STAKEHOLDER RELATION IN PT TIMAH AS THE KEY OF COMPANY’S SUSTAINABILITY AS REFLECTED IN PP No 1 2017

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Abstract

This research is aimed to gain deeper understanding on the stakeholder relation held by PT Timah Indonesia and its changes based on Peraturan Pemerintah No 1 2017. The thesis question discussed in this research to what extend the Corporate Capitalism Practices applied by PT Timah Indonesia based on the mining practices in Bangka Belitung Island. The theory applied in this research is the Stanley Deetz Critical Perspective of organization theory. The theory is explaining about the collaborative decision making between stakeholders in company. The methodology applied in this research is the Critical Discourse Analysis by Teun A Van Dijk. The result of the research is the return of power to Central Government and re – mapping the stakeholders of PT Timah. The position of the Inalum as the agent of Central Government has main function in integrating the informations from PT Timah and other mining companies so that the Central Government will be well informed of the condition on each of the companies.
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Keyword: PT Timah, Corporate Capitalism, Stakeholders

Background of the problem

The understanding of companies nowadays changes overtime since the development of people’s mind set. The companies nowadays are considered as the organization and the formation of the organization is depending on the collaborative decision making and the share of the similar values among the member of the organization. The capital is no longer as the prior parameter in forming an organization. Further, the understanding of the collaborative decision making become the main point in developing the sustainability of an organization. In line with the statement above, Van Riel (2007: 198) explained broadly that the function of an organization is developing the communication to enhance the concern among the stakeholders to gain the sustainability of the organization itself. Further, he explained that communicating with the key stakeholder is the main approach to experience the recommendations that leads to the communication climates and gives its impact to the ‘organizational climate’. The organizational climate will influence the major cycle in an organization. However, in reality the relation between companies and stakeholders, sometimes, bases on the sense of financial benefit from the companies. Most of the times the ‘relation’ is built on the basis of certain ideology implied that could increase the benefit of the companies. The main goal of the companies in practicing certain ideology is more or less in gaining the control towards certain strategic aspect, such as finance, market and power. The capitalism exists and embedded within the soul of the organization in which the impact will be seen on the vision, mission and the business cycle of the companies. Capitalism is intended to control the corporation by applying its authorities to conduct the interaction within and outside the companies. Stanley Deetz via Little John (2014: 390) explained that the companies have communal responsibility by applying the democracy system in dealing with the stakeholders. Deetz believes that an organization is created based on the same vision and mission from each stakeholder. There is no significant distinction between the internal and external stakeholders. Based on his argument, a company is considered as an organization in which the stakeholders put their willingness and collaboration to achieve the main goal. Further, Deetz emphasizes his argument by stating that a company should basis on the trust value in which each of the members could contribute and build their sense of belonging toward the company. A company is considered as a community in which the main asset in the company is human resource and the stakeholders. By obviously applied the funding capital as the most important asset gives the obvious portray that the company is a predator and machine in creating the profit for the owners. The basic idea of community is make sense of what they are doing as the main point to discuss that as an organization, a company should be able to deliver and transfer the vision and mission, especially related to the expectation of the company itself. By spreading those understanding, the stakeholder will be presented sufficient information to give the value accordingly. This research will broadly discuss the case in PT Timah Indonesia. This company has become the prior company that contribute the country’s incomes for decades. As the oldest mining industry in Indonesia, PT Timah has exported most of the tin all over the world. PT Timah Indonesia is located in Bangka, Sumatra, Indonesia. The mining industry, at the beginning, was founded during the dutch colonization. The name of PT Timah changes overtime, such as Bangka Tin Winning Bedrijft (BTW), Gemeenschaappelijke Mijnbouw Maatschaappij Billiton (GMB), Singkep TIN Exploitatie Maatschappij (SITEM) and in 1976 the company officially changed their name become PT Timah Indonesia and listed the name in Stock Exchange by the year of 1995. Since then PT Timah Indonesia developed its operational area broader and contribute the significant income for the country. The operational area of the tin mining covered both inland and offshore around the Bangka Island. As a mining industry, PT Timah exploits the raw material from the nature and it will give the impact on the neighborhood and the stakeholders around the company site. The recent news coverage about the mining activities are broadcasted actively from 2015 up to 2017. As the first news coverage on the mining activities taken from Tempo.co on 12 October 2015 explaining that the offshore activities of PT Timah Indonesia destroyed the major area of the coral reefs along the Bangka and Belitung Islands. There are 41 spot of coral reefs ecosystem that 31 of them destroyed because of the mining activities. In this article also covered the illegal mining done by the local people as the side impact.
