

Enhancing Social License to Operate Through Stakeholder Engagement and Governance at PT Freeport Indonesia

Rihensky Warren Mrobyar Mambri Ap*, Yudo Anggoro

Institut Teknologi Bandung, Indonesia

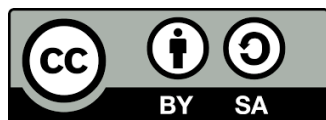
Email : rwmmap@fmi.com*

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Abstract

This study examined (1) the underlying causes of stakeholder dissatisfaction with PT Freeport Indonesia's (PTFI) community development programs, (2) aspects of program implementation and stakeholder engagement requiring improvement, and (3) strategies PTFI could adopt to align stakeholder expectations with program implementation. A descriptive qualitative case study design was employed, drawing on semi-structured interviews with ten informants representing PTFI management, YPMK, LEMASA, LEMASKO, community and church leaders, and local interest groups. The interviews were supplemented by company documents and grievance records. Data were analyzed using Braun and Clarke's (2006) six-phase thematic analysis framework, integrated with Mendelow's stakeholder mapping framework, gap analysis, and Zadek's (2004) corporate responsibility maturity model. The analysis generated 20 codes, six themes, and three key issues, revealing that stakeholder dissatisfaction stemmed primarily from the unequal distribution of program benefits, challenges to the legitimacy of LEMASA and LEMASKO, and transactional stakeholder engagement practices lacking formal community feedback mechanisms, rather than solely from program ineffectiveness. PTFI was assessed as operating at the managerial stage of corporate responsibility maturity, with indications of progression toward the strategic stage. The study proposed a five-year action plan comprising four implementation phases and highlighted the importance of engagement quality, rather than the volume of social investment alone, in strengthening and maintaining a social license to operate within an Indigenous community mining context.



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INTRODUCTION

Mining operations play a significant role in Indonesia's economy by generating government revenue, creating employment opportunities, and supporting regional economic growth (Hamid & Lubis, 2024; Harun et al., 2023; Umar et al., 2025; Zou et al., 2025). PT Freeport Indonesia (PTFI), with 51.23% ownership held by the Indonesian government through MIND ID and 48.77% by Freeport-McMoRan, is one of Indonesia's largest mineral mining companies and a major economic driver in Mimika Regency, Central Papua. The company produces copper, gold, and silver through its underground mining operations at Grasberg Block Cave and Deep Mill Level Zone, and its operating license has been extended to 2061. Its mining operations are located on the customary

lands of the Amungme people in the highlands and the Kamoro people in the lowlands, both of whom maintain strong cultural connections to their ancestral territories, customary rights, and natural resources. Consequently, PTFI's presence represents not only an industrial operation but also a significant influence on local economic development, social relationships, and community expectations (Nelson et al., 2026; Nugroho et al., 2024; Sokoy, 2026).

Since 1992, PTFI has implemented social investment initiatives in economic development, education, healthcare, and infrastructure to support communities in three Amungme valleys (Tsinga, Aroanop, and Waa Banti), five Kamoro villages (Koperapoka, Nawaripi, Tipuka, Ayuka, and Nayaro), and three coastal villages (Omawita, Fanamo, and Otakwa). These areas constitute the Ring 1 communities within the company's 116,783.75-hectare Special Mining Business License (Izin Usaha Pertambangan Khusus, IUPK) area. These programs have been managed by the Community Affairs (CA) Division under the Community Development and Empowerment Master Plan (Rencana Induk Pengembangan dan Pemberdayaan Masyarakat, RIPPMM) and the CA Five-Year Plan 2021–2025, partly through the Amungme and Kamoro Community Empowerment Foundation (YPMMAK). By 2025, cumulative social investment had exceeded USD 2.4 billion. Reported outcomes included approximately 105,000 patient visits annually at Mitra Masyarakat Hospital, more than 12,000 scholarships awarded since 1996, support for 249 active local entrepreneurs employing approximately 1,800 people and generating a combined turnover of IDR 377 billion, an IDR 82 billion revolving fund in partnership with Bank Rakyat Indonesia (BRI), and the construction of more than 3,500 houses. These initiatives were accompanied by a relatively high Human Development Index and comparatively low poverty levels in Mimika Regency (BPS Kabupaten Mimika, 2026).

