community Affairs and Environment units in particular ensure company employees generally are committed to providing social development to the community in conjunction with the partners.

In order to be transparent and accountable, PTFI and its US parent publish annual reports and maintain web pages about the company's community development and sustainability activities, and about its operations generally. These publications are in English (e.g.,

16

Freeport-McMoRan, 2017b, 2017c; PTFI, 2016) and Indonesian (e.g., PTFI, 2013), but not in the Amungkal or Kamoro languages. In examining changes in these reports over recent years, the label *social investment* has superseded earlier terms, including *social outreach and local development community relations* (PTFI, 2011, 2012) and *community affairs* (PTFI, 2013). According to what PTFI officials said during interviews, this change in labels reflects how they would like to think their activities have evolved; that is, reaching out, addressing and responding to development needs of communities, and having more concern about social and environmental sustainability. They intend to stimulate constructive discussions about how PTFI organises its efforts to develop the communities with members of the community and others, to whom they refer collectively as stakeholders.

However, the reports may be criticised for tending to paint a colourful, positive picture, with little reference to inadequate circumstances and conflictual events which can be observed or read about elsewhere. This seems consistent with criticisms levelled by McKenna and Braithwaite (2011) of a CSR policy with an emphasis on distribution of material benefits without much overt attention to underlying grievances and political context (see also Price, 2015). There is also inconsistency in providing data from year to year, making it difficult to analyse programme spending. Basalamah and Jermias (2005) found that social and environmental information included voluntarily in official reports which Indonesian companies were publishing was probably for strategic reasons, rather than from a sense of CSR, and that there were limitations to relying solely on these public documents (see also Fonseca *et al.*, 2014; Tregidga and Milne, 2006).

4.2 Community Development Programme Areas

The seven programme areas into which PTFI's CRD activities are classified are listed in Section 4.1. Regarding the composition of each programme, various publications (for example, PTFI, 2016, 2018a, 2018b, 2019) set them out in some detail and report about them in photographs, words, figures and charts using physical and financial performance measures. The latest data enabling an analysis of spending by programme areas and similar appears in PTFI (2016).

Of the US$86.2m social investment that PTFI (2016) reports spending for 2016 [4], US$33.9m is analysed among six programme areas, with names slightly different from but otherwise coinciding with those just referred to. A further US$17.9m is analysed as *general administration* of the programmes, which seems to be mainly employee costs, including the officials and employees in the Community Affairs Division and other units, who are reported as numbering 336 in total. Because of being joint and mostly indirect, these are difficult to attribute to particular areas, but without them the programmes would not function. Spending on human rights activity, the seventh programme area, is also included in general administration.

The other item appearing in PTFI (2016), indeed the largest single slice, was the amount of US$34.4m donated to trust funds, being *LPMAK* and the others listed in Note 3. Of this, *LPMAK* received the most (US$32.9m; 96%), this being paid into the aforementioned Partnership Fund (or One Percent Fund). This share is 37% of the total social investment, and it increased to 54% only two years later in 2018. *LPMAK*'s total spending from the Partnership Fund in 2016 was US$42.6m, or US$9.7m more than it received from PTFI, presumably because it drew on reserves. The spending is also analysed in PTFI (2016) using similar categories to how PTFI spending by programme is analysed. By putting the two together, the pie chart shown in Figure 3 was constructed, showing the allocation across six programme areas and on general administration of a total spending of US$93.5 million financed from PTFI revenues.

[Insert Figure 3 about here]

For the largest programme, community health, PTFI claims the programme is to ensure the availability of health services, and so improve indigenous people's health. Public health services comprise several sub-programmes, including ones to provide clean water and sanitation, to control tuberculosis, malaria and HIV-AIDS, to reduce risky behaviour which threatens community health, and to support mothers and their children. Medical services comprise hospitals (the Waa Banti Hospital in the highlands and the Mitra Masyarakat Hospital in the lowlands), and health clinics, including in remote centres, (see e.g., *LPMAK*, 2015; PTFI, 2012, 2016).

Interviewees claimed that members of the community were increasing their reliance on the health development efforts to meet their needs, and sometimes expecting something higher than what is being provided. For example, PTFI has helicopters to transport members of the community to hospitals if an emergency health situation arises. Community members, particularly in the rural villages, increasingly demand this fast transportation service to the closest hospital for immediate treatment. However, the helicopter pilots have to follow rules and procedures to ensure safety during high risk flights from remote villages. PTFI finds it challenging to communicate technical procedures and safety to the remote villagers who lack any understanding of helicopter operating procedures.

The concern most referred to by interviewees was the limited involvement of local authorities in helping them tackle health issues. This was notwithstanding a specific example of cooperation with the Timika Malaria Control Centre, the local government and others to combat malaria, involving distributing mosquito nets and treating malaria cases in the community (PTFI, 2016). This approach is in line with Kwiatkowski *et al*. (2009) who promote partnerships in indigenous engagement and capacity building in health impact assessment. Shortcomings in local government, including its lack of involvement, resourcing, expertise and authority, were mentioned in relation to all the programme areas.

Similar matters relating to the other programmes were part of discussions with interviewees covering all the CRD activities. These enabled an analytical framework to be constructed, as presented in Figure 4. It reflects how responsibility for CRD is divided functionally among the aforementioned programme areas and overseen by PTFI and partner organisations. Issues, approaches and challenges for each programme are listed. Presenting it as a single framework shows the need for such things as sharing responsibility, coordination and viewing things as a whole, especially outcomes for Amungme and Kamoro, the main intended beneficiaries.

[Insert Figure 4 about here]

4.3 Positioning PTFI's Engagement with its Indigenous Community Stakeholders

In Section 4.1, PTFI's new found inclination to refer to Amungme and Kamoro as stakeholders was noted. The development of relationships with them, including pursuing stakeholder or community engagement, is quite a contrast to the not too distant past, as related in Section 3.1. This inclination seems to derive from Freeport-McMoRan (see Sethi *et al*., 2011), and so is an outside perspective which PTFI has adopted and adapted to local conditions (cf. Jamali and Karam, 2018). It mirrors other places where processes of CSR and CRD activities have invoked notions of stakeholders. Similarly, PTFI officials now use the term engagement to characterise the nature of their initial overtures to Amungme and Kamoro, and of the relationships which have developed subsequently around CRD activities (e.g., compare PTFI, 2011 with PTFI, 2018b).