activities from PT Timah Indonesia. The main cause of the destruction is the silt along the beach and deep down the sea. Instead of dealing with the water rehabilitation, PT Timah Indonesia put their accusation to the local people that conduct the illegal mining. There is clear evidence that PT Timah Indonesia is not conducting the proper communication process with the local people by preventing the illegal mining and the environmental destruction. In line with the previous news coverage, Bangka Pos on 10 April 2017 elaborate the destruction along Bangka and Belitung seashores. In the article explained the impact of the tin mining in those area, such as the environmental destruction will greatly impact the ecosystem of the sea and the silt become the obstacle for the local people to earn for living. The major local people work as fishermen to earn for living. By the continuous environmental destruction will give the impact to the fishermen in the future that they would not be able to fish around the Bangka Belitung Islands. As the consequence from this, the local people will start to conduct the illegal mining to live. They search for the tin alongside the sea shore and around the Bangka and Belitung Island. The consequences from the mining give a huge changes on the local people and the environment. As a further news coverage, VOAIndonesia.com on 17 October 2017 covered the phenomena from the local people. The local people concern the intensive activities of PT Timah Indonesia and the silt around the islands. The local people work as fishermen concern that they result of fishing reduce in number comparing to the previous years. They do concern in the future they have to change their way of living. In the article, Walhi as one of the local Non Governmental Organization (NGO) put their effort to put the awareness on the local and central Government, in this case the President of Indonesia Joko Widodo, to conduct the environmental auditing before everythig getting worst for both the local people and the environment. Walhi, in this case, urge the government to propose the alternative ways in conducting economic activities other than tin mining. In line with the news coverage above, the research journal from Himawan, Wahyudi (2017) explained the potential allocation of post tin mining in Konlong, Bangka Island. The point of view of socio ecological system will give the new social system for the people. The tourism and water source for agriculture and industry become the main suggestion for the condition in Bangka Island nowadays. In line with the research above, another journal Putra, H.F(2017) explaining that the reclamation conducted by PT Timah Indonesia as the post mining rehabilitation does not able to restore the natural function of the land in Bangka Island. The main factor that influence the reclamation is that the reclamation itself need long term rehabilitation process to restore the natural function in the Bangka Island. As an additional, Ibrahim (2016) finds that the tin mining is the refelction of the Indonesia as a country. He stated that the tin mining environmental and social destruction reflect the collapse of the State Power. It reflects the dignity of Indonesia as a country through its method in solving the problems. Broader view will be taken as the failure of the central government in managing the local government in conducting the mining. The complex condition in the Bangka - Belitung Island is influenced by several contexts related to PT Timah Indonesia mining practices. The historical context that considering PT Timah has been developing the mining practices since the Dutch colonization and the politics and economics policy overtime up to now will affect the management and mangerial function in the company especially in maintaining the communication with the stakeholders. As the explanation above, the corporate capitalism is applied in the mining practices as since the very beginning, PT Timah aimed to gain the profit share to contribute to the country. The company in its website is announcing the numbers of shares they get along the years. The share numbers approached 7.447.753.454 as the total shares in the stock market (www.timah.com/2014). The range of the operational area approximately 512.369 ha up to this year. As the company developed, they create the sub company to intensified the operation and profit. From the cases above, PT Timah has an important moral responsibilities toward the environment and the stakeholders in restoring the nature function in the Bangka Belitung Island. The Responsibilities are no longer on the local scale but more on the bigger scale, that is the state level responsibilities. The central government has higher moral responsibilities to save this company as a reflection of good management and state dignity. Based on the identification above, the formulation of problems could be composed as to what extend the Corporate Capitalism Practices applied by PT Timah Indonesia based on the mining practices in Bangka Belitung Island. As similar to any other critical research, the main purpose of the research is to reveal the application and the implication of the mining practices by PT Timah Indonesia through mapping and role of the stakeholders. As a result, the objective of research will be focused on to reveal the causes, situation and condition of PT Timah Indonesia.
trigger the company to apply the corporate capitalism as the regulation power.

**Literature Review**

**Corporate Communication**

Based on Van Riel (2007: 13) an organization is network where each of the members within the organization communicate each other. All communication within and outside the organization will influence the organization’s image, brand, and reputation. Van Riel (2007:16) divided the corporate communication into 3 big divisions, those are: management communication, marketing communication, and organizational communication. In this research, the focus will be on the Organization Communication. Organization communication is a strategy of communication that applied to encompass public relations, public affairs, investor relations, corporate advertising, investor relation, environmental communication, and internal communication. The corporate communication is mainly focused on the activities and the problems in the organization.