Annual social investment exceeded USD 100 million throughout the five-year period, reaching USD 109.3 million in 2021, USD 122.3 million in 2022, USD 121.9 million in 2023, USD 138.6 million in 2024, and USD 117.1 million in 2025. An additional USD 118.0 million was budgeted for 2026. In 2025, education received the largest allocation (35%, USD 41.0 million), followed by healthcare (18%, USD 21.0 million), economic development (16%, USD 18.7 million), culture and sports (15%, USD 17.6 million), infrastructure (7%, USD 8.2 million), stakeholder relations (4%, USD 4.7 million), and other initiatives (5%, USD 5.9 million). This distribution indicated that PTFI's social investment strategy emphasized human capital development alongside physical infrastructure and community empowerment (Sokoy, 2026; Sukasuka, 2025; Udohaya, 2025).

Despite these substantial investments, financial commitments did not consistently translate into community acceptance and stakeholder trust. Records from the CA Division documented 128 complaints and claims between 2021 and 2026 concerning business opportunities, the management of personal funds, requests for additional commitments to specific communities or clans, and distrust of program management by PTFI and YPMMAK. These grievances were frequently expressed through demonstrations, road blockades, intimidation of workers, and negative media coverage. Although many claims

were repeatedly submitted by a limited number of individuals or clans based in Timika rather than directly by residents of the affected villages, they nevertheless posed risks to operational continuity and stakeholder relationships. This situation highlighted a discrepancy between corporate assessments of social investment, which typically emphasized budget allocation and program implementation, and community perceptions, which were shaped by distributive fairness, meaningful participation, cultural sensitivity, and institutional trust. Henisz (2014) emphasized that effective social risk management is essential to corporate sustainability, particularly in extractive industries, where maintaining social legitimacy is a strategic requirement.

The urgency of this research was both practical and academic. PTFI's operational sustainability depended partly on continued community acceptance, while recurring demonstrations and road blockades between 2021 and 2026 suggested persistent weaknesses in existing stakeholder engagement practices. The study's novelty lay in integrating four theoretical perspectives—stakeholder theory, social license to operate (SLO), expectation gap theory, and good governance principles—within a single case study involving Indigenous communities affected by mining operations in Indonesia. It also drew on the researcher's insider positionality to access organizational information and stakeholder perspectives that might otherwise have been difficult for external researchers to obtain. The study aimed to identify the underlying causes of stakeholder dissatisfaction, examine aspects of community development program implementation and stakeholder engagement requiring improvement, and formulate strategies to align stakeholder expectations with program delivery. Its contributions were threefold. Theoretically, it sought to extend the application of SLO and expectation gap theory to the Indonesian customary community context. Methodologically, it combined thematic analysis, stakeholder mapping, gap analysis, and organizational maturity assessment within an integrated qualitative research design. Practically, it sought to provide PTFI's Community Affairs Division with an evidence-informed five-year implementation plan. Accordingly, the research aimed to develop actionable recommendations for strengthening stakeholder relationships, improving governance practices, and supporting operational sustainability. The findings were expected to assist PTFI, customary institutions, and local government authorities in establishing a more legitimate, inclusive, and participatory approach to community engagement.

Stakeholders include individuals or groups who can affect or are affected by the achievement of organizational objectives (Freeman, 1984) and who influence organizational policies, programs, and public perceptions (Chandler, 2023). In this study, relevant stakeholders were categorized into three groups: key decision-makers, comprising PTFI management and the Mimika Regency Government; groups directly involved in stakeholder concerns, including local interest groups, LEMASA, LEMASKO, media representatives, and church leaders; and strategic implementers, consisting of the CA Division and YPMAC. Adopting a scenario-based improvement approach, the study sought to strengthen existing community development programs rather than replace them, with particular emphasis on communication, stakeholder

engagement, institutional collaboration, and governance. Three research questions guided the investigation: (RQ1) What factors contributed to dissatisfaction among particular stakeholder groups regarding PTFI's community development programs? (RQ2) Which aspects of program implementation and stakeholder engagement required improvement? (RQ3) What strategies could PTFI adopt to align stakeholder expectations with program implementation? The study focused on Ring 1 communities and influential stakeholders in Mimika Regency, emphasizing stakeholder perceptions and engagement practices rather than the technical or financial performance of mining operations. Consequently, the findings were context-specific and intended primarily to inform improvements in PTFI's stakeholder engagement and community development governance.

