

# Addressing Human Rights and Sustainability in Indonesia Mineral Mining Sector

Atep Abdurofiq<sup>1,2</sup>, Asep Saepudin Jahar<sup>1,2</sup>, Khamami Zada<sup>1,2</sup>, Kamal Fiqry<sup>1,2</sup>, Moh. Ali Wafa<sup>1,2</sup>

<sup>1</sup>Universitas Islam Negeri Syarif Hidayatullah, Jl. Ir. H. Djuanda, Jakarta, Indonesia

<sup>2</sup>Faculty of Sharia and Law, Universitas Islam Negeri Syarif Hidayatullah

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**Abstract:** The most important social occurrence resulted by the spread of capitalism, democracy, and liberal economics has been state as true that human rights along with sustainable developments in the mining sector especially defining coal and mining only. Library research is using in collecting the data. This study measures the validity and reliability by using observation approach and documentation study toward various documents and earlier academic research about businesses and human rights in Indonesia. The research found the facts that the main key drivers for Multinational Corporations (MNCs) in Indonesia Mining Sectors Address Human Rights and Sustainability Issues develop human rights concepts and reduces the dangers of turmoil and character loss, and to stay away from necessary regulations. The process of embedding human rights can be seen in MNCs well-being, safety, security, product preservation and integrity procedures that well implemented at subsidiary level. On the other hand, the process of embedding sustainable development can be seen in MNCs supports on developing countries with a lot of required capitals, jobs, and environmentally amiable advances technologies. In attention to the strengthening of the MNCs role in protecting Human Rights, the Government, particularly the ministry/institution, has oblige to protect the interest of the community and has the role in providing the framework that enables bring about responsible business. The MNCs has responsibilities to respect Human Rights by referring to elemental norms contained in Human Rights Universal Declaration. The study was analyzed with the business and human rights principles which were stated in Indonesia National Action Plan on Business and Human Rights.

## 1 INTRODUCTION

The most important social occurrence resulted by the spread of capitalism, democracy, and liberal economics has been the recognition of human rights along with sustainable development. Human rights are ubiquitous and indissoluble—the realization about human rights enables a broad range of social personal possessions, containing independence, equality, opportunity, and wealth. Sustainable development is frequently representing the development that fits the existing needs with compromising the capabilities of forthcoming generations to fit their needs.” In addition, it is ordinarily conceded that this must consolidate environmental, social and economic concerns. Minerals are fundamental for human prosperity. However, the minerals extraction is correlated with both challenges and opportunities. Historical anxiety

around work environment and the competitiveness of the mining sector has been complemented by a growing amount of other issues. Contemporarily, underlying goals are to encounter ways by which the mining sectors could advocate human rights and sustainable development (Hojem, 2014).

It has been acknowledged that politics is starting point for mitigating the unfavorable impacts of mining and for enhancing and improving its beneficial economics, social and environmental results. However, most current policy frameworks and instruments in supervising the mining sectors tend to show gradual efforts and often unsuccessful to be realized in the national stage. It can be understood that latest governance approaches and instruments could not flourished in the context of bringing a transition from the human-based model widely prevalent in the developing countries to green politics, whereby the extractive sector is an

isle with few linkages to the local economy (Acosta, 2013).

Mining sectors roles in sustainable development are under close examination. Incited by government's criticism and non-governmental organizations (NGOs), they perceived that multinational mining companies' irresponsibility treatment of environment and the communities, the Global Mining Industries Initiative is inspecting the positive contribution of the mining and minerals sector into the global transition toward sustainable development'. Even though it is pointed out such responsibilities for sustainable development in the mining sectors stay at the bureaucracy (Denielson and Lagos, 2001), the responsibilities of multinational mining companies are increasing in term of scope and focus.

