

https://emjms.academicjournal.io

Special Issue: Use of Modern Innovation on Integrated Research

# Process and Lessons Learned From the Mine Closure of PT. Newmont Minahasa Raya

<sup>1</sup> Peggy Adeline Mekel (peggy.mekel@ukit.ac.id)

<sup>1</sup>W.I.M Poli

<sup>1</sup>Muh. Idrus Taba

<sup>1</sup>Sanusi Fattah

<sup>2</sup>Melky Jakhin Pangemanan (melky.pangemanan@gmail.com)

<sup>1</sup>Doctoral Program (S-3) Faculty of Economics and Business, Hasanuddin University Makassar
<sup>2</sup> Sam Ratulangi University

Abstract: The existence of mining companies has a significant role that can have both positive and negative impacts on local communities. The existence of mining companies in Indonesia and in other parts of the world often results in different perceptions that can trigger conflicts between stakeholders. Stakeholders are the community, companies, and the government. According to Spillane (2007), the company's activities often face challenges from the community because they are suspected of having a negative impact on the socio-economic life of the community and even the environment. The problem in this research is very suitable to be guided by using this type of qualitative research. The purpose of qualitative research is to gain an in-depth understanding, know the understanding of others, and can examine how humans construct and give meaning to everyday life. The research was carried out at PT Newmont Minahasa Raya. In dealing with the issue of pollution, the company has followed the formal and correct trial process procedures, although it is long and costly. PT. NMR was acquitted of all lawsuits. This process also ended with a goodwill agreement between PT. NMR and the government.

In solving the problem here, using the theory of Bounded Rationality (Bounded Rationality) where decision makers pay attention to conditions, processes and satisfactory alternatives (satisficing) to make compromised decisions as the best alternative decisions for PT. NMR in North Sulawesi. The existence of PT. NMR in North Sulawesi as well as the mine closure process in general is complex and needs to be regulated with systematic rules and properly disseminated so as to minimize differences in perceptions between the community, government and companies. This task is the responsibility of the Government and companies.

From the results of this study, a model of corporate social responsibility towards local communities emerged according to conditions in North Sulawesi. The North Sulawesi CSR model (attached). CSR Program of PT. NMR with good intentions, in a certain way gives a side effect of "Handout Mentality" to people who continue to expect help and become independent. This is related to culture in general which in the future needs to be anticipated and adjusted.

**Keywords:** Leasson and learning, Mining Company, Newmont Minahasa Raya, North Sulawesi.

## INTRODUCTION

The existence of mining companies has a significant role that can have both positive and negative impacts on local communities. The existence of mining companies in Indonesia and in other parts of the world often results in different perceptions that can trigger conflicts

between stakeholders. Stakeholders are the community, companies, and the government. According to Spillane (2007), the company's activities often face challenges from the community because they are suspected of having a negative impact on the socio-economic life of the community and even the environment.

The actions of mining companies to reduce potential conflicts with the community are by preparing clear contracts of work with the government, conducting community development

Special Issue: Use of Modern Innovation on Integrated Research

219

programs and more broadly called Corporate Social Responsibility, which is abbreviated as CSR.

Support for the implementation of CSR was put forward by Fox, Ward, & Howard (2002) that CSR helps companies to manage the spillover effect of foreign investment. The government can ensure that foreign investment is able to contribute to employment development, transfer of knowledge, technology, and infrastructure development. CSR also reveals the close relationship between the local economy, consultation with local communities, and public and private partnerships.

According to Whellams (2007), public attention to the development of the role of companies which is increasingly rampant throughout the world in accordance with the concepts of globalization and neoliberalism, is getting bigger day by day. People are starting to feel uncomfortable with the development of the role of the company which has a negative impact on society and the environment. Inequality between companies owned by developed countries and the communities in which the companies operate, which are usually in developing countries.

Multinational companies are often referred to as "engines of growth", also referred to as "agents of colonization" Agents of Imperialism. However, how do we view multinational companies, but we must admit that these companies affect the world economy.

According to Zadek, 2001, "Global corporations deeply penetrate the political economy of both developing countries and super powers. Their investments underpin the capital base of many emerging economies, and their donations are essential to ever more costly political campaigns".

Free translation: Global companies penetrate the political economy of developing and superpower countries. Their investments support the basic capital of many combined economies, and their donations are important for financing political campaigns. (Zadek, 2001).

Hot debates always color CSR, especially when there are many questions and doubts in the community whether the profit-maximizing private sector wants to build local communities. The argument that the spirit of decentralization and welfare pluralism has finally given impetus and legitimacy to the involvement of the private sector in the United States in development programs. In the struggle of a society towards a free society, the active role of the business world is needed in poverty alleviation and community empowerment.

# 1. CSR concepts and standards in ISO 26000

ISO 26000 CSR certification in the future, ISO 26000 is so brilliant in concept and so visionary, so this ISO has anticipated long ago how to treat and manage issues related to profit, people and planet. There are 7 central issues that will be discussed in future CSR certification, namely: organizational governance, human rights, labor practices, the environment, fair operating practices, consumers, social and economic development of the community.

# 5.1. Human rights

While the state has the primary obligation to protect, promote and uphold human rights, the universal declaration of human rights calls on every individual and every organ of society play its part in securing the observance of the rights set forth in the declaration. Hence an organization has a responsibility to safeguard human rights in its operations, as well as in its wider sphere of influence. organization



https://emjms.academicjournal.io

Special Issue: Use of Modern Innovation on Integrated Research

has a responsibility to protect human rights in its operations, both in terms of greater environmental impact.