METHOD

Research Design

This study employed a descriptive qualitative case study design to examine stakeholder perceptions and expectations regarding PT Freeport Indonesia's (PTFI) social investment programs and identify factors contributing to expectation gaps, grievances, complaints, and protests. The research involved assessing existing conditions, identifying stakeholder concerns, collecting and analyzing qualitative data, and formulating recommendations to strengthen PTFI's social license to operate (SLO). The analytical framework integrated stakeholder theory, social license to operate, expectation gap theory, and good governance principles, with stakeholder engagement and trust serving as the central analytical constructs.

Data Collection and Informants

Primary data were collected through semi-structured interviews and secondary data from CA internal documents, study reports, best practices, mass media, government reports and the literature. Informants were selected for their high interest in the programmes and their active role in voicing concerns. Ten informants from four groups were interviewed (Table 1) in Bahasa Indonesia and local Papuan dialects, with consent, using five core questions applied uniformly to all informants: (1) assessment of PTFI's social investment programmes; (2) key drivers of stakeholder dissatisfaction or demands; (3) PTFI's performance in communication, engagement and participation; (4) areas of implementation, governance or relations needing improvement; and (5) the most effective strategies to strengthen relationships, trust and long-term operational sustainability. Follow-up questions were used to clarify answers.

Table 1. Research Informants

Group	Informant (code)	Position / Role
PTFI management	Claus Wamafma (CW)	Director and EVP Sustainable Development
	Engel Enoch (EE)	Vice President Community Relations
Partner organisations	Samuel Rorimpandey (SR)	YPMAC
	Yan Magal (YM)	LEMASA (Amungme Tribal Customary Council)
	Mariana Nakiaya (MN)	LEMASKO (Kamoro Tribal Customary Council)
Community leaders	Demianus Jamang (DJ), Luther Begal (LB), Detenus Natkime (DN)	Church leaders / village head
Local interest group	Jemi Natkime (JN), Obet Natkime (ON)	Natkime family

Data Analysis and Researcher Positionality

Interview data were analysed through thematic analysis following the six phases of Braun and Clarke (2006): familiarisation, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the report. The resulting key issues were then examined through Mendelow's stakeholder mapping, gap analysis and Zadek's (2004) Corporate Responsibility Maturity Model, and synthesised into strategies using SWOT analysis and the TOWS matrix. Because the researcher is a PTFI employee, insider positionality offered better access to data and informants but also risked interpretive bias. This was mitigated by triangulating interviews with internal documents and scholarly sources, deliberately including informants whose views may oppose the company, and consciously separating personal organisational knowledge from coding and analysis.

RESULTS AND DISCUSSION

Thematic Analysis

Coding of the ten transcripts produced twenty initial codes (Table 2), which were grouped by conceptual connection into six themes (Table 3). Code C6 (legacy of transactional approaches) was retained in two themes: it explains the origin of community demands in Theme 2 and current engagement behaviour in Theme 5.

Table 2. Initial Codes from the Interviews

Code	Description	Informants	RQ
C1	Social investment programmes have produced strong results in economy, health, education and infrastructure	DJ, ON, DN, JN, MN	1
C2	Programmes have not reached their objectives or all grassroots communities	MN, ON, EE	1
C3	Dissatisfaction rests on personal or group business interests rather than programme failure	ON, JN, YM, LB, DJ	1
C4	Customary land tenure is used to justify claims	DJ, ON, DN	1
C5	Fragmentation of the customary system and competing LEMASA/LEMASKO factions	JN, YM	1, 2
C6	Past transactional strategies shape present community expectations	CW, EE	1
C7	Customary organisations lose credibility as they appear to represent particular groups	JN	1, 2
C8	Communication channels with churches, LEMASA and LEMASKO remain open	LB, MN, YM	2
C9	Community engagement is perceived as elitist	ON, DN	2
C10	No communication platform exists for strategic matters	DN	2
C11	Effectiveness is defined from the company's rather than the community's standpoint	CW, EE	2
C12	External recognition (audits, awards) is used as proof of effectiveness without impact assessment	SR	2
C13	Engagement remains reactive rather than proactive strategic partnership	SR, EE, CW	2
C14	Customary institutions need capacity development to improve governance	CW	2, 3
C15	Community and customary institutions expect to take part in programme planning	DN, SR	2
C16	Collaboration among government, PTFI and communities is required	LB, DN, YM	3
C17	LEMASA and LEMASKO claim to be the only legitimate community representatives	YM	1, 2
C18	Work practices and time management of customary organisations are ineffective	YM	2
C19	No formal community feedback system to PTFI and YPMK	DJ, ON, JN, YM	2
C20	Multi-level education covering legal awareness, social control and regulation	CW	3