The mining sector in this study is defined by coal and metal mining only. This study aims to answer and elaborate the questions as follows; (1). What are key drivers that multinational corporations in Indonesia mining sectors address human rights and sustainability issues? (2). How does multinational corporations in Indonesia mining sector address human rights and sustainability issues? (3). How does multinational corporations in Indonesia mining sector and governments collaborate and innovate, new paths for mutually beneficial action? The study was analyzed with regarding the business and human rights principles which are stated in Indonesia National Action Plan on Business and Human Rights. The data were collected through library research. This study measures the validity and reliability by using observation approach and documentation study toward various documents and previous academic research of business and human rights in Indonesia.

## 2 BUSINESS AND HUMAN RIGHTS IN INDONESIA

Multinational corporations (MNCs) in Indonesia were not only playing an important role in promoting and enhancing economic growth but also influence all facets of the state's daily life. MNCs is creates jobs, produce goods and services, advancing the welfare of laborer and the shareholders. Nonetheless, on the other aspect the existence of MNCs also has adverse effects on the society and individuals. Business has some impacts on human rights likes pollution and environmental disturbances, the making of goods and supplies of

services that disadvantageous to the consumers, dispossession, and rivalry over natural resources potentials. Since the rising role of MNCs in the era of economics globalization, MNCs are also has the responsibility to respect human rights, it caused by the existence of MNCs has a lot of potential to violate the human rights principles.

Various violations of human rights in the environmental field have occurred in almost all of the social life. Such violations should be interpreted as a threat to Indonesian human civilization. In turn, it will accumulate and lead to violations of economic rights, violations of social and cultural rights, civil and political rights. The phenomenon of the right to a good, healthy and balanced environment as human rights, is associated with the reality of environmental management in Indonesia has not yet materialized. With regards to the issue of environmental damage, the right to the environment in the perspective of human rights is interesting to be observed and studied, in order to describe the conception of human rights and environmental rights, the regulation of the right to the environment in the Indonesian positive legal provisions, environmental rights good and healthy is human rights, and its implementation in environmental management policies.

One of the manifestations of the political commitment of the State law in the context of business relations and human rights is the drafting of a National Action Plan (NAP) on Business and Human Rights in the context of preventing and reducing the impact of corporate operations on human rights (Geneva, 2015). Therefore, the NAP on Business and Human Rights should accelerate the actions to be taken, in order to ensure the protection of and respect to human rights in the policies and decisions of the State related to the relationship between economic players and human rights. The State officials must use the various options available to them, including all public policies and market-based policies available to them to make changes (Statement on National Action Plans on Business and Human Rights, 2016). The NAP on Business and Human Rights should function to make sure that corporations perform their responsibility to respect human rights.

The NAP on Business and Human Rights should at least be able to provide an illustration of the following aspects: (1). Instrument for implementing the UN Guiding Principles on Business and Human Rights and to reflect the state duties under the International Human Rights Law to protect human rights from any detrimental impact caused by

corporation business activities. In addition, in order to provide more access for effective recovery; (2). Instrument for promoting human rights respect through the process of due diligence (Statement on National Action Plans on Business and Human Rights, 2016). Based on the result of identification by the Human Rights Commission of the main issues in connection with business and human rights, they include rights of the environment, health, water, life, ownership of property and land, rights of the traditional communities, labor rights, and right to information (Waagstein, 2013). Also, the existing policies are not completely able to ensure that the corporate operations remain within the corridor of respect to human rights. The NAP on Business and Human Rights reinforces the role and responsibility of the company to respect human rights so that the efforts to respect human rights will be more advantageous to the corporation in the long run.

### **3 MNC'S HUMAN RIGHT ISSUES IN INDONESIA MINING SECTOR**

Local companies (state-owned and private) and multinational initiated the mining sector in Indonesia. The entry of foreign investment in mineral mining was first based on the 1967 Direct Foreign Investment Law. This law raises issues regarding human rights violations and the demands of the rights of indigenous peoples in Indonesia. Although they are often blamed, Freeport, Rio Tinto, Newmont, BHP, and INCO were answered by several mining experts in Indonesia that these companies operate well. Some NGOs focus on major mining multinational companies and only say little about extensive illegal gold mining that involves the use of uncontrolled mercury to recover gold is a serious health hazard. There are many wealthy businessmen behind this activity. Hundreds of illegal miners control gold deposits.