Non-discrimination and attention to vulnerable groups, Avoid complications. Civil and political rights. Economic, social and cultural rights, Basic worker rights

# 5.2. Employment practice

The labor practice of an organization can have a great impact on society and thereby can contribute significantly to sustainable development. The creation of jobs, as well as wages and other compensation paid for work performed are among an organization's most important economic impacts. Meaningful and productive work is an essential element in human development.

Free translation: The training of the workforce of an organization can have a great impact on the environment and thus can contribute significantly to sustainable development. The creation of jobs, both wages and other compensation paid for the work produced is the most important economic impact of an organization. Meaningful and productive work is an important element in individual development.

Employment opportunities and employment relations, Working conditions and social security, Dialogue with various parties, Occupational health and safety, Human resource development

#### 5.3. Environment

Addressing environmental issues is not only a precondition for the survival and prosperity of our generation; it is a responsibility our generation should fulfill so as to enable future generations to enjoy a sustainable global environment. An organization should be mindful that environmental responsibility is part of the social responsibility of any organization.

# 5.4. Fair operating practice

Fair operating practices improve the environment in which organizations function by: Encouraging fair competition, improving the reliability and fairness of commercial transactions, preventing corruption and promoting fair political processes.

Organizations should use their relative strength and position their relationship with other organizations to promote positive outcomes. Free translation: Fair practice improves the environment in which organizations function: promoting fair competition, improving the durability and fairness of commercial transactions, preventing fraud and promoting a fair political process. Organizations must use their relative strengths and leverage their relationships with other organizations to promote positive outcomes.

In this case Anti-corruption practices, Responsible involvement.

## 2. Proactive Conflict Management

According to Warner (2000), there are five conflict management strategies, namely:

High

Accommodation

Consensus

Compromise/
Trade-offs

Withdrawal

Force

Importance of the contract of the c

**Table 3: Five Conflict Management Strategies** 

Source: Warner (2000)

# 1. Accommodation(Accommodation)

Short because later on

At a certain point, the party who relents may not necessarily be able to remain relentless to maintain the relationship and in the end, conflict will still occur.

## 2. Consensus(Deal)

This approach occurs when two conflicting parties agree to jointly avoid trade-offs and try to find a win-win solution or benefit both parties. This approach requires patience, cooperation and commitment from both parties to stay focused on creating a win-win solution.

# 3. Withdrawal(Dodge)

Withdrawalis a conflict management approach that is suitable for parties who want to avoid confrontation, which is considered far more important than the goal to be achieved. Withdrawal may seem easy but don't underestimate it because if it is used at the right time, it will be more powerful than negotiation. Types of withdrawal can be in the form of withdrawal of funds, project delays and withdrawal of labor.

# 4. Force(Coercion)

In this approach, one side will win and one side will lose. Therefore, sometimes this approach is referred to as competition. This method is usually applied through criticism (sarcastic and refuses to be blamed), confrontation and even threats. Side

The positive thing about this method is that, if applied properly and at the right moment, it can make the other party do what they want. However, if applied incorrectly, it can exacerbate conflict.

## 5. *compromise*(Compromise)

The compromise approach is carried out through a situation where two parties experiencing a conflict are willing to make sacrifices, which is usually not done because they want to improve the relationship but only because it fulfills the interests of both parties. When compared to consensus which prioritizes win-win solutions, compromise is more about minimizing win-loss solutions. With proper conflict management, companies can not only minimize their risks but also take advantage of conflicts.

Lepas dari hal tersebut, dalam manajemen konflik terdapat Proactive Conflict Management, yang merupakan manajemen konflik yang berusaha untuk meringankan atau mengatasi sumber-sumber ketegangan sosial , walaupun hal tersebut tidak secara langsung



https://emjms.academicjournal.io

Special Issue: Use of Modern Innovation on Integrated Research

mempengaruhi aktivitas operasional. Penerapan Proactive Conflict Management sangat disarankan bagi perusahaan mengingat lebih baik mencegah daripada mengobati.

The satisficing approach has been widely used in models, where "Heuristics" or the Trial and Error method are often used to help find reasonable alternatives. As a result of this development, decision makers in business, government, universities, have an alternative in making decisions with conditions of compromise with reality to truly understand and overcome the problems at hand. This method of limited rationality is suitable for the ability of decision makers which are always limited by the complexity of the problems.

Rationality is limited because capacity and ability are also limited, so that rational behavior in practice is largely determined by the "inner environment" in the human mind, both in the content of memory and thought processes, and the external environment. Act. A theory of limited rationality, often known through rational and procedural decision-making, the quality of the decision-making process, and the substance of rational thinking, and the quality of the results of decisions taken.

To understand the theory of finite rationality, one must understand the psychological theory of decision makers, also understand the theory of goals in this case the utility function, and the external environment. classical theory, but this limited rationality provides a framework for economic theory, where a product, or outcome of a decision cannot be predicted without knowledge of the process. Making this limited rationality a theory or a representation to see economic phenomena is something new and interesting and continuous with important consequences for the development of science.