Table 3. Themes Emerging from the Thematic Analysis

No	Theme	Core finding	Codes	RQ
1	Benefits of social investment are not yet evenly distributed	Tangible gains in economy, health, education and infrastructure are acknowledged but unevenly shared	C1, C2	RQ1
2	Economic interests and customary land rights drive dissatisfaction	Demands for economic inclusion, project involvement and recognition of customary tenure, reinforced by a history of cash-based transactions	C3, C4, C6	RQ1
3	Fragmentation of customary institutions undermines trust	Individuals using customary institutions for personal gain blur representation and weaken trust in PTFI's partners	C5, C7, C17, C18	RQ1, RQ2
4	Uneven stakeholder involvement in decision-making	Operational communication works, but strategic participation is elite-based and lacks a formal feedback channel	C8, C9, C10, C15, C19	RQ2
5	Engagement remains reactive and transactional	Engagement responds to pressure and corporate rationality rather than strategic partnership	C6, C11, C12, C13	RQ2
6	Shared recognition of capacity building and collaborative governance	Management and communities agree on phased education, institutional capacity and multi-stakeholder dialogue	C14, C16, C20	RQ2, RQ3

RQ1: sources of dissatisfaction. Programmes are widely appreciated; Obet Natkime estimated that “70–80% sudah jalan dan dilaksanakan”, while Mariana Nakiaya noted that programmes “belum sampai target” and Engel Enoch admitted the community feels targets are not yet 100% met. Following Thomson and Boutilier (2011), acceptance depends on perceived fairness of benefit distribution, so unequal distribution limits progress toward higher SLO levels. Dissatisfaction is driven mainly by economic interests and customary land claims. According to Jemi Natkime, communities complain “karena kesempatan proyek/usaha ... kalau sudah kasih proyek itu pasti mereka diam”. Land disputes lie beyond PTFI’s authority as a government contractor and beyond the CA Division’s mandate (PTFI, 2021). The legacy of past cash payments to certain individuals, which officially ended in 2018, created expectations that now clash with transparent and accountable governance, consistent with Expectation Gap Theory and with Mayer et al. (1995), as communities read reform as reduced benevolence rather than better programmes. Fragmentation within customary institutions adds complexity: Jemi Natkime reported individuals using the LEMASA name to seek projects, producing rival bodies and confusion over legitimate partners, while Yan Magal insisted that LEMASA and LEMASKO remain the community’s representatives. Trust is thus eroded within the intermediary institutions rather than directly between PTFI and the community, a variable neglected in PTFI’s engagement strategy (Freeman, 1984; Chandler, 2023).

RQ2: engagement quality. Operational communication through churches and routine meetings with LEMASA and LEMASKO works well, but strategic participation is weak. Obet Natkime considered it a mistake that the company “pilih individu, akhirnya

tidak representatif”, and Detenus Natkime noted the absence of a strong forum on strategic issues with customary rights holders. No formal feedback mechanism exists. Measured against Harrison et al. (2015), PTFI operates mainly at the inform and consult levels rather than involve and collaborate. Effectiveness is framed simply as “tidak ada yang palang kita untuk beroperasi”, and governance reform is slowed by community preference for the “more instant” old pattern (EE, SR). This confirms the pattern described by Chipangamate et al. (2023), in which corporate-defined success remains reactive, and conflicts with the participation and responsiveness principles of good governance (UNDP, 1997).

RQ3: shared direction. Management and communities converge on solutions. Claus Wamafma proposed three-level education covering legal awareness, social control and enforcement through the national legal system, while Luther Begal, Detenus Natkime and Yan Magal called for PTFI, government and customary rights holders to sit together regularly and for stronger recognition of customary institutions. Three key focal issues therefore emerge: (1) inequitable benefits and unmet economic-access expectations; (2) a crisis of legitimacy and trust in customary institutions; and (3) a reactive, transactional engagement approach with weak participation mechanisms.

Stakeholder Mapping

PTFI’s Stakeholder Engagement SOP scores each stakeholder from 1 to 5 on influence, programme impact, interest, and orientation and trust toward PTFI. Results are validated semi-annually by a cross-divisional panel, reported through a Power BI dashboard and ratified by top management. Combining this database with the interviews, stakeholders were positioned in Mendelow’s matrix (Table 4).