In the relations between the authorities in the country where the investment is conducted with investors as mentioned above, at the practical level this situation is further aggravated by the decentralization policy in the natural resources sector which allows the region, through a policy and regulation to give exploitation permits natural resources excessively without considering aspects of environmental protection. Paying attention to such conditions, by positioning the existence of the environment and natural resources as one of the

fundamental human rights, what needs to be done is how to realize development in contact with the environment and natural resources with a human rights perspective.

Indonesia is carrying out an important case for the involvement of the global mining industry with human rights issues. This country is currently at the intersection of history, with a large enough scope to reform legislation and implementing agencies. In the context of mining, Indonesia remains very potential, with abundant prospects for gold, copper, bauxite, tin, nickel and coal in addition to oil and natural gas. Current economic conditions, as a country that is in desperate need of foreign currency, make Indonesia very vulnerable to lowering standards on social and environmental issues.

### **4 MNC'S SUSTAINABLE DEVELOPMENT ISSUES IN INDONESIA MINING SECTOR**

The mining business gives the greater part of the material we depend on to manufacture instruments and framework to get a lot of vitality. In the interim, mining is a human movement that is all the more exasperating to the earth and is related with colossal social effects and imbalances. With the fatigue of rich metal stores and the use of natural insurance controls, numerous worldwide mining organizations move to creating nations where directions are less inflexible. The substantial mining ventures usage in creating nations makes numerous circumstances of incredible riches for minorities, in the interim most the populace has not seen their social, monetary and welfare status. Then again, the impacts of mining frequently harm their condition (Jaskoski, 2014). Creating nations are the host nations of mining ventures that suit and modernize their laws to be incorporated into aligned natural and general wellbeing measures.

From MNC's perspective, a key part of effective mining is getting, notwithstanding official and legitimate mining grants, and in addition social licenses from the neighborhood network, that is, their assent and stickiness to mine in their region. Corporate duty from worldwide mining organizations has additionally been created to impart riches from mining to nearby networks, and this has been accomplished through interests in building foundation for the area, for example, schools and doctor's facilities, engaging neighbourhood networks

and limiting effects. Thusly, the eventual fate of mining relies upon great mining practices to monitor the earth anyplace and furthermore to assume social liability in the advancement of the zone and add to enhancing the personal satisfaction of the network.

## 5 KEY DRIVERS

The main drivers for Multinational Corporations in the Indonesian Mining Sector Address Human Rights are the evolution and expansion of the concept of human rights. MNCs can only operate in the context of legislative arbitral decisions, because they have no doctrinal wisdom to receive a perfect endowment; they do not have humanitarian intuition to accept the conception of human dignity; or wisdom and insight to accept utilitarian optimism. MNCs are more fun talking about rights that come from relative strength than from some abstract concepts. Arbitrary rights arise in a world where it might make right. It is important to consider tensions between developed and developing countries around the concept that rights are Northern inventions imposed in the South, and are a pretext for deciding decisions in developing countries that are contrary to the values of developing countries or structures. MNC must operate in the reality it faces in the host country. MNC must deal with the peculiarities in which it operates in certain jurisdictions. Amazingly, the multinational mining companies will perform the operation with global consistency. However, in many cases multinational mining companies will be faced with the tensions between rights imposed by their home countries and the absence or lack of enforcement by their host countries.