In Simon's research (1956) the process of making decisions is never easy for those in authority to do so. All decisions are always endeavored to satisfy all parties, however, what if decisions must be made with limited time, resources and information? How is it possible that decision makers are able to make decisions that can satisfy all parties (satisfying) if there is only a small amount of information as input to be processed?

## **METHODOLOGY**

The problem in this research is very suitable to be guided by using this type of qualitative research. The purpose of qualitative research is to gain in-depth understanding, to know the understanding of others, and to be able to examine how humans construct and give meaning to everyday life (Berg, 2004). Qualitative research can provide data, information, meaning and intent in a particular context. With a grounded research approach, research begins by finding out and studying the object of research, then it becomes a mind map, then it is studied and understood to become sense making, then compared with the existing theory. Differences and ambiguity between existing data and theory will give rise to new theories.

Research to examine, describe, explain and reveal the meaning behind all the actions taken by the Newmont Company and the communities surrounding its mines is very suitable to use grounded research. Based on the facts and to complete the data, it is necessary to study the documentation about the Newmont company by analyzing all existing reports.

## **Research Location and Time**

The research location is the mining location of PT. NMR in Ratatotok and Buyat. Following the company's mapping of the community around the mine, there are 15 villages in Ratatotok District, Southeast Minahasa Regency and 3 villages in Kotabunan District, East Bolaang Mongondow Regency, North Sulawesi Province.

## DISCUSSION

The existence of PT. NMR in the community in Ratatotok Buyat

since 1986 has had an impact on the communities surrounding its mines. At the beginning of exploration the company carried out land acquisition and carried out activities related to corporate social responsibility to the community, and at the beginning of PT. NMR carries out its activities, what the public considers about the presence of PT.NMR is that the company will:

- > provide adequate compensation for land acquisition for the project
- > The community is given the opportunity to participate in taking advantage of economic benefits.

Communities involved in mining without permits are concerned about the prospect of continuing this activity. Residents tend to respect the norm that "he who seeks, he who finds".

The high authority of the government in regulating people's lives is an indication of their respect for fair modern norms and provisions. As such, they expect to be fairly compensated for mining being carried out within their community. People's attitude towards

The project focuses on economic issues and overall hopes for improving economic conditions.

From the information gathered, the expectations of the villagers are in line with the statements issued by the provincial government. These expectations include:

- ✓ The entrance to the gold mining area, built somewhere within the area
- ✓ Economic improvement with dock construction
- ✓ Providing job opportunities for local workers for mining activities of PT. NMR.

# **Local Community Empowerment**

#### 1. Local Recruitment

When there is Newmont, there are freelancers, there are skilled and semi-skilled workers. There are workers who go directly to Newmont and some work as freelance contractors Informant 21 My husband works as a corn and chili farmer, he works at PT. NMR, so that in the past, our family enjoyed salaries and benefits that were quite high compared to the standard Saat

Newmont is no longer operating, many young permanent employees who receive severance pay become young entrepreneurs.

Many informants' statements that support local recruitment as part of PT.NMR's CSR indicate that the Local Recruitment carried out by PT.NMR has met the requirements to be used as standards for other mining companies because apart from having good performance, it is also considered important for the community.

# 2. Consultative Council

The existence of this consultative council should have a very important role as a medium of communication between the community and the company, members of the Public Relations DK are chosen people from their respective villages to facilitate the needs of the community, in their duties they do not receive an honorarium, but receive priority work projects from PT . NMR and receive a seat fee if you attend a meeting.

Regarding the expertise and skills of the local community, several informants gave positive



https://emjms.academicjournal.io

Special Issue: Use of Modern Innovation on Integrated Research

information, including from informants 23:

In the field of education, people are provided with knowledge in training and transfer skills to local people who have never worked in large companies before, I have gained skills and experience that I can use to work in other mining companies, and we, former Newmont employees, get a higher rating. from another company. I also feel the ease for my family, my children receive benefits as children of Newmont employees.

It is very clear here that PT.NMR does not only consider the recruitment of local people as an obligation in obtaining a social license from the community but takes it seriously by transferring knowledge and skills as much as possible to the local people who work for PT.NMR.

In addition to providing knowledge and skills to local people who work at PT.NMR, local people who do not work at PT.NMR are also empowered through training but by the recognition of the community themselves, these efforts are no longer running, even if there are, very few are still persist.

In this case, it is seen that few businesses resulting from the training are able to survive and this could be due to lack of assistance, evaluation and sanctions so that not all communities take the training seriously and follow up.

# b. Education and Scholarships

Educational assistance programs and scholarships for students, students and teachers in communities surrounding the mine are a priority of PT. NMR. According to informant 19: "Newmont does not choose whose children, but still provides scholarships, the priority of Newmont assistance given to the community is in the field of education."

PT. NMR to improve the quality of human resources around its mines does face challenges from some people themselves, because education has not become an awareness for all people because there are some people who do not encourage their children to go to high school.

Here there is a problem with the thinking that developed in a gold-rich area like Ratatotok because education became unimportant. In their minds, why study if now they can work and earn money. Don't people learn to earn money? Why not make money from now on?

This causes scholarship assistance from PT.NMR to be less significant for some people. What PT.NMR may not have encouraged was counseling about the importance of education and how scholarships would help Ratatotok and Buyat children to earn an income even if the gold reserves in their location had run out.

#### c. Local Public Health

In addition to educational programs, the target of PT. NMR is improving the health of the community around the mine by providing physical assistance, including providing a central general hospital, Puskesmas, Pustu, also providing assistance to posyandu, immunization, nutrition improvement, and free medical treatment.