Table 4. Stakeholder Mapping Using Mendelow’s Matrix

Quadrant	Stakeholders	Strategy
Promoters (high interest, high influence)	PTFI management, CA Division, LEMASA, LEMASKO, YPMAK, Mimika Local Government	Involve extensively
Latents (low interest, high influence)	Central Papua Provincial Government, MEMR, Ministry of SOE, MIND ID	Keep satisfied
Defenders (high interest, low influence)	Diocese of Timika, Tuarek Natkime Foundation, FPHS, Adolfina Kum, LMA Tsingwarop	Keep informed
Audience (low interest, low influence)	Media, Regional Parliament	Monitor

Two implications follow for RQ2. First, the groups that most frequently lodged complaints over the past five years fall in the Defenders rather than the Promoters quadrant, since they have limited influence in the villages and consist mainly of younger people living in Timika; their interests may not coincide with those of other affected communities. Second, LEMASA and LEMASKO should sit at the centre of the Promoters quadrant but are constrained by internal limitations. PTFI therefore needs to adapt engagement according to regular interest-influence assessment and to strengthen the legitimacy of these institutions.

Gap Analysis and Engagement Maturity

Table 5. Gap Analysis of PTFI Stakeholder Engagement

Gap	Stakeholder expectation	Current condition	Challenge
Economic access and business opportunity	Fair and structured access to business opportunities and projects from PTFI operations	Selection and development of local entrepreneurs is informal and not transparent, perceived to benefit only a few	Expected economic inclusion versus perceived unequal distribution
Customary institution legitimacy and representation	LEMASA and LEMASKO as credible, representative engagement partners	Internal fragmentation and rival groups weaken their credibility	Ideal role as dialogue partners versus undermined legitimacy
Stakeholder engagement quality	Involvement from the planning stage through inclusive mechanisms and formal feedback channels	Engagement is reactive and one-way	Proactive strategic commitment versus transactional engagement

On customary legitimacy, PTFI's consistent stance is to let disputes be resolved through musyawarah adat without interfering, respecting the autonomy of customary bodies. The engagement-quality gap relates directly to trust, since integrity and benevolence (Mayer et al., 1995) cannot be demonstrated through reactive participation. Using Zadek's (2004) model of defensive, compliance, managerial, strategic and civil stages, PTFI is at the managerial stage moving toward the strategic stage. It has formal structures (SOP, Enablon documentation, regularly updated stakeholder mapping, social investment with YPMAC), but engagement still revolves around protecting the SLO and responding to pressure rather than shared values embedded in corporate strategy.

SWOT Analysis and TOWS Matrix

The SWOT analysis synthesises the thematic, mapping and gap findings, and the TOWS matrix (Table 6) derives strategies to answer RQ3.

Table 6. SWOT Factors and TOWS Strategies

Factor / Strategy	Content
Strengths	S1 structured SOP with Enablon; S2 large-scale social investment through YPMAC; S3 formal partnership with LEMASA and LEMASKO; S4 recognised programme track record; S5 stakeholder database updated every semester
Weaknesses	W1 reactive, transactional engagement; W2 no formal community feedback mechanism; W3 effectiveness measured from the company's perspective; W4 elite-focused involvement; W5 customary institutions not fulfilling their bridging role
Opportunities	O1 shared recognition of collaborative governance; O2 church as effective communication channel; O3 local government support; O4 potential to strengthen LEMASA/LEMASKO; O5 ICM 2024 Indigenous Peoples Position Statement mandating FPIC
Threats	T1 fragmentation and rival customary groups; T2 entrenched transactional expectations; T3 pressure from local interest groups; T4 ad hoc settlements setting precedents

Factor / Strategy	Content
SO	SO1 proactive collaborative governance forum using SOP, Enablon and database (S1, S5, O1, O3); SO2 strengthen capacity and credibility of LEMASA/LEMASKO (S2, S3, S4, O4); SO3 FPIC-based engagement from the planning stage (S1, S3, O5)
WO	WO1 formal, inclusive feedback mechanism through churches and local government (W2, W4, O2, O3); WO2 include community perception in effectiveness measures (W3, O1); WO3 structured capacity building for customary institutions (W5, O4)
ST	ST1 identify and engage customary rights holders at village level (S1, S5, T1); ST2 protocols to identify legitimate representatives and manage competing claims (S3, T1); ST3 transparent economic inclusion mechanisms (S2, S4, T2, T3)
WT	WT1 shift to proactive multi-stakeholder partnership (W1, W4, T1, T3); WT2 fair and structured access to economic opportunities across villages (W1, W3, T2, T3); WT3 engagement monitoring with community perception and position-based response criteria (W2, W4, T4)

Strategic Recommendations and Implementation Plan

The TOWS strategies converge into three mutually reinforcing recommendations that address the three key focal issues.