Many of the problems being exposed by multinational mining companies are mainly caused by the failure of public trust in the decision-making process of multinational mining companies. One reason that the reputation of multinational mining companies is negatively recognized by the public is due to differences in the pattern of governance during multinational mining companies. Some appear to be entirely under the control of their top management, while others are subject to direction by their Directors Board; there are still others so distributing decision making seems very difficult. Multinational mining companies do not explain to the public the relative roles and responsibilities of the board independent members and company and their operational management in relation to company decisions. Several units of regional business appear to have a high autonomy degree and are not fully

subject to decision-making processes at the senior corporate level. Therefore, civil society elements who willing to influence the mining companies' decisions are often uncertain where and how to use their bargaining power. NGOs that attempt to influence company decisions on business operations may find bargaining power at the corporate level relatively fruitless.

In contemporary years, the articulation by several multinational mining companies of global principles related to sustainable development sometimes including special commitments to human rights has provided easy to understand decision-making process and greater predictability of consistency in global management decision-making among many companies distributing operations. This consistency is achieved when mining companies have succeeded in making overall company policies a part of the company's organizational culture.

Then, the logical writing has distinguished different reasons where global mining organizations put assets in tending to manageability issues through embracing approaches and standards, executing changes and the board measures, unveiling data. Determinants might be inward or outside, yet frequently the limits are not clear. For instance, global mining organizations might be focused on social obligation since they trust this will give them an upper hand. Walsh records a few manners by which supportability procedures can give upper hands, for example, lessening authoritative costs, access to speculators supporting manageability and more prominent chances to enroll and hold higher quality representatives. Be that as it may, the investigation of the connection among CSR and the organization's budgetary execution, some of which have concentrated on global mining organizations, have created fluctuated results. Ostensibly, this leaves more space for individual administrators' very own convictions to decide the organization's system (Walsh, 2014).

A few researchers have endeavored to discover how a few variables impact the dedication of MNCs in extractive ventures to supportable improvement. Research discoveries demonstrate that media assume an essential job before all else however reduce after some time. Interestingly, certain MNC asset factors, for example, global experience and friends estimate are decidedly identified with more prominent manageability from start to finish all through the period. This negates comparative research on the dispersion of new changes in worldwide mining organizations, which he supposes monetary or

specialized clarifications are increasingly imperative from the begin; as it were, that manageability responsibilities will be driven by global organizations that attempt to catch the advantages that might be from "early adopters", which at that point turn into the standard. A few specialists contend that worldwide mining organizations may not be persuaded of the advantages related with maintainability duties, where institutional clarifications, for example, general assessment assume an increasingly critical job at an early stage. All things considered, the logical writing on the variables that impact mining organizations' maintainability responsibilities isn't altogether definitive (Bansal, 2005). Scholastics and approach creators' viewpoints extend from CSR as a possibly ground-breaking approach to defeat destitution to accomplish manageable improvement, for pundits who think of it as a part of advertising with the point of decreasing the danger of notoriety stuns and misfortunes, and to maintain a strategic distance from the fundamental directions (Kemp, 2010). As indicated by Bridge and McManus (2000) as ecological based resistance has expanded both in authoritative limit and voters, worldwide mining organizations have looked to recapture moral specialist by dispensing feasible advancement ideas (Jenkins, 2004). In the meantime, the logical writing perceives that global mining organizations vary in their capacity to defeat supportability.

## **6 MNC'S IN INDONESIA MINING SECTOR ADDRESS HUMAN RIGHTS AND SUSTAINABILITY ISSUES IN REALITY**

The process of implant human rights within a multinational mining company can be seen in health protection, safety, security, product stewardship and integrity procedures are well implemented at MNCs subsidiary level. On the other hand, there are areas that deserve more attention in implementation both in developing procedures as well as in practices at MNCs subsidiary level. These include labor aspects in core operations/contractors, relations with societies and addressing the potential for connivance in some human rights abuses of the host government.

MNCs are very powerful and wealthy actors who can contribute to increasing the level of Gross Domestic Product, respecting human rights and

democratization, and suggest that multinational companies can contribute to advancing human rights because they bring "capital, technology, management techniques and managers who are often eager to introduce social empowerment and increase in terms of their financial investment (Spar, 1999). Among the optimistic opinions is also a scholars' community, practitioners and policy makers who believe that large multinational companies can improve the living atmosphere of poor countries through the voluntary codes of conduct application and Corporate Social Responsibility (CSR) policies (Falck and Heblich, 2007).