It seems this engagement is perceived as a way to obtain legitimacy or the social licence mentioned earlier, at least by officials further up the chain. Indeed, the company's official position is espoused as follows: "Stakeholder engagement and communication are … the key component for achieving company success for out *(sic)* operation and social investment programs" (PTFI, 2016, p 16). However, those officials involved in CRD activities who were interviewed take the good that may come out of these activities more altruistically and at face value. A perverse way this comes out is in frustration felt over programmes not being as effective as they could be for want of appreciation and commitment from intended beneficiaries, including compared with interviewees' personal upbringing and experience.

> What I know is students in primary schools can receive two or three million [rupiah], in junior school five million, and university 20 million, and it probably has increased. They also receive education funds from the One Percent Fund. Those in several Amungme and Kamoro villages also receive education funds from a trust fund. If they say that they do not have money for school, it is just nonsense. If we compared this to our parents, they had to work very hard to get money for our education, but we were able to succeed. (Interviewee R, 23 February 2017)

A related matter on PTFI staff treating Amungme and Kamoro as stakeholders is the dilemma over whether to regard them only in a narrow sense, with the company's operations depending on their goodwill as landowners, suppliers of labour, etc., or whether to regard

them in a wide sense of affecting and being affected by said operations and resulting achievements, as part of the public, residents, pressure groups, etc. Observations and the interview data from its officials indicate that PTFI's approach is a mix of normative (e.g., see Donaldson and Preston, 1995; Jones and Wicks, 1999) and managerial (e.g., see Clarkson, 1995; Freeman and Reed, 1983; Preston and Sapienza, 1990); that is a mix of doing the right thing, and of just doing enough to satisfy or appease and project an image.

In any case, any gap between the normative and the managerial has arguably been reducing as the peoples themselves have learnt from experience and formal education, and as their plight and claims for redress have come to greater attention among outside organisations, including other governments, non-governmental organisations, pressure groups and similar. For their part, PTFI and its parent have volunteered or felt compelled to recognise these claims as legitimate and give them a higher priority than hitherto, and to treat the indigenous peoples ethically as fellow human beings (cf. Mitchell *et al*., 1997). Notwithstanding, there is still evidence of the Amungme and Kamoro being regarded by people from elsewhere in Indonesia and outside it as indistinguishable from each other and as inferior to outside races. But the data obtained from the interviews and elsewhere indicated these attitudes have softened since the earlier research cited in Section 3.1, there being much more respect of the rights, duties, responsibilities, opinions, needs, etc. of the various parties and a general air of collaboration, but without history having been forgotten.

Even so, the evidence gathered indicates that CRD activities are largely at the behest of PTFI, with its parent, Freeport-McMoRan, in the background. Other than being the intended beneficiaries of the programmes provided through the activities, the indigenous peoples appear prominent in their governance through comprising the board of *LPMAK*, which has come to oversee the One Percent Fund and to employ officials to carry out its activities. Thus, *LPMAK* may appear to exemplify Hill *et al*.'s (2012) notion of an indigenous governed collaboration. These board members and officials work with, but are separate from, PTFI's own officials carrying out directly managed projects, reminiscent of Hill *et al*.'s agency governance.

4.4 Modelling the Engagement

Reflection on and review of what was learnt from the PTFI and *LPMAK* officials who participated in interviews led to constructing a model which would clarify current practices around CRD activities. The model aided analysis that could improve these practices and enhance the quality of the activities, largely on the basis that building collaborative relationships between parties performing and benefitting from CRD activities and programmes is vital to doing this. Understandably, how the interviewees see the process and its elements reflects their involvement in CDR activities, being responsible for CSR initiatives and dealing with indigenous peoples and their communities as partners. It is not possible to tell whether PTFI staff responsible for operations, finance and similar core business functions and other types of units in the company (e.g., security) have a similar view

of community development and engagement, or a similar regard for the processes and people they affect, which is an issue others discuss (e.g., see Kemp and Owen, 2013).

The model encompasses a rationale of PTFI officials responding to community issues. As shown in Figure 5, it is based on gaps in community resources and reducing these. It incorporates antecedents, approaches, processes and challenges. It reflects the desire to align objectives of community development and engagement with the CRD activities performed and the results which ensue. Standards and targets are used to plan, monitor, control and evaluate. Development challenges are addressed. The effects of development efforts are evaluated for effectiveness or impact, leading to amendment where necessary, or to discontinuance and replacement. Particular regard is paid to long term self-reliance and sustainability of communities.

[Insert Figure 5 about here]

Regarding the inclusion in it of antecedents (cf. Sethi *et al.*, 2011), the model reflects the Grasberg Mine being a particularly bad example of the history of powerful multinational companies operating in places designated as less-developed, developing, etc. That PTFI officials are cognisant of the continuing relevance for Amungme and Kamoro of such antecedents is evidenced by the quote from Interviewee R in Section 4.1. The consequences of this history are still noticeable on the ground. Not only is destruction of the environment still observable but it continues. Violations of human rights by miners and the Government are still having deleterious effects on people, notwithstanding CDR activities under the umbrella of CSR. The Amungme and Kamoro have a keen sense of grievances and feelings of suspicion and vulnerability. Relations between the Amungme and Kamoro and the miners remain noticeably apprehensive, if less hostile. There is a continuing absence of welfare and development aid activities on the part of government and multilateral agencies, and of local government involvement in local affairs. Papuans have not been consulted on the future of the mine and its ownership (BBC News: Indonesia, 2017; Hernawan, 2019; Jakarta Post, 2018; RNZ, 2015; Sethi *et al.*, 2011; Wagiman, 2017).

Regarding processes depicted in the model, interviewees opined that the greatest influence Amungme and Kamoro representatives and communities have is in the area of issue identification. This influence is supported by these PTFI officials making particular efforts to listen to comments, complaints and other feedback. This development support is organised in collaboration with partnership organisations. It amounts to engagement by these officials with the Amungme and the Kamoro at the levels of (1) the entire indigenous peoples community, notably through *LPMAK*, whose name includes a reference to both these indigenous peoples, (2) the specific people, again through institutions *Lemasa* (for the Amungme) and *Lemasko* (for the Kamoro), (3) particular settlements or villages of each people (an inference from projects reported in PTFI, 2016), and (4) individual persons, sometimes with their tribal affiliations recognised.