Health issues are the concern of PT. Even more so after the company faced a lawsuit in the Buyat case accusing PT. NMR pollutes the environment so that PT. NMR at the request of the community built the Ratatotok Buyat Central General Hospital through the YPBSU program.

# d. Local Economic Empowerment

1. Economic Empowerment and Money Circulation

In interviews with communities around the mine regarding community economic

empowerment, several informants provided information, including: according to Mr. Samsudin, seeing the role of PT. NMR in the procurement of fishery facilities as well as the purchase of catches of local fishermen, so that when PT. NMR operates, there is an increase in the economy.

Business groups are sometimes formed when the community hears that PT. NMR, so there is no entrepreneurial basis and a desire to succeed in business. This is the cause of the failure of existing business groups.

The lack of success of this business group could be due to the fact that the existing business groups are business groups that are ready to receive assistance instead of managing the assistance so, as a form of prevention against the loss of business group funds, it is necessary to hold interviews with the qualifications of beneficiaries and basic training as well as discussions on fund management and of course. Of course, the most important thing is the report on fund management.

# 2. Cooperative

There are several cooperatives in the villages surrounding the mine, there are cooperatives that have been operating before PT. NIMR provided financial assistance, but there are also cooperatives that were formed to distribute aid from the company. Informant 20 says

Newmont provides microcredit to women for example the wife of an informant from a cooperative funded by Newmont,

and currently the shop business in front of the informant's house continues, the informant also states that his family has returned the loan. In essence, this loan fund helped our family to start a business.

When the researcher asked whether there was a cooperative that could lend capital to informants. The informant replied that he had no line to get a loan.

The difficulty of accessing cooperatives may be due to a lack of information to the public regarding the procedures and rights and obligations of cooperative members to obtain loans.

#### 3. Additional Income

When asked about the existence of PT. NMR, the informant gave an explanation related to his profession, namely a motorcycle taxi driver. According to the informant's explanation, back then when PT. NMR is still operating, there are motorcycle taxis in Ratatotok Selatan, there are lots of passengers, and they are often empowered so they can earn enough income to meet the needs of their family. For example, it is rented by employees, or used to deliver goods and letters. I –informant 25

This is still related to the empowerment of local communities which has been mentioned positively for the umpteenth time here. It appears that this is an important point in CSR to obtain a social license.

# e. Village Infrastructure

## 1. Clean Water and Drainage

Apart from this, there is one assistance mentioned by representatives of the three Buyat villages and the benefits were felt until after PT.NMR finished operating, namely the non-PAM pipeline which was previously managed by PAM but was then handed over to the Buyat villagers (represented by Buyat 2) to be managed in the interests of the Buyat community. (Informant 4)

# 2. Village Road



https://emjms.academicjournal.io

Special Issue: Use of Modern Innovation on Integrated Research

Because it was newly expanded, there are only Old Law office facilities in Ratatotok Tengah while other facilities such as health and education are not yet available in Ratatotok Tengah.

This is a unique case study because in Ratatotok and Buyat there was division, so that sometimes the assistance given in one village was 'lost' because now one village has become two villages and there will be villages that do not receive any. News updates are also very important because they will affect the assistance provided to the community.

The selection of YPBSU members is quite interesting because it seems that it does not involve the local community as members and of course this creates problems because the community feels that their aspirations and needs are not represented in the foundation which should aim for their welfare.

The Ratatotok community struggles to get into the foundation so that people's aspirations can be fought for. (Informant 19)

The Newmont funds managed by YPBSU, until now, have not been implemented perfectly due to an unfinished village program, namely the problem of irrigation or waterways. Newmont's promised assistance, which will be managed through

YPBSU is not yet 100% complete. Assistance that is not realized 100% is due to problems in the field. (Informant 13)

Talking about assistance, there is also company assistance managed by YPBSU. The assistance provided through cooperatives is expected to touch the needs of the community and become sustainable assistance, but in the field it shows things that are different from what is expected. (Informant 19)

PT. NMR was viewed by informants when operating, indeed played an important role, and helped the community in many fields. Even today, informants know that the company is still helping the community with programs implemented by the foundation. The most important thing is the YPBSU foundation, but as an ordinary community, the informant admitted that he did not know much about the programs and priorities per year carried out by YPBSU in his village, all of which were regulated by the village government. (Informant 22)

The existing differences lead to local community disappointment in cooperatives, which are supposed to be community representatives and a pillar of local community welfare.

According to the Head of Buyat 2 Village, informant 3 who now lives in the former Duminanga residential area in Tanjung Bubuan Buyat Pante (next to Buyat Pante) the current condition of the ex Duminanga community is calmer, starting to fish and their children are active in school, the situation before and after residents left the same way, indeed at that time, residents who chose to leave got houses but did not get money, even though at that time they were promised they would get money, so because of that, all those from Dominangga village on average returned here.

Now the house they live here is self-built, but this land belongs to the government. The people who went to Duminanga did not return 100% to Buyat, a small part had moved to other places in North Sulawesi and had died, but most of them returned here. Meanwhile, the people who live permanently in Buyat Pante, all receive housing and land assistance from the government, but we know that it is from the company. There are about 25 houses built, which are complete, apart from the house including land and already have a certificate and we received assistance between other houses of worship, scholarships and other facilities.