A. Strengthening customary institutions (SO2, WO3, ST1, ST2)

PTFI should continue education, capacity building and mentoring for LEMASA and LEMASKO covering governance, internal management and foundation management under current regulations, in line with Claus Wamafma's phased education approach. Where representation is contested, PTFI should work only with institutions formed through customary deliberation, facilitating musyawarah adat logistically while remaining neutral, and use its database to verify village-level stakeholders.

B. Transforming reactive engagement into proactive partnership (SO1, WO1, ST3, WT1)

Because the root cause is largely economic, PTFI needs an organised mechanism for including local entrepreneurs instead of one-off settlements. Regular forums among LEMASA, LEMASKO, YPMak, local government and community leaders should replace demand-driven meetings, supported by a formal feedback system that uses churches and community leaders as bridges to grassroots communities.

C. Redefining engagement effectiveness (WO2, WT2, WT3)

Success should extend beyond the absence of operational disruption to relationship quality and community satisfaction. Semi-annual cross-divisional reviews should update stakeholder scoring and incorporate community perception indicators, consistent with Thomson and Boutilier (2011).

Together these recommendations offer a realistic path from Zadek's managerial to strategic stage. They were validated with PTFI management and are operationalised in a five-year plan led by the CA Division (Table 7).

Table 7. Five-Year Implementation Plan

Phase	Key activities	Budget (USD)	Milestone
Initiation	Present findings and recommendations to CA senior management; management approval of the plan	–	Recommendations approved and ready for implementation
Planning	Review the Implementation Agreement and partnership-fund governance with LEMASA/LEMASKO; selection criteria for local SME (PPUMKM) participants and revolving fund; economic programmes for coastal and highland villages; design of an Early Warning System	55,000	Programme planning completed by early Year 1
Execution	Disbursement and monitoring of LEMASA/LEMASKO funds (1,875,000); PPUMKM recruitment and mentoring (786,800); village Early Warning System (44,754); governance audit and capacity building (40,250); revolving fund and procurement access (15,000); semi-annual stakeholder-scoring FGDs, collaborative forums and musyawarah adat support (25,000)	2,786,804 per year	All core programmes active by end of Year 2 and running to Year 5
Closure/ Evaluation	Evaluate achievements against indicators; report results and complaint trends to management	5,000	Fewer and less intense community complaints by Year 5

Budget figures are as listed in the original plan, where amounts are stated per year.

CONCLUSION

This study concluded that stakeholder dissatisfaction with PT Freeport Indonesia's (PTFI) social investment programs primarily stemmed from structural weaknesses in stakeholder engagement rather than deficiencies in the programs themselves. Although these initiatives had contributed positively to economic development, healthcare, education, and infrastructure, dissatisfaction persisted because of unequal access to program benefits and economic opportunities, unresolved customary land rights issues, and internal divisions within LEMASA and LEMASKO. These challenges had undermined community trust in customary institutions and impeded PTFI's efforts to strengthen its social license to operate (SLO).

PTFI had established stakeholder engagement practices through regular interactions with LEMASA, LEMASKO, and religious institutions. However, improvements were needed in access to economic opportunities, the legitimacy and institutional capacity of customary organizations, and inclusive decision-making processes. The lack of transparent mechanisms for selecting and mentoring local entrepreneurs, limited community participation in strategic decisions, inadequate feedback mechanisms, and reliance on company-centered program evaluations had contributed to discrepancies between stakeholder expectations and program implementation. These findings suggested that PTFI remained at the managerial stage of

corporate responsibility maturity, with opportunities to progress toward a more strategic and proactive engagement approach.