However, as alluded to at the end of Section 4.3, when it comes to the development actions themselves, it is the PTFI officials who have the greatest say in deciding what should be done, under what conditions, how, where, when and why, and what should not. Indeed, PTFI officials seem to have divided what is done among programmes (i.e., health, education, infrastructure, etc.) which follow aid industry norms elsewhere. These programme areas seem to reflect the view of development mentioned in Section 2 as modernisation, technology transfer and training indigenous peoples to be functional in a mining/post-mining, non-traditional society, instead of a modern adaptation of how they live at present. It typifies an agency governance type of engagement (Hill *et al.*, 2012), with the balance of power lying with company officials and professional experts, based on their seemingly superior knowledge, awareness of what is possible, expertise in health, education, engineering, etc. and control of the money. PTFI officials are Indonesian or even Papuan, yet they do not seem to question their approaches to meeting the needs of what are still quasi-traditional communities with western-orientated responses which are founded on unfamiliar concepts and encompass beliefs, values, understandings and knowledge which are quite alien. Neither do they seem aware of alternatives, such as those presented by Hill *et al.* (2012).

The unfamiliar concepts and similar are also notwithstanding notions of partnerships with *LPMAK*, other community-representative organisations, local authorities and other organisations, which might suggest an indigenous-governed collaboration type of governance would be more likely. But then again, given that *LPMAK* was established by PTFI and is totally dependent on it for funds, it is not surprising. The members of *LPMAK* are in an even weaker position than the officials are to question development taking the form it does rather than something more Amungme-orientated or Kamoro-orientated.

A further matter is that, increasingly, the practice of engagement below the entire community level is "filtered" through the so called partners, and so is increasingly at a distance, the further one goes down what has become a hierarchy of engagement. It seems to be one thing to frame community development and engagement as collaboration in order to address issues which affect the well-being of communities of indigenous people, but quite another to bring this about in practice (cf. Bowen *et al.*, 2008), which thus is something which could be addressed. Collaboration is consistent with effective engagement being dependent on meaningful networks between a company and communities of indigenous people, and among the communities themselves (Waddock, 2001). Collaborative partnerships can strengthen the communities (e.g., see Fawcett *et al.*, 1995; Hill *et al.*, 2012; Loza, 2004). According to the mining industry itself, any process to engage communities in the vicinity of mines requires a rational series of effective activities (Mining Association of Manitoba, 2016), such as the things listed above to which PTFI officials pay attention. However, collaboration is impaired by how it is organised not being able to keep up with the volume of activities undertaken, let alone with making them relevant to the Amungme and Kamoro.

CRD and CSR face other challenges, some of which PTFI officials themselves recognise and others which were interpreted from matters they alluded to during their interviewees or which were observed. They include how crucial listening is in order to understand the needs of the community. Listening to communities is consistent with notions of high-quality engagement being a two-way relationship: it cannot be achieved if communities reject the ideas underpinning the engagement or the approaches used to effect it (Dare *et al.*, 2014). All interviews felt their experience had taught them this, as well as the importance of involving the whole community in a persuasive discussion, approaching first their most influential leader, such as the chief, for permission, and continuing on to all community members, using simple language and illustration, and recognising kinship relationships. Interviewees described the dynamic engagement with indigenous people communities, all agreeing that doing this directly, particularly through field visits to villages, enabled them to better understand the actual conditions of the community and prevent inadequate, even biased, and oversimplified assessments.

The interview data reveal the complexity of finding who, if anyone, speaks for the community, or who can speak for, or is willing to speak for, the community, which can present challenges. So too can knowing if those who do speak are speaking for the community:

> In general, every time we enter a remote village, we all know the term 'testing the water', meaning [finding] who in the village is the most influential. It can be a customary leader, pastor or village head. In general, the government leader has less of a role, instead, custom and religion play important roles in the village. They can be key persons who we approach to make the work and communication easier for the villagers. (Interviewee P, 31 January 2017)

> I am a person who does not agree with approaching the more vocal people in the villages ... I never met with just the vocal people. I met all people in the village directly. Although people said, "There is a chief of tribe", I asked the chief of the tribe to sit and meet together with all the community and then I want to hear what the chief says and what the community says as I do not believe the vocal people indeed. … I want to say, if you want to succeed in Papua, do not use vocal people, I mean come directly, hear directly and do not use representatives. (Interviewee S, 13 March 2017)

> If we are in the field, the best approach to the community is a persuasive method. We normally give a simple illustration to help them understand the change of environment. ... It is difficult indeed to communicate with people who have different views to you. ... For example, we found illegal farming in Kuala Kencana forest from some communities. Freeport has so far invited discussion so that their illegal activities can stop. Freeport makes efforts to direct the communities to reforestation and we support them with economic empowerment … We encourage them to try entrepreneurship and

> establish their businesses. ... We need collaboration here with security and social life development. (Interviewee S, 13 March 2017)

These are matters to which Holcombe (2005) alludes, bringing out how important it is for engagement to align with the culture and the values of each community. Similarly, Hill *et al*. (2012) highlight the taking account of indigenous input, even where engagement is agency governed.

An important issue which is taking time to surmount, however, is the ignorance of Amungme and Kamoro about the world beyond their experience. Thus, they are unaccustomed to health, education, commerce, infrastructure, etc., as found in and understood by the outside world, which is accompanied by the notion mentioned in Section 3.1 of being ignorant of their own ignorance. All this ignorance raises difficulties for Amungme and Kamoro in making sense of the development programmes, grasping their intent and what they supposedly have to offer, let alone accepting the latter, which even at a basic level are probably culturally alien (e.g., local entrepreneurship and the running of small businesses are promoted in the economic programme area).

A corollary is that PTFI officials and other outsiders have difficulty in appreciating their ignorance of what Amungme and Kamoro are unexposed to and ignorant of. These outsiders can be unconscious of their own tacit knowledge, and take for granted how they learnt it and its cultural and similar underpinnings. Indeed, unless they were brought up as Amungme or Kamoro, they are also unlikely to be able to see the world in the ways Amungme or Kamoro do. However, these officials feel they now better appreciate the difficulties Amungme and Kamoro have in understanding what is occurring and are trying to address them. They try to explain the potential of activities to representative bodies like *LPMAK*, and to the broader Amungme and Kamoro, including the consequences for these peoples and their societies of the development programmes. Moreover, they believe the Amungme and Kamoro are increasingly accepting of their approaches, notwithstanding the difficulties their ignorance presents for both understanding the programmes and attaining their potential benefits.