# **B.** Conflict Resolution and Bounded Rationality

Special Issue: Use of Modern Innovation on Integrated Research

As a solution for the company, there is already a related company conflict management and then it is adjusted to international standards. To resolve conflicts, it is very important for a company to carry out proactive conflict management so that it can immediately reduce minor problems and not let them down

large enough to be difficult to handle. The existence of this conflict management can not only help companies resolve existing conflicts but, with good management, can even allow companies to profit from conflicts.

# **Recommendations for Mining Companies for conflict management:**

Establish legitimacy through partnership, legitimacy, accountability, and effectiveness. It is a controversial action if the company puts itself too far in the affairs of conflict between the communities, because the company's involvement in that area is only as long as the company is mining in that area. In addition to this, the company's existence in the community is to provide economic value, not necessarily the company has the capability to carry out activities as a mediator and make peace in the community.

If a company intervenes too far to attract attention both locally and internationally, this can make the situation worse, and put the company's reputation at risk.

- ➤ Building public trust through credible and reliable reports in verification. Trust can be built by keeping and keeping promises. Mining companies must assess and practice best practices in designing interventions and methods of communicating well, and written efforts with all parties to the conflict and with the wider community, and be able to account for investment reports and corporate social responsibility programs to the wider community.
- Ensuring long-term economic development and sustainable. Mine closures always result in changes and economic decline in the surrounding area. Meanwhile, with the changes that occur with the existence of mining companies, it is impossible for the community to return to their initial conditions before mining activities took place. For this reason, the company must have designed a responsible mine closure when the company opens the mine to reduce the impact of the economic downturn and make the community independent since the company is still carrying out activities.
- ➤ promoting peace through common interests. The company is able to take a strategic position and avoid conflict, even able to carry out peace efforts and find solutions for the common interest of stakeholders in the area, by taking steps of dialogue and reconciliation.
- > note History. Mining has a long relationship with exploitation in many countries and in particular with certain indigenous peoples.
- ➤ keep a distance from the context of developing issues and groups that fight. In a situation where the company is trying to negotiate with local communities and indigenous tribes, in fact there are divisions among the community and do not agree with one another. The presence of mines often creates or worsens social conditions.

Improve conflict resolution skills. Potential mining areas that have the potential for conflict are sometimes not attractive to investors, this provides an opportunity for companies to enter and make profits in that area by having the capital to carry out great conflict resolution capabilities. Actions that can be taken by companies are as follows, first: they must try to develop the capacity to manage conflict by developing an internal management system and according to expertise. Second, companies are able to take advantage of the resulting cost advantage, by advocating for the establishment of international standards seeking common



https://emjms.academicjournal.io

Special Issue: Use of Modern Innovation on Integrated Research

ground between mining and conflict. (Switzer 2001).

# Recommendation for Government and NGO in to do conflict management

**Government**. Governments can help reduce the possibility of conflict in many ways, including a high and consistent commitment to implementing environmental and social regulations, and reinvesting royalties in community development programs that provide major benefits to the community. Lack of information on the public and the process of discussion and consultation with stakeholders can lead to conflict.

# **Company Origin**

The government where the company originates, can provide incentives and disincentives to companies. The home government can provide assistance to companies regarding activities and projects related to the impact of mining, these activities can include: briefing company staff on the political situation and in the country, or collaborating with governments of other countries to apply international standards to combat violence and conflict.

# Non-governmental organization

Non-governmental organizations are involved in research and mentoring, as well as providing advocacy to support community rights, protection of the environment, peace and members of the community.

Company activities, also provides criticism to the government, and is able to assess conflict situations and give early warnings to the community, speak on opposite sides in dialogue, and build community capacity in conflict management. Source: Switcher 2001.

PT. NMR in its interactions with the local community does not prepare special personnel to deal with conflicts and crises in the community. During the company's operations,

# **Dependent Realism Model**

Hawking, S & Mlodinow, L (2010) There is no reality apart from the model, which exists in the human mind, to describe and interpret it. Including the existence of PT. NMR is seen by the community, government and companies. The model-dependent realism approach is based on: the idea that our brains interpret the input from our sensory organs by making a model of the world. When such a model is successful at explaining events, we tend to attribute to it, and to the elements and concepts that constitute it, the quality of reality or absolute truth" The Grand Design.

The model-dependent realism approach is based on: the idea that our brain interprets input from sensory organs by creating a model of the world. When a model successfully describes events, we tend to relate them, and the elements its elements and the concepts contained in them, the quality of reality or absolute truth. The Grand Design. In this case, each party, namely the community, the Government and the Company, has their own opinions and perceptions, and considers what they think is the most correct.

The model-dependent realism approach is based on the opinion that the human brain processes sensory data from the observed object, and forms a model of the observed object. If the model is successful in explaining the events that occurred, then we tend to conclude that the picture it produces, as well as the elements and concepts used to produce it, is qualified as an absolute truth. Different views of 'reality' from several parties are the cause of the problems faced by Newmont: Newmont has not yet decided to leave North Sulawesi.

# **Bounded Rationale Decision Making**

The settlement of the Buyat Case is a PT.NMR decision which is categorized as a Bounded

Rationality Decision Making, which is the decision was taken within the constraints of time, resources and information. The process of making decisions is never easy for those in authority to do so. All what if decisions have to be made with limited time, resources and information.