Three interrelated strategies were recommended to address these challenges. First, PTFI should support institutional development and governance capacity building for LEMASA and LEMASKO while respecting their autonomy in resolving internal divisions through *musyawarah adat* (customary deliberation). Second, PTFI should establish regular multistakeholder forums, ensure transparent access to local economic opportunities, and introduce accessible community grievance and feedback mechanisms. Third, program performance should be evaluated semiannually using both corporate performance indicators and community perceptions. A five-year implementation plan comprising initiation, planning, implementation, and evaluation phases was proposed to integrate these strategies into PTFI's long-term Community Affairs strategy. Coordinated implementation of these measures was expected to strengthen stakeholder relationships, reinforce PTFI's SLO, and support long-term operational sustainability.

PTFI management should approve the proposed implementation plan and incorporate it into the Community Affairs Division's long-term strategy to transform stakeholder engagement from a reactive operational activity into a proactive strategic function. The Implementation Team should coordinate implementation, while the IACB Working Group should oversee the timely disbursement of funds and monitor the implementation of agreements with LEMASA and LEMASKO, facilitate governance audits, and support institutional capacity building. Meanwhile, the CED Working Groups should establish transparent selection criteria for PPUMKM participants, implement revolving fund mechanisms in collaboration with financial institutions, and expand structured access to contracting and procurement opportunities for local entrepreneurs. The Grievance, PMO, and CLO Working Groups should maintain village-level early warning systems, organize regular collaborative forums involving local government representatives, YPMK, and community leaders, and update stakeholder assessments every six months using internal performance data and community feedback.

LEMASA and LEMASKO should prioritize resolving their internal divisions through *musyawarah adat* to restore legitimate and representative leadership. PTFI should respect the autonomy of these customary institutions and refrain from interfering in their internal decision-making processes. However, the company could facilitate dialogue and provide institutional support upon request through the IACB mechanism. Strengthening the legitimacy and representative capacity of these institutions is essential to restoring their intermediary role between PTFI and affected communities.

The local government should assume a more active role in managing community expectations by participating in stakeholder forums, supporting local employment initiatives, and financing community development programs. This shared responsibility is particularly important given PTFI's substantial contribution to the regional economy. According to Antara News (2025), PTFI contributed more than USD 4.6 billion to the Indonesian government through taxes, royalties, dividends, and other payments in 2024, including more than IDR 11.5 trillion allocated to Central Papua's interests. Research

conducted by LPEM UI, as cited in Pajak.com (2025), also indicated that PTFI accounted for approximately 77% of Central Papua's gross regional domestic product (GRDP) and 91% of Mimika Regency's GRDP. Nevertheless, because representatives of the Mimika Regency Government were not included in this study, the government's potential contributions to stakeholder engagement and community development require further investigation.

The proposed strategies should be implemented collectively because their effectiveness depends on their interrelationships. Legitimate and representative customary institutions provide a foundation for meaningful stakeholder engagement, equitable economic opportunities address persistent community grievances, and community-based performance indicators enable the assessment of whether improvements in engagement practices are genuinely experienced by affected stakeholders. Sustainable progress therefore requires coordinated participation among PTFI, customary institutions, local government authorities, and community members to strengthen mutual trust, institutional accountability, and shared responsibility for community development.

This study had two principal limitations. First, its qualitative approach provided an in-depth understanding of stakeholder perceptions but did not quantitatively assess the potential effects of the proposed strategies. Second, the exclusion of the Mimika Regency Government's perspective limited the comprehensiveness of the stakeholder analysis. Future research should incorporate interviews with government representatives and a broader range of community members to obtain a more comprehensive understanding of stakeholder expectations and institutional responsibilities. Subsequent studies could also assess the effectiveness of the proposed strategies following implementation through quantitative or mixed-methods approaches, potentially incorporating the Define, Measure, Analyze, Improve, and Control (DMAIC) framework to systematically evaluate and improve stakeholder engagement processes.

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CONFLICT OF INTEREST

The authors declare that there are no conflicts of interest related to the conduct of the research, preparation, or publication of this article.

AUTHOR CONTRIBUTION

All authors contributed to the preparation of this article. The first author, Rihensky Warren Mrobyar Mambri Ap, was responsible for the conceptualization of the study, data collection and analysis, interpretation of the results, and manuscript preparation. The other authors contributed to the review, editing, and final approval of the manuscript.

GENERATIVE ARTIFICIAL INTELLIGENCE USAGE STATEMENT

The authors declare that no generative artificial intelligence was used in the preparation of this article.

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