Though reluctant to do so, PTFI officials were apt to express some frustration about what their CRD activities were achieving. One interviewee, himself Papuan, likened their efforts to "throwing salt in the sea" (Interviewee R, 23 February 2017). This frustration came with a sense of regret that the overall impact on the lives of Amungme and Kamoro has been disappointing, despite much of what they plan and execute seeming to go reasonably well, and be evaluated technically or functionally as good:

> We handle community development in almost all regions in Indonesia. Papua is the most difficult place. Why is it difficult? Because of their low level of understanding. It is because of the low education level they have. So, it is something that we can understand, so it just takes us a longer time to teach them than we do in other regions. … The development programmes remain running and should succeed but we need a

longer time compared to people in Java. In Java, we talked once or twice, they understood, but in Papua we need to talk many times. (Interviewee P, 31 January 2017)

Concomitantly, the officials increasingly appreciate that, although formal education is a significant part of the development programmes, of itself this education, even if more resources were provided, will never be enough to transform the cognition of these indigenous peoples in less than a generation. Cognition is not just a matter of educating the community about outside world things; it is about them coping with melding the world these things represent with the traditional livelihoods they pursue and the institutions, the culture and ways of viewing life in their worlds, something which has been going on since the mining company and, especially in the Kamoro's case, earlier visitors arrived, bringing their trade, religions, government administration, etc. Therefore, PTFI officials have revised the length of time they expect will elapse before the challenges to engagement are largely surmounted, if indeed such will ever be the case. Meanwhile they intend carrying on using an approach seen as rational by their principals, expecting to fill gaps in the community in each programme area. However, they acknowledge that for the time being, notwithstanding the planning, executing and evaluating which goes into development programmes, the outcomes for communities are likely to be disappointing. All they can do is try, and be seen to be trying by their principals and others who are taking an interest in their activities, reading their published reports and expecting the community to be developed (Mayes *et al.*, 2014).

5. Discussion and Conclusion

The premise of this article is that articulating current practices around CRD activities, and analysing and interpreting what is occurring, can help to improve social and environmental sustainability performance generally in places where indigenous worlds collide with industrial mining, or similar corporate activities. Having introduced the subject of the study and aims of the article, literature was reviewed which has informed the study and clarified extant knowledge. As with this study, most of that literature is based on single cases of mines and similar extractive undertakings by multinational companies in various parts of the world and on reviews of findings from these. Much of what was found in this study adds to the literature by providing corroboration of such findings. There are also various articles about the case mine in Mimika, West Papua; this study adds to that literature by analysing and interpreting events and related primary data covering recent years, specifically about spending on programmes the company labels social investment, community development, and similar, which are referred to here as CRD activities.

Having clarified the reported size and scope of CRD activities, an outline is provided of how people acting for the company have organised them. This organising includes trying to involve the indigenous peoples whose entire ways of life their mining has affected, often adversely, and who the company espouses as being the intended beneficiaries of the CRD activities. To elaborate the CRD activity programmes which are occurring and enable these to be analysed, a framework was constructed. Furthermore, to clarify the processes around CRD

between the company and the indigenous peoples, and to analyse these processes and relations, a process model was constructed. Both these are put forward as applications which may be tried elsewhere to analyse, and thus improve, processes, practices and policies. They show that in engaging the indigenous peoples in the mine areas, PTFI bases its decisions on various issues, triggered by environmental damage resulting from operations and by living conditions whose unacceptability have sparked protest and violent behaviour. While paying some attention to the idea of freeing the indigenous peoples from isolation, ignorance and poverty, many of PTFI's activities are based on the adoption of Freeport-McMoRan's ethical, social and environmental policies, the principles set out in ICMM's Sustainable Development Framework (ICMM, 2015) and the Global Reporting Initiative, and the expertise brought to the activities by PTFI staff and outsiders. Capacity-building, both human (through training) and physical (through technology transfer around knowledge of, for example, construction, institutions, bureaucracy and markets) tends to dominate in what PTFI brings to the table, in programme areas labelled using a conventional list of development areas, namely education, health, economy, infrastructure, culture and human rights. A systematic model to develop the communities is followed by PTFI, to bring about each community's self-reliance and sustainability, starting from community issues and gaps in community resources, providing solutions through various development approaches, and evaluating the programmes to improve them.

The rest of this section comprises further, overarching observations about the mining in Mimika which may have salience elsewhere; some additional matters to those raised in the previous section; and suggestions for further research.

Lack of local government involvement in supporting PTFI's social investment is the biggest challenge in the experience of PTFI staff. Other challenges are the lack of human resources available to employ in the programmes; the communities' own inadequate primary education and their lack of business skills; and difficulties in managing the too-high expectations of the communities, particularly in certain matters associated with modern technology, whose capability their ignorance leads them to overestimate.

A related feature is that most of the spending associated with engagement practice is allied to things presented as objective, functional and technical, not subjective, cultural or social, even when they are referred to as *local* (meaning *human or indigenous*) *capacity-building* (e.g., see Freeport-McMoRan, 2016b). The inference is that this building of capacity will eventually produce leaders and specialists among Amungme and Kamoro. These specialists will be equipped with the understanding, skills and access to information, knowledge and training which enables advantage to be taken of technology transferred to them through PTFI's social investment, particularly in ways conducive to the uses and benefits of the transferred technology being sustained (cf. ICMM, 2015; Mulugetta, 2008). But is it reasonable to expect that things, such as hospitals, clinics, schools, equipment, roads, bridges and water treatment

26

plants, will not trouble them intellectually, deriving as they do from the outside world in every way, notably knowledge, design, materials, modes of production, culture, etc.?

A similar issue applies to how the PTFI staff see the indigenous peoples and the way they are reported about for CSR and other purposes. This reporting involves types of data usually associated with modern production processes, such as numbers of people using or benefitting from facilities and costs of production. In contrast, less is formally reported, or even mentioned by PTFI staff during interviews, about social, political, macroeconomic and cultural matters, aside from photographs of happy-looking, smiling faces (e.g., PTFI, 2013, 2016). Furthermore, even though the programme areas of culture, arts, community relations and human rights have come to be increasingly recognised, with PTFI (2016) and Freeport-McMoRan (2017c) each containing the term "human rights" about 60 times (see also *LPMAK*, 2015), the absence of human rights from Figure 3 reflects the recentness of actions over them being introduced, and there is lower resourcing, at least in terms of reported spending, on these areas. This may also be because recognition of the severe damage and sometimes irreparable effects of mining projects on the environment is often confined to physical effects, not social. Consideration of how important customary territories, sacred sites and traditional cultural properties are to indigenous peoples is often brushed aside as primitive, expendable, collateral damage, leaving many Amungme and Kamoro feeling alienated, dispossessed, oppressed, etc. (Booth and Skelton, 2011; Cooney, 2013). PTFI staff implementing the social investment spending bemoan how insufficient numbers of Amungme and Kamoro engage with institutions and activities intended to foster company-community relations and, the lack of impact from this spending in terms of modernising the lives of Amungme and Kamoro individually, collectively or societally.