**Stakeholders Relation**

Deetz (1996) in his journal *Describing differences in approaches organization science* explains that organization is not merely the reflection of the structure, role, and function in the society. He put the definition based on critical point of view that organization “...as social historical accomplished in conditions of struggle and domination, domination that often hides and suppresses meaningful conflict.” (1996:222). Deetz emphasizes his explanation that the organizational research in critical point of view is to demonstrate and critique forms of domination, asymmetry, and distorted communication through showing how social constructions of reality can favor interest and alternate construction of reality could be obscures and misrecognized. Deetz put his idea as „therapeutic tone” since he is considered that the critique appear based on the critical research will expose a fresh idea to enhance the better condition of the society. Deetz focused his theory on both internal and external relation of the could be categorized companies. The external relation would be categorized into corporate colonization, rationalization of society, and the domination of public sphere. Deetz strong ideas about companies nowadays are the multinational corporation is the dominant force in the society and corporation control also diminished the quality of life for most citizens. By observing those things, Deetz propose some crucial question in relation with the corporate prosperity. He believes that the companies nowadays must build and deliver the meaning and values. The understanding of the stakeholder relation is initiated by Stanley Deetz via Griffin (2011:273) that every forms of stakeholder relation between the company and the stakeholders, both internal and external, should have the concept of democracy basis both in delivering the opinion and in the decision making process. According to Deetz, the role of the stakeholders are highly important to preserve the existence of the company. The opinion and the involvement of stakeholders in decision making are giving the significant element in building the reputation and company sustainability.

Deetz explained that the usage of language in building the relationship become the significant medium to understand and conduct the moderation between the company and stakeholders. The usage of language is highly recommended to explain the vision and mission of the company in order to persuade the stakeholders to have the same vision and mission as the company. By understanding the vision and mission of the company, based on Deetz, the stakeholders will have the sense of belonging toward the company, so it would not give the company a significant obstacle in inviting the stakeholders to participate in the company cycle process. Deetz put opposite point of view from his predecessor that the companies nowadays are significant to transform their role as the informative agent become the communicative agent. The companies nowadays should be able to maintain communication between its stakeholders. Companies should be able to build the effective method in delivering information in a communicative method and medium. The transformation of mind set and communication strategies shown as the picture below:

(Griffin, 2011:275)

The picture above depicts the demanded ability of a company to transform their method of communication from informative to communicative. By conducting the communicative method would produce the significant effect to the stakeholder, the appreciation and sense of belonging from the stakeholders. The initiating bond between companies and stakeholder will encourage the involvement of stakeholders in decision making process.
and furthermore on the sharing responsibilities. Deetz via Griffin (2011:280) divided stakeholders based on their rights in decision making and participation to the companies based on some categories as follow:

1. **Stakeholders who have divergent interests, not set positions.**
2. **Stakeholders who possess roughly the same level of communication skill.**
3. **Authority relationships and power positions are set aside.**
4. **All stakeholders have an equal opportunity to express themselves.**
5. **Stakeholders’ wants are openly investigated in order to determine their interests.**
6. **Participants transparently share information and how decisions are made.**
7. **Facts and knowledge claims are revisited to see how they were created.**
8. **Focusing on outcomes and interests rather than bargaining on rival solutions.**
9. **Stakeholders jointly make decisions rather than just having “their say”.**

Further, Deetz (2011:282) suggested a communication model to maintain communication to the stakeholders. He called the model as PARC (Politically Attentive Relational Constructionisms) that give the basis method in conducting the communication with the stakeholders. PARC is a negotiation model in which the stakeholders and companies could put aside personal interest to gain the communal goal that will give benefits to every parties. The other role of PARC is to repress the raising up of the conflict and frictions during the decision making. To apply this model in companies life cycle, Deetz suggested that the usage of language becoming the prior tools to gain the attention and whole participation from the stakeholders. Deetz mentioned it as the relational constructionism in which language as the primary medium to deliver the important values of the company. The constructive language will help the companies to gain the stakeholders understanding related to the vision and mission as well as the values in the companies. In addition, Deetz tried to emphasize that this model will help the companies maintain the communication toward the stakeholders easier in the future. In case there is any problem might appear in the future, the companies would not find major difficulties in initiating discussion with the stakeholders. Further, Deets explained by gaining the values understanding for both sides, companies and stakeholder will increase the sustainability of the companies itself. The second theory explained by Deetz related to the managerial system in the company. Deetz presented his point of view that within the society, the basic problem is not located on the manager as an individual but more on the managerial system in the company. Deetz considers that managerialism is a discourse of “A systematic logic, set of routine practices, and ideology that values control all other concerns.” (Griffin, 2011:276). Deetz believes that the basic function of the managerialism is control system towards the variety of the interest among the stakeholders. In addition, the concept of control itself is closely related with the concept of stakeholders involvement in delivering ideas. Further, Deetz claimed his theory as a democratic organizational theory that could strive the organization into better transformation. He claimed his democracy values derived from Jeffersonian democracy that basis on 3 notions of the communication, those are:

1. **Freedom of speech guaranteed equitable participation in decision making.**
2. **Persuasion and advocacy were the best ways to reach a good decision.**
3. **Autonomous individuals could then make up their own minds.** (Griffin: 277) Deetz proposed those 3 notions of communication as the transformational mind set for the 20th century’s companies that has to deal with the pluralistic, physically and psychologically. The 20th centuries companies deal with the emerging of the right to express the ideas and opinion within and outside the companies. The major concern of nowadays companies is the ability of the companies itself to provide the forum for all the stakeholders. By providing the forum and the chances to collaborate, the companies show its goodwill as a sustainable companies.

**Sustainability as orientation business for People, Planet and Profit:** Social and environmental issues are more important than ever. For business, they represent some of the greatest opportunities to find new markets of profitable growth, more lasting and engaging sources of competitive advantage, and more effective ways to reduce cost and risk. Consumers no longer feel conflicted by the issues, but are committed to supporting change. Doing good is no longer about sackcloth and frugality, it can feel and taste good too. According Fisk (2010, 4) realize that it is no longer a nice-to-have, but a must-do. We realize that it is no
People, Planet, Profit is about business opportunity, operational improvement and competitive advantage. It is a practical handbook for CEOs and business managers who are searching for new ways to create value, to make sense of business in a rapidly shifting landscape, to deliver profitable growth whilst also doing ‘the right thing’.

Peraturan Pemerintah No 1 2017

The government regulation issued in 2017 that regulate the production, distribution and the price decision toward the mining product. The regulation explain the division of the share between the Central Government and Local Government. The share division for Indonesian Government 51% and foreign investor 49%. The regulation is issued since there is a major issue on the management of the mining products and the unfairness of the prices. Another issue is related to the management of the profit to the stakeholders including the environmental issue handling and the local community welfare.

Research Methodology

The paradigm of this research will be on critical point of view based on the critical discourse analysis. Denzin and Lincoln (2011: 119) explained that qualitative Paradigm will depend on human knowledge in deriving the truth. The truth is a very subjective points of view that basis on the certain observation or in – depth analysis of the text. The phenomena in the society will help the researchers to understand the cases point of view and the possible solution and strategies that might be applied to overcome the problems. Further, in critical research, the truth is deriving by finding out the social injustice phenomena that strives the researcher in understanding the condition and obstacles that found in the society. The critical itself is aimed to deliver the social transformation in society through delivering new concept on social condition, psychology, or even the language. On critical discourse analysis, the concept and context of language usage is handling the important role in revealing the social injustice in society. The object of the research is PT Timah Indonesia that is located in Bangka Belitung. The main object of the research is the mining practices of PT Timah Indonesia as the reflection of the corporate capitalism as reflected in PP No. 1 2017. The reflection of the corporate capitalism can be analyzed through the cases toward the stakeholders. The regulation is analyzed through various contexts to understand the situation and condition. The Critical Discourse Analysis will be focused on the political discourse analysis. Van Dijk (2015: 360) explained that critical discourse analysis on political discourse would deeply analyse on the enactment, reproduction and legitimization of power and domination. The analysis of the political language will be applied to reveal the corporate capitalism practices of PT Timah toward the stakeholders. The Unit analysis is the Government Regulation that contain main strategies of political decision for PT Timah through PP No 1 2017.