The decision-making problem raised earlier made Herbert coin the term Satisficing (Sufficient) as a substitute for Satisfying (Satisfying) if the decision maker is in a situation that is completely limited and requires a quick decision. The renaming of the results of the decision making which later became the core of the Bounded Rationality Decision Making.

In practice, this decision-making process is carried out in three steps:

- 1. Identifying All Alternatives
- 2. Determine all the consequences of each alternative
- 3. Comparing the accuracy and efficiency of each consequence

# **CONCLUSION**

- 1. In dealing with the issue of pollution, the company has followed the formal and correct trial process procedures, even though it is long and costs a lot of money. PT. NMR was acquitted of all lawsuits. This process also ended with a goodwill agreement between PT. NMR and the government.
- 2. In solving the problem here, using the theory of Bounded Rationality (Bounded Rationality) where decision makers pay attention to conditions, processes and satisfactory alternatives (satisficing) to make compromised decisions as the best alternative decisions for PT. NMR in North Sulawesi.
- 3. The existence of PT. NMR in North Sulawesi as well as the mine closure process in general is complex and needs to be regulated with systematic rules and properly disseminated so as to minimize differences in perceptions between the community, government and companies. This task is the responsibility of the Government and companies.
- 4. From the results of this study, a model of corporate social responsibility towards local communities emerged according to conditions in North Sulawesi. The North Sulawesi CSR model (attached).
- 5. CSR Program of PT. NMR with good intentions, in a certain way gives a side effect of "Handout Mentality" to people who continue to expect help and become independent. This is related to culture in general which in the future needs to be anticipated and adjusted.
- 6. FDI investment by foreign companies requires careful regulation in order to provide long-term benefits for the welfare of local communities.
- 7. In the future, the proportion of royalty distribution between the central and local governments should be more proportionate and fair in order to provide benefits to local communities.
- 8. The existence of the company in the community, in the future, it is necessary to transfer more technology and knowledge, so that there is an increase in income for the community on an ongoing basis.



https://emjms.academicjournal.io

Special Issue: Use of Modern Innovation on Integrated Research

#### REFERENCES

- 1. Azapagic. A. (2004). Developing a framework for sustainable development indicators for the mining and minerals industry. Cleaner Production, 1. 639 662
- 2. Bakan, (2004). The Corporation: The Pathological Pursuit of Profit and Power, Toronto, Viking Canada
- 3. Bendell, J. (2005). In whose name? The accountability of corporate social responsibility. Development in practice, 15 (3&4). 362 374
- 4. Berg, BL (2004). Qualitative Research Methods. Boston: Pearson Education, Inc
- 5. Bridge, G. (2004). Contested Terrain: Mining and the Environment, Annual Review of Environment and Resources, 29, 205-259.
- 6. Blowfield, M. (2004),. CSR and Development: Is business appropriating global justice? Development, 47(3), 61-68.
- 7. Blowfield, M. (2005). Corporate Social Responsibility: reinventing the meaning of development? International Affairs, 81(3), 515-524.
- 8. Blowfield, M., & Frynas, JG (2005). Setting new agendas: critical perspectives on corporate social responsibility in the developing world. International Affairs, 81(3), 499-513.
- 9. Barraclough, S, Morrow, M. (2008). A grim contradiction: The practice and consequences of corporate social responsibility by British American Tobacco in Malaysia. Social Science & Medicine 66: 1784 1796
- 10. Baron, David P. (2006). Business and its environment. Fifth edition.
- 11. Pearson
- 12. Barron, P., Kai, K, Pradhan, M. (2009). Understanding Variations in Local Conflict: Evidence and Implications from Indonesia. World Development Vol. 37, No. 3: 698–713
- 13. Brittan, Samuel, (1993) A restatement of economic liberalism, Scientific American.
- 14. Bucholz, R., A., & Rosenthal, SB (2004). Stakeholder theory and public policy: how government matters, journal of business ethics, 51 (2), 143-153.
- 15. Bungin, B. (2007). Qualitative Research. Prenada Media Group. Jakarta
- 16. Carroll, AB (1999). Corporate Social Responsibility: Evolution of a Definitional
- 17. construct. Business and Society, 38(3), 268-295.
- 18. Chapplea, W, Paul, C J. Morrison., Harris, R. (2005). Manufacturing and corporate environmental responsibility: cost implications of voluntary waste minimization Structural Change and Economic Dynamics 16: 347–373
- 19. Chariri, A., (2009). Philosophical Foundations and Qualitative Research Methods, Paper presented at a quantitative and qualitative research methodology workshop, LPA, Faculty of Economics, Diponogoro University, Semarang, 31 July 1 August 2009,http://eprints.undip.ac.id/577/1/FILSAFAT DAN\_METOD E RESEARCH\_QUALITATIVE.pdf. downloaded on 20 November 2011.
- 20. Creswell, JW (1998). Qualitative inquiry and research design: choosing among five traditions. Thousand Oaks, California: Sage Publications.
- 21. Creswell, JW (2009). Research Design: qualitative, quantitative and mixed methods