Although some of this lack of "success" may be ascribed to misdeeds against Amungme and Kamoro by PTFI and the Government, much of it would seem to derive from the previously mentioned different worlds lived in by each of these peoples compared to other peoples from Indonesia and further afield connected with PTFI and Freeport-McMoRan. As further research is carried out, researchers need to consider that no simple engagement can work universally; each instance of engagement is unique in enhancing the participation of the various parties, whether indigenous or foreign (Kwiatkowski *et al*., 2009). Engagement should be perceived as increasing collaboration and cooperation (Collier *et al*., 2014), and so bring significant benefits to the process of knowledge production for all concerned (see Phillipson *et al*., 2012), rather than for only one party or another (e.g., indigenous peoples viewed as primitive, or foreigners viewed as culturally ignorant, disrespectful or careless of injurious consequences). Engagement could consist of both formal and informal methods; using partnerships as the formalized engagement and using constant communication with the stakeholders and sponsorship as the informal engagement (Hill *et al*., 2012; Smart, 2016).

During the course of the fieldwork and analysis of the data, various matters emerged which may shed light on the future in Mimika and be applied elsewhere. The following add to what

27

is raised in the previous analysis and interpretation section. The approaches and processes outlined above to engage with the indigenous peoples provide insights and contributions from which each interested party in the mining industry can learn. The engagement process in this study has its challenges. The company's view of indigenous peoples as stakeholders, putting them together with other powerful stakeholders, contrasts with the indigenous views of their traditional lands and territories which place them as the landowners or the right holders. Despite partnership with community-established organisations, the company's engagement does not seem to have realised its potential, according to company officials. Their attitudes towards engagement with the affected community, coupled with the community's ignorance of each programme and community development as a whole are important challenges. There is scope for all parties to learn about these matters dynamically and recursively, including appreciating what such learning involves and how it can be facilitated, possibly in the name of engagement.

These reflections suggest a revised approach to the present form engagement, which is somewhat linear and bears a resemblance to doling out gifts in the forms of education, health, economy and infrastructure programmes, despite the efforts to put the community at the centre of development efforts. Two major considerations are to help the two communities make better sense of the programmes in the context of their changing world; and to help PFTI staff and other outsiders involved in the programmes understand the two communities holistically and appreciate learning processes consistent with the first consideration. Further implications which need consideration by PTFI include: initiation of an open and honest dialogue with the affected communities; and building a mutual understanding about the company's engagement, in which the community is fully involved, to the extent of being given autonomy over particular developments and phases of development generally.

Afreen and Kumar (2016) accentuate the imbalance in stakeholder bargaining powers, this article has referred to power, knowledge and many other imbalances between PTFI, government officials at national and local levels and indigenous people, and pointed out the implications and consequences of these imbalances, and how and why PTFI's community development activities have arisen from these and are going some way to right them. However, in line with suggestions just made, it is not evident that PTFI are following the approach of meaningful triadic interactions suggested by Afreen and Kumar. Kemp and Owen (2013) emphasise CRD as a proxy for a company's commitment to providing mechanisms for relationship building and benefit sharing. The present study shows the size and importance of PTFI's CRD functions and that they are only tentatively connected with core mining functions. While the activities coming under CRD seem to function appropriately in terms of outputs produced, PTFI staff bemoan lower than desirable levels of engagement and impact on the lives of members of the communities. This perception of the staff can be attributed to the different worldviews of the people involved, albeit that they are living side by side in the territory where the mine is located. Further qualitative research

28

could gain perceptions from participants or informants other than PTFI staff. This would help to bring to the surface issues in moving communities towards change, the desired outcomes and consequences of such change, and acceptable practices of bringing about change.