Result and Discussion

Discussing about PT Timah will be closely related with the regulation of power between PT Timah and the stakeholder. The historical background of PT Timah started from the Dutch Colonialization and as the implication of the regulation system is the centralization of the control and asset. The Government Regulation in 1999 emerged the changes of the centralization system to local regulation system. The participation of the local government give another alternatives to the province to handle the tin mining. The various type of the stakeholders appeared as the local government open the concept of ,, free-mining” zone for the local community in overcoming the economic crisis (Ibrahim: 2018). The corporate capitalism practices by PT Timah can be shown in implementing the stakeholder relation between PT Timah, Regulators, Local Governments, Customers, and Local Community. The mapping of the stakeholders has been changed through out the shareholder meeting in 2017. The prior condition of the stakeholder relation between PT Timah and the stakeholder in this case the local government and local community become the major problem to discuss as explained in the one of the research entitled Tin and Authority contestation: Government, People, and Businessmen in chronicle Tin Management (Ibrahim : 2018). The authority of the Tin Mining ownership based on the research owned by The Central Government and one of private company. The regulation of power between the Central Government and the local government put the middle rank of the stakeholders that get involve in the mining production. Those stakeholders are the capital players, miners and the brokers. Until 2017, Indonesian government put the deepest concern on the capital players and the monopoly process of production and distribution. The implication of the tin mining process and production create various effects such as the illegal mining and the environmental destruction. The limitation of the workplace and the opportunities and also the environmental
destruction urge the local communities to conduct the illegal mining. Take a deep considerations on the implications of the production of the tin mining, Indonesian Government started to review the position of the PT Timah and its process of production. The changes of the Board of the Directors on December 2017 and the changes of the organization structures that urge Pt Timah to join the Holding with Inalum. The changes of the structure and the Board of Directors is initiated by the issue of the Government Regulation or Peraturan Pemerintah No 1 2017 about the investors and the regulation in selling the mineral and coal mining products. Based on the Government Regulation or Peraturan Pemerintah issued by Indonesian Government , PP No 1 2017 about the mining regulation and the production of the tin. This regulation is also explain the stakeholders mapping for the tin distribution. The regulation mentioned the changes on the agreement between the Central Government and The Local Government. The major percentage of the combination between the central government and local government will be up 51% and open for foreign investor for about 49%. The price of the production will be decided from various parties. Based on the regulation the prices of production and selling will be decided with central Government in this case the minister of Mineral Mining and the local government, in this case the governor. The Government regulation gives the changes for PT Timah in improving the organizational structure. The implications from the organizational structure is the re–mapping of the stakeholders, those are the regulator that is related to the central government , the local government, the customers and the local community.PT Timah applied the meaning embedded in the Peraturan Pemerintah to support the Local Government in improving the production of the tin mining as well as the improvement of the stakeholders welfare. The implementation of the Peraturan pemerintah No 1 2017 can be shown on the PT Timah Website. The holding functions as the major information resources of the mining practices to be repoted to the central Government. This holding is functioned to return the regulation power to the government since PT Timah is considered as the governmental company (BUMN) so that the state in this case the central government has absolut power to give the control of the tin mining process. The scope of the authority between the central government and local government is on the function and role as partners in decision making in the company. The contribution of of the central government and local government is considered as the stakeholder collaborative process in achieving the maximum benefit of the tin mining process. In the article 97 verses 4 and 5 , the central government declare their position of the ownership of the Tin Mining and claim it as the State Company and the central government will share the interest to the Local Government as one of the action in having the collaboration between Central Government and Local Government. As explained earlier that the system of the collaboration between the Central Government and Local Government is placing PT Timah under the holding company Inalum. Based on the regulation, the holding will have contribution in deciding the market and the rate of the price. The authority of Central Government is also shown in the scope of market as explained in the website. The central Government put the condition that only companies joined in Indonesian Commodity and Derivative Exchange. The Central Government put the authority in choosing the customer and distributor. However, to maintain and improve the welfare of the production, as stated earlier in the PP no 1 2017 article 97 verse 2 the major ownership of the share will be the Indonesian Government. Conclusion By implementing the PP No 1 2017 , the Central Government return their power in owning the major share of PT Timah Indonesia. The position of the local government is considered as partnership in dealing with local stakeholder. The PP no 1 2017 showing the urgency of PT Timah to revise the regulation power. Activity coordination with local stakeholder is mean government aware about a power relation as sustainable business practice (Bolton and Landell, 2015). The implementation of the authority is by placing PT Timah under holding company Inalum. The basic function of the holding company is to centralize the information and updates as well as the place in creating and delivering the policy to other stakeholder. This is consisten with notion the social relations of production Foucault’s (1980) ‘capillaries’ of power relationships, challenging global and hierarchical structures of society from below, then a more complex and nuanced representation of the struggle over the discourse of sustainable development emerges. The Company position above is showing the authority and the ownership of PT Timah has a changed, this is reflection of Sustainability as a socially instituted process of adaptive change. The stakeholders mapping changes into certain categories, those are Regulators (Central Government), Government (Local Government), Customer that distributed by the Indonesian Commodity and Derivative exchange and the Local Community.

Bibliography

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