- approaches. Thousand Oaks, California: Sage Publications.
- 22. Cresswell. JW (2002), Research Design. Research design Qualitative & Quantitative Approaches. Translator Budiman. 2002.
- 23. Corbin, J., & Strauss, A. (1990). Grounded theory research: Procedures, canons, and evaluative criteria. Qualitative Sociology, 13, 3-21.
- 24. Davis, GA, & Tilton, JE (2005). The Resource Curse. Natural Resources Forum, 29, 233-242.
- 25. Drucker, Peter (2000) the Management: Tasks, Responsibilities, Practices---Essential Version.
- 26. Edinger, Evan N., Azmy, Karem, Diger., Wilfredo P. Siregar, Raja. (2008). Heavy metal contamination from gold mining recorded in Porites lobata skeletons, Buyat-Ratototok district, North Sulawesi, Indonesia. Marine Pollution Bulletin 56: 1553–1569
- 27. Elliot, N, & Lazenbatt., A. (2005). How to recognize a quality grounded theory research study. A scholarly paper, published in an Australian journal of advanced nursing volume 22 number 3, 2005.
- 28. Fox, T., Ward., T & Howard, B. (2002). Public Sector Roles in Strengthening Corporate Social Responsibility. A baseline study.
- 29. Friedman, M. (1970). The Social Responsibility of Business is to Increase its Profits. In Beauchamp & N. Bowie (eds.), Ethical Theory and Business (3rd ed., pp. 87-91). New Jersey: Prentice Hall.
- 30. Frynas, JG (2005). The False Development Promise of Corporate Social Responsibility: Evidence from multinational oil companies. International Affairs, 81(3), 581-598.
- 31. Gifford B., Kestler, A., Anand S. (2010). Building local legitimacy into corporate social responsibility: Gold mining firms in developing nations. Journal of World Business 45: 304–311
- 32. Glaser BG, Strauss A. (1967). Discovery of Grounded Theory. Strategies for Qualitative Research. Sociology Press
- 33. Goulding, C. (1999). Grounded Theory: some reflections on paradigms, procedures, and misconceptions, working paper series June 1999.
- 34. Hasipa, James., Hilson, Gavin. (2005). Winners and losers from industry reforms in the developing world: experiences from the electricity and mining sectors. Resources Policy 30: 87–100
- 35. Hasmin, (2011). Poverty Analysis in Makassar City. Dissertation for postgraduate program at Hasanuddin University Makassar.
- 36. Hawking S, Mlidinov L. (2010). The Grand Design. Bantam Books International.
- 37. Heath, J., & Norman, W. (2004). Stakeholder Theory, Corporate Governance and Public Management: what can the history of State –Run Enterprises teach us in the Post-Enron era? Journal of Business Ethics, 53, 247-265.
- 38. Henderson, D. (2001). Misguided Virtue: False Notions of Corporate Social
- 39. Hilson, Gavin., Murck, Barbara. (2000). Sustainable development in the mining industry: clarifying the corporate perspective. Resources Policy 26: 227–238
- 40. Jenkins, H, Yakovleva, N. (2006). Corporate social responsibility in the mining industry:



https://emjms.academicjournal.io

Special Issue: Use of Modern Innovation on Integrated Research

- Exploring trends in social and environmental disclosure. The ESRC Center for Business Relationships, Accountability, Sustainability and Society.
- 41. Kaluge, David. (2011). Poverty and Vulnerability Around the Mining Area of The Newmont Nusa Tenggara Corporation (The NTT): A Spatial Microsimulation Approach. Proceedings of the International Conference on Social Science, Economics and Art 2011.
- 42. Kartini, Dwi. (2009). Corporate Social Responsibility. Transformation of the concept of sustainability management and implementation in Indonesia. Refika Aditama
- 43. Kempa, D, Bond, Carol J., Franks, Daniel M., Cote, Claire. (2010). Mining, water and human rights: making the connection. Journal of Cleaner Production 18: 1553-1562
- 44. Kilmann, RH, & Thomas, KW (1978). Four perspectives on conflict management: An attributional framework for organizing descriptive and normative theory. Academy of Management Review
- 45. Kima, Soo-Yeon., Reber, Bryan H. (2008). Public relations' place in corporate social responsibility: Practitioners define their role. Public Relations Review 34: 337–342
- 46. Kolk, Ans., Tulder, Rob van. (2010). International business, corporate social responsibility and sustainable development International Business Review 19: 119–125
- 47. Kotler, Philip and Keller, Kevin Lane. (2009). Marketing Management. 12th edition. Prentice Hall.
- 48. Kotler, Philip and Lee, Nancy. (2005). Corporate social responsibility: doing the most good for your company and your cause, John Wiley & Sons.
- 49. Lesser, B. (1991). When Government Fails, will the Market Do Better? The Privatization/Market Liberalization Movement in Developing Countries. Canadian Journal of Development Studies. 12. (1), 276-286.
- 50. Mamonto,P, DL, Sompie CD, E. Mekel PA (2012) Sustainable development for post closure a case study of PT Newmont Minahasa Raya. Australian Center for Geomechanics.
- 51. Merriam, SB 1998. Qualitative research and case study applications in education (Rev.ed.). San Francisco: Jossey-Bass Publishers
- 52. Moleong, Lexy, 2010. Qualitative Research Methods. Revised edition, Bandung.
- 53. Rosdakarya Youth.
- 54. Norberg, J. (2003). Why Corporations shouldn't be socially responsible: a critical examination of CSR. Keynote address at the
- 55. conference, managing on the edgel. Organized by the Dutch National Research Network on Corporate Social Responsibility. University of Nijmegen. The Netherlands.
- 56. Callaghan, Terry. (2010). Patience is a virtue: Problems of regulatory governance in the Indonesian mining sector. Resources Policy 35: 218–225
- 57. O'Connora ,Amy., Shumateb ,Michelle., Meister ,Mark . (2008). Walk the line: Active Moms define corporate social responsibility. Public Relations Review 34 : 343–350
- 58. Pitacola, Dyah. (2007). Strengthening CSR to eradicate poverty. Suara Merdeka
- 59. Poli, WIM, (2008). Social Capital Development. Overview of the Two Districts in Kab. Jayapura. Hasanuddin University Press