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31

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6 1 For a technical summary of the Grasberg mining complex and the mining and ore processing methods
7 employed, see Meinert *et al.* (1997) and Mining Data Online (2018). The mine itself is on lands to which the
8 Amungme have traditional claims, while the ancillary operations are conducted on lands and waterways
9 between the mine and the Arafura Sea which traditionally are those of the Kamoro.
10 2 This has come to be known variously as the *One Percent (Trust) Fund*, the *Freeport Partnership Fund for*
11 *Community Development* (Freeport-McMoRan, 2017b, 2017c), or the *PTFI Partnership Fund* (PTFI, 2016). It is
12 not clear what the annual amount contributed is one percent of.
13 3 Lembaga Pengembangan Masyarakat Amungme dan Kamoro. The others in this category are associated with
14 the Amungme, the Kamoro and five other Papuan peoples. They comprise the Amungme Tribal Council
15 *(Lembaga Musyawarah Adat Suku Amungme* – hereafter, *Lemasa*), the Kamoro Tribal Council *(Lembaga*
16 *Masyarakat Adat Suku Kamoro* – hereafter, *Lemasko*), the Waartsing Foundation (for the benefit of Amungme),
17 the Yu Amako Foundation (for the benefit of Kamoro), the Foundation for Human Rights and Anti Violence
18 *(Yayasan Hak Asasi Manusia Anti Kekerasan* – hereafter, *Yahamak*) and the Forum MoU 2000 (PTFI, 2012,
19 2016, 2017).
20 4 There is a discrepancy between this amount and the US$89 million reported for 2016 in Figure 2. The amount
21 in Figure 2 seems to be an update of what was previously reported in this chart from PTFI (2016).
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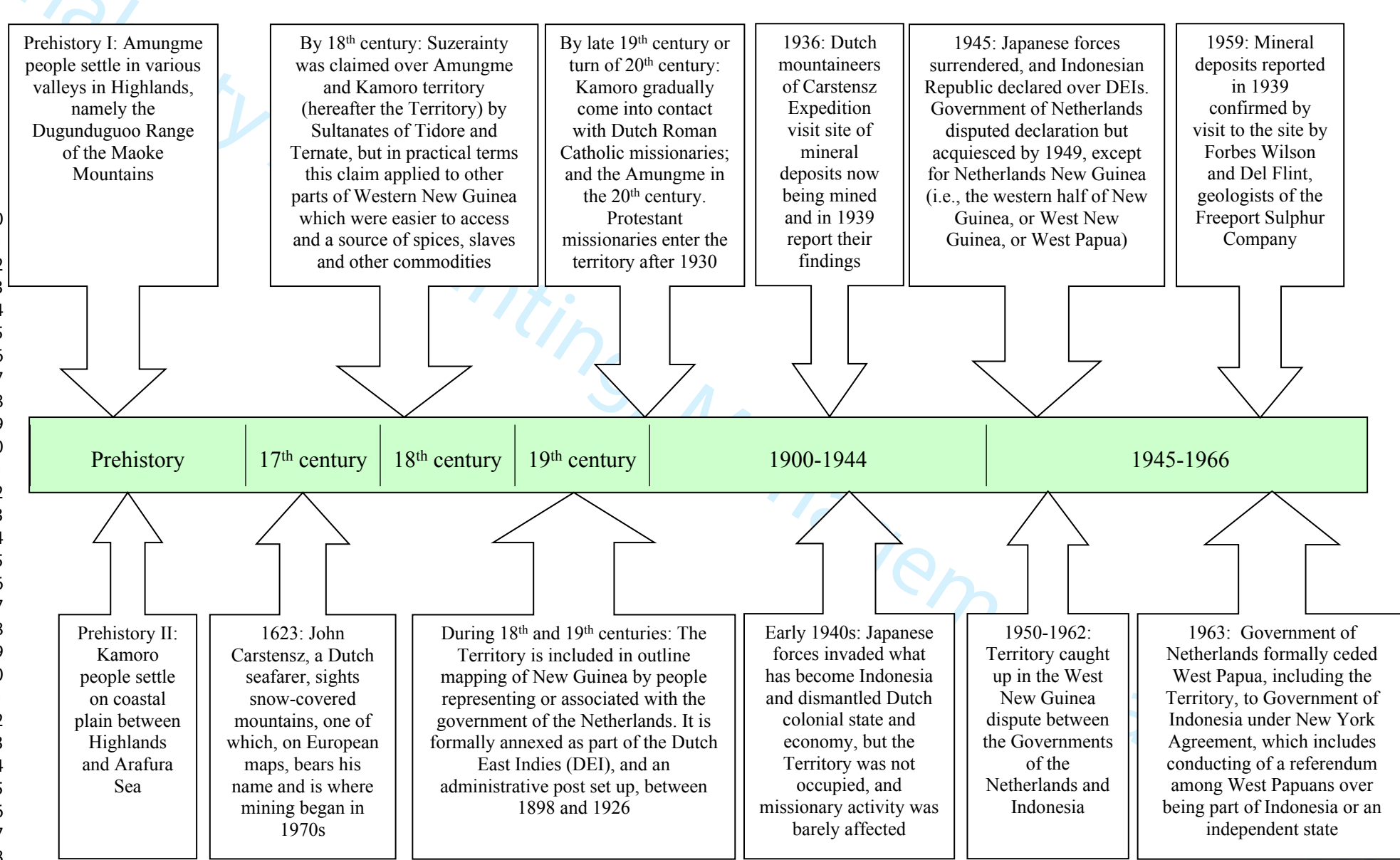46
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Figure 1. Timeline of major incidents in study domain to 2010 (Source: constructed by the authors from Derksen, 2016; Meinert *et al.*, 1997; Sethi et al, 2011)
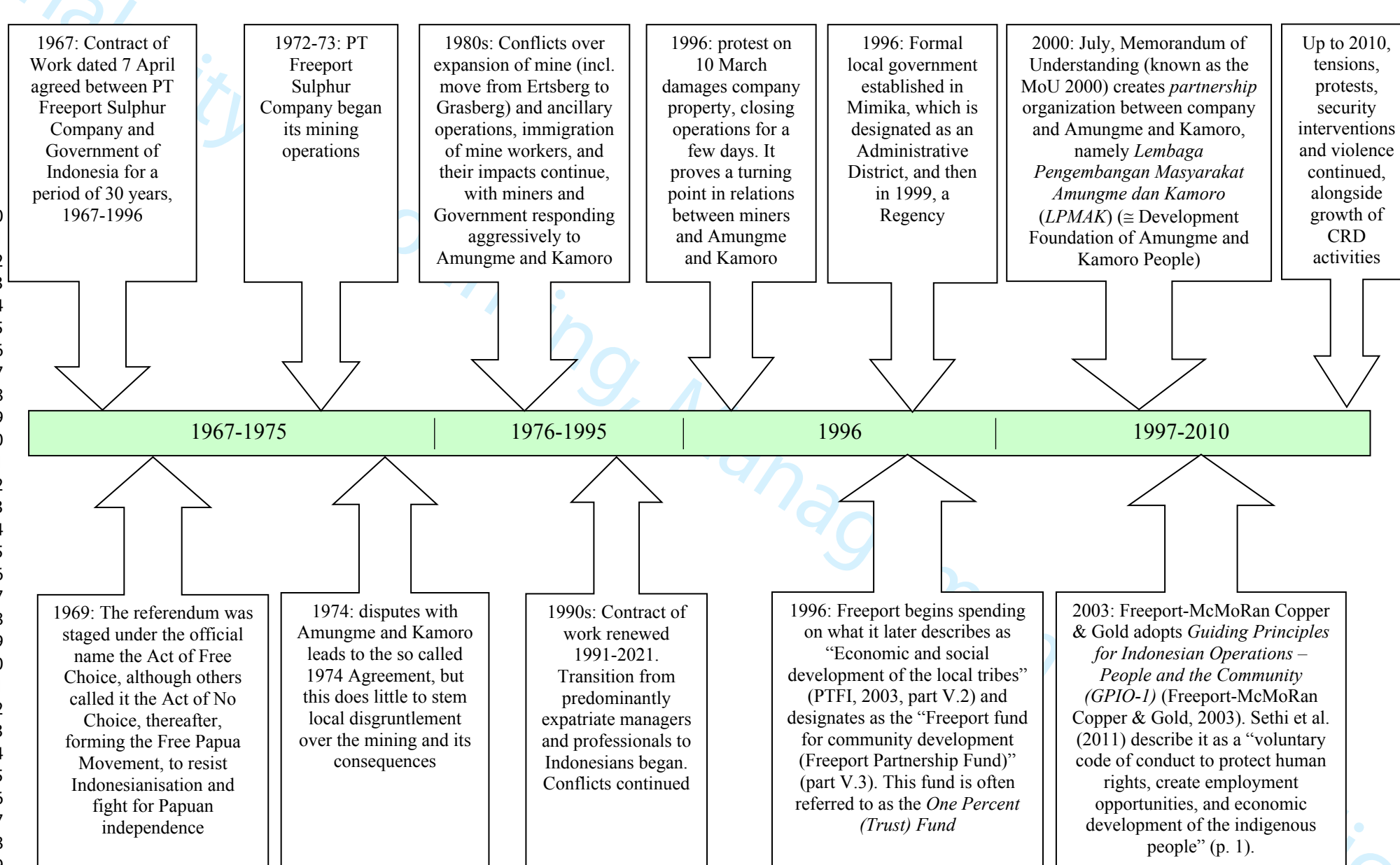
Figure 1. (Continued)

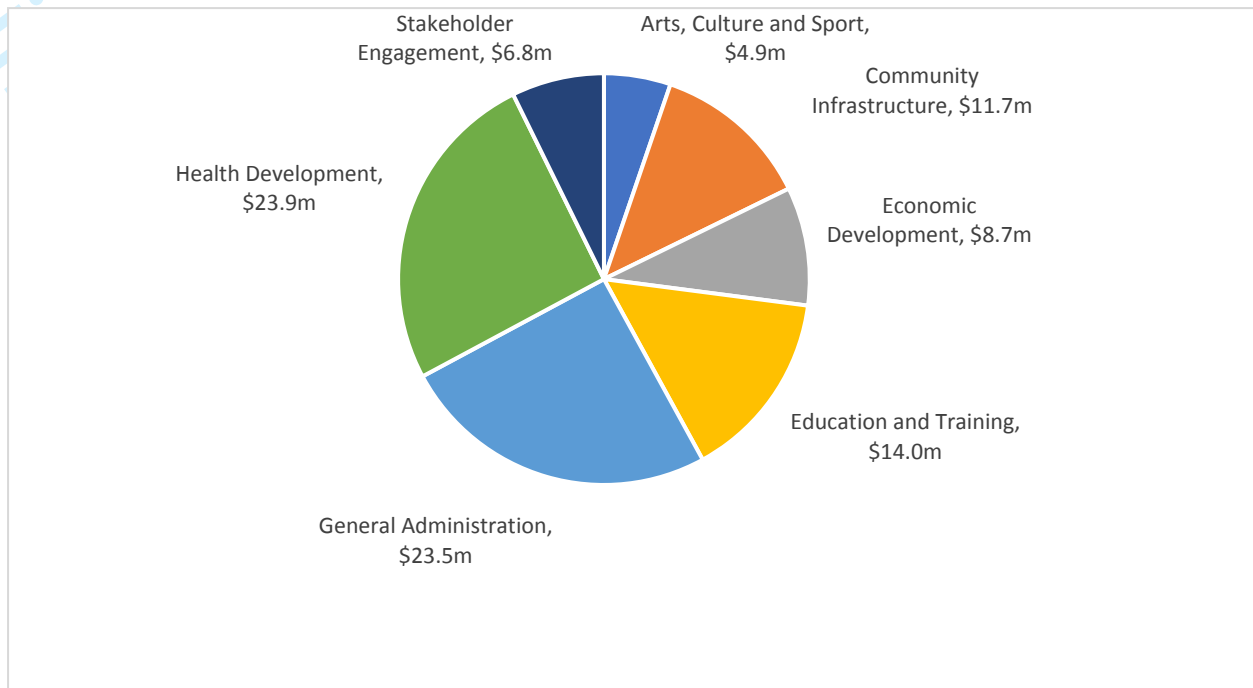## Pengembangan Masyarakat

PT FREEPORT INDONESIA

Pada saat PT Freeport Indonesia (PTFI) mulai beroperasi, populasi Mimika masih dibawah 1.000 orang. Saat ini Mimika termasuk daerah dengan tingkat migrasi terbesar di Indonesia. Hingga saat ini PTFI masih menjadi penggerak utama ekonomi di Papua.


Total Dana Pengembangan Masyarakat 1992-2018 adalah

US$ **1,7** miliar

Dana yang dikelola oleh PTFI (total USD 866 Juta)   Dana yang dikelola Lembaga Pengembangan Masyarakat Amungme & Kamoro /LPMAK (total USD 797 Juta)