- 60. Poli, WIM (2008). Yawa Datum in Papua Land, Jayapura Regency Government, Hasanuddin University Makassar Identity Publisher, First Printing.
- 61. Poli, WIM (2009). Indonesian Economy and Development Strategy, Postgraduate Hasanuddin University Makassar.
- 62. Poli, WIM 2011. (Strategic Management). International Brilliant. Surabaya.
- 63. Post, J. E, and Lawrence, A. T, and Weber, J. (2002). Business and society: corporate strategy, public policy, ethics, 10th edition, McGraw hill.
- 64. PrietCarron, Marina., Lund Thomsen, Peter., Chan, Anita., Muro, Ana., Bushan, Chandra. (2005). Critical perspectives on CSR and development: what we know, what we don't know, and what we need to know. Special issue of International Affairs on Corporate Social Responsibility 81: 3
- 65. Personal, P. (2007). CSR Learning Forum 4th round workshop. Indonesia Business Links. Ma Daughter, Suhandari. (2007). CSR Scheme. Compass.
- 66. Quiros-Onate, Diego. (2008) Newmont Mining Corporation: embedding human rights through the Five Star Management Program.
- 67. Rondinelli, Dennis., Berry Michael. (2000). Environmental Citizenship in Multinational Corporations: Social Responsibility and Sustainable Development. European Management Journal Vol. 18, No. 1, 70–84
- 68. Sachs, J., & Warner, AM (2001). Natural Resources and Economic Development. The curse of natural resources. European Economic Review, 45, 827-838.
- 69. Schields, DJ & Solar, SV (2000). Challenges to Sustainable Development in the Mining Sector. In United Nations Environment Program (UNEP) Industry and Environment, Mining and Sustainable Development II: Challenges and Perspectives, 23, 16-19.
- 70. Sadler, David., Lloyd, Stuart. (2009). Neo-liberalising corporate social responsibility: A political economy of corporate citizenship. Geoforum 40: 613–622
- 71. Spillane, James. (2007). Corporate Social Responsibility in the Southeast Asian Context. Journal of Corporate Social Responsibility.
- 72. Simon, HA (1971). Elements of a Theory of Human Problem Solving. Intellectual Development. Vol 65
- 73. Simon, HA (1955). A Behavioral Model of Rational Choice. The Quarterly Journal of Economics. Vol 69
- 74. Simon, HA (1959). Theories of Decision Making in Economics and Behavioral Science. The American Economic Review. Vol 49
- 75. Simon, HA (1956). Rational Choice and the Structure of the environment.
- 76. Psychological Review Vol. 63
- 77. Simon, HA (1979) Rational Decision making in Business Organizations. The American Economic Review Vol. 69
- 78. Simon, HA (2000). Bounded Rationality in Social Science: Today and Tomorrow. Mind & Society. Springer
- 79. Simon, HA (2000). Barriers and Bounds to Rationality. Structural Change and economic Dymanics Sternberg, Elaine (1994). Just Business: Business Ethics in Action. London: Little, Brown and. Company



https://emjms.academicjournal.io

Special Issue: Use of Modern Innovation on Integrated Research

80. Steiner (2006). Corporate Social Responsibility - Case of De Beers.

Essay24.

- 81. Stiglitz, J. (2003). Globalization and its Discontents. New York: WW Norton & Company.
- 82. Sprinkle, Geoffrey B., Maines, Laureen A. (2010). The benefits and costs of corporate social responsibility, Business Horizon
- 83. Sparke Russell, (2002). Socially responsible investment a global revolution. John Wiley and Sons
- 84. Shea, Linda J. (2010). Using consumer perceived ethicality as a guideline for corporate social responsibility strategy: A commentary essay. Journal of Business Research.
- 85. Sugiyono, (2008). Understanding Qualitative research. CV. Alphabet. Bandung.
- 86. Switzer Jason, (2001). Armed Conflict and Natural Resources: The Case of the Minerals Sector. World business council for sustainable development.
- 87. Tesch, R. (1990). Qualitative Research: analysis types and software tools.

New York: Falmer

- 88. Untung, HB (2008). Corporate Social Responsibility. Graphic Ray. UNCTAD. (1999). The Social Responsibility of Transnational Corporations.
- 89. Retrieved September 8, 2005, from http://www.unctad.org/en/docs/poiteiitm21.en.pdf
- 90. UNCTAD. (2002). The United Nations Center on Transnational Corporations, UNCTC Origins. Retrieved March 29, 2006, fromhttp://unctc.unctad.org/aspx/UNCTCOrigins.aspx
- 91. UNRISD. (2000). Promoting Socially Responsible Business in Developing Countries. The Potential and Limits of Voluntary Initiatives.

## Report of the UNRISD

92. Utting, Peter (2005), Rethinking Business Regulation, From Self- Regulation to Social Control. United Nation Research Institute for social development.