Figure 2. PTFI's community relations and development contributions (million US$) 1992 to 2018 (Source: PTFI, 2019)
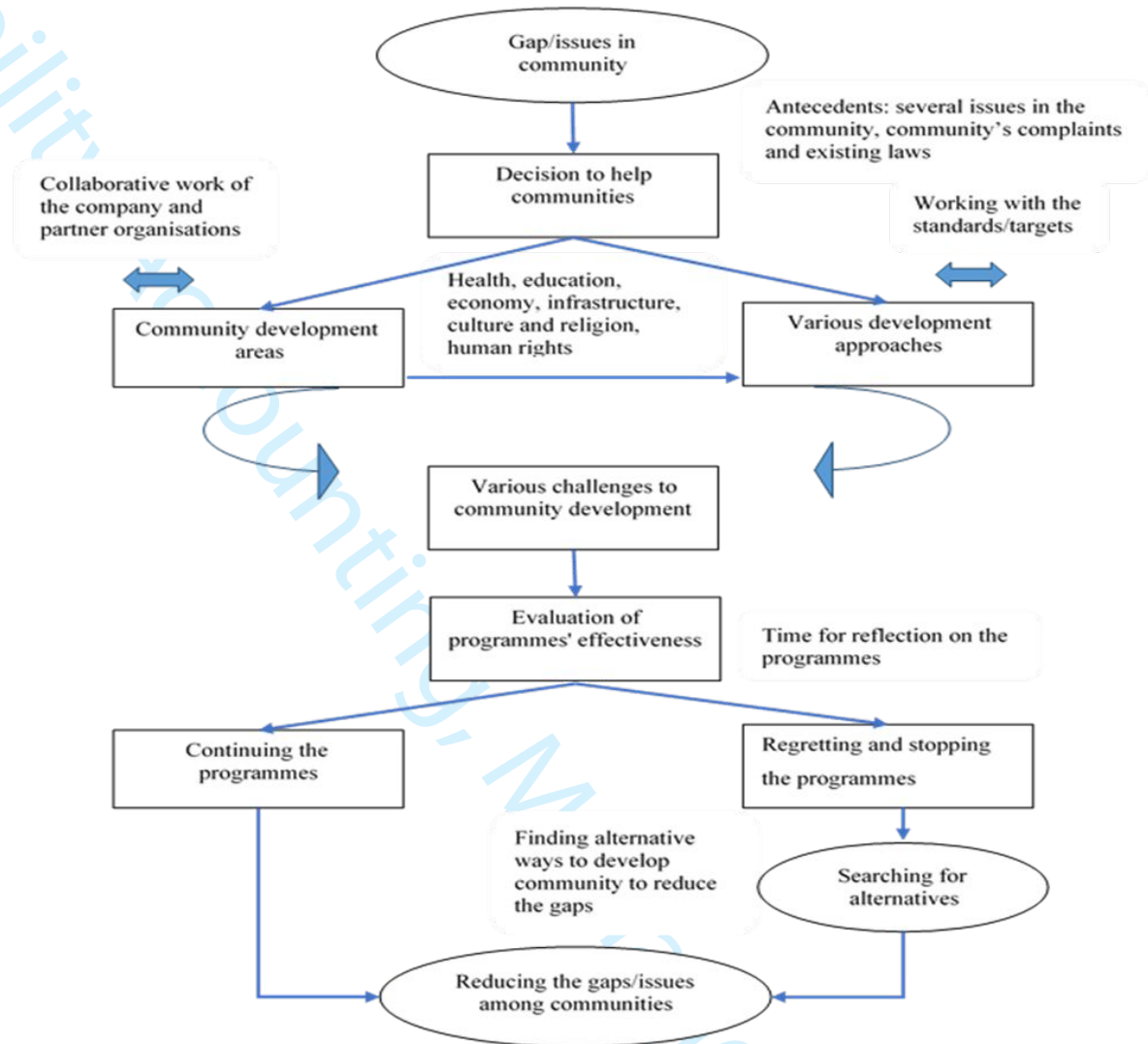
Figure 3. Social Investment Spending of $93.5 million for 2016 by Programme (Source: constructed by authors from data in PTFI, 2016)
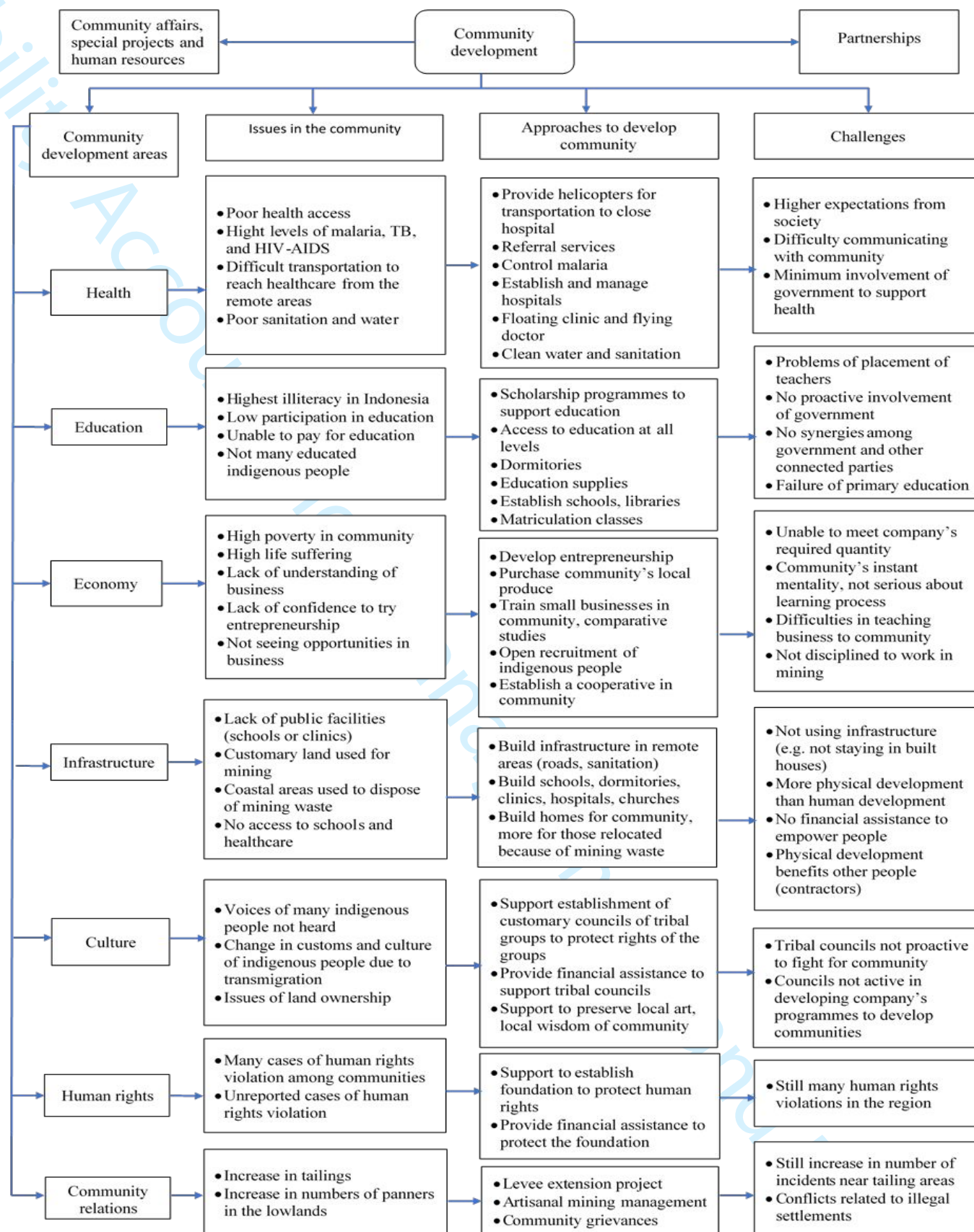
Figure 4. Framework for analysing community relations and development activity programmes (Source: constructed from field data gathered in 2017)

Figure 5. Process Model of Community Relations and Development between a Company and an Indigenous People (Source: constructed by the authors)