At the same time, there is a growing awareness among MNC's top managers that respect for human rights is a fundamental and important aspect of valuable management practices (Brown and Woods, 2007). Adoption of a code of conduct that addresses human rights issues in several ways. For example, through greater investment in addressing community needs those were not met. Nelson notes "although MNC's social investment or philanthropic budget is a small part of the resources collected through its main business activities, this budget is not substantial (Nelson, 2000). A study of 50 multinational mining companies found that social investment or philanthropic figures for multinational mining companies this is almost equivalent to the United Nations Development Program's annual operating budget, so philanthropic and social investment initiatives allow companies to play an important role in promoting various types of political, civil and socio-economic rights, such as equality, education and health rights and a safe and healthy environment (Rivoli and Waddock, 2011).

On the other hand, the process of instilling sustainable development in multinational mining companies can be seen that they have provided developing countries with much needed capital inflows, job creation, and environmentally friendly technology. Through the concept of free markets, multinational corporations create wealth and prosperity, which provides income streams for improving welfare. If the essential of developing countries is to reduce some conditions of poverty, they need to privatize, deregulate, protect private property, and establish legal rules, then multinational companies will support capital inflows.

## 7 COLLABORATION AND INNOVATION

Most of the imminent causes of human rights abuse regarding to a MNCs operations atmosphere within the immediate local area of a mining project. These include the environmental and social impacts of the mining operation, protest from societies land and resources over loss, inadequate compensation or relocation, and the actions of public or private security forces in react to these protests. These imminent causes are directly related to the mine presence, and are thus properly the corporate responsibility as well as the host country.

About the strengthening of the corporate role in protecting Human Rights, the Government, particularly the ministry/institution, has the obligation to protect the interest of the community and has the role in supplying the framework that enables the implementation of responsible business. In addition, it also needs to facilitate the environment that enables the business to act accountably and complies with the obligation to protect the interest of the community from the possibility of negative impacts caused by the operation of a business entity. Further more, such policy may encourage the qualified and responsible investor to minimize the possible negative impact risks from the investment, and ensure the broader formation of values and sustainable development. As such, the government can support the corporate role to respect Human Rights through the licensing and regulation instruments.

The corporation has responsibility to respect Human Rights by referring to the basic norms contained in the Human Rights Universal Declaration. Such Declaration explicitly represents that every member of the society is bound to obey the substantive provision of Human Rights. The meaning of such phrase is extended so that it covers the entity that is not included in the individual or the state, namely the corporate. As part of the community member, the corporate is also responsible to promotes and respect Human Rights as regulated in the international Human Rights instruments. Further on, the corporate, management, and the people who are working are also required to recognize the responsibility and respect the norms that are contained in the United Nations agreements and other international instruments. However, in business, the first effective and responsible step in managing the Human Rights problems is by developing the adequate understanding that Human Rights are relevant in business.

## 8 CONCLUSIONS

Multinational companies (MNCs) in Indonesia play an important role in promoting economic growth and as a result influence on all aspects of the country's daily life. Indonesia is carrying out an important case for the involvement of the global mining industry with human rights issues. The main driver for Multinational Corporations in Indonesia Mining Sector Addresses Human Rights is the evolution and expansion of the concept of human rights, failure in public trust in multinational mining companies. On the other hand, the scientific literature has identified various reasons where multinational mining companies invest resources in addressing sustainability issues through adopting policies and principles, implementing reforms and management standards, disclosing information. The determinants of adoption may be internal or external, but often the boundaries are not clear. For example, multinational mining companies may be committed to social responsibility because they believe this will give them a competitive advantage. The process of applying human rights in multinational mining companies can be seen in the procedures for protecting health, safety, security, product stewardship and integrity that are carried out well at the MNC subsidiary level. At the same time, there is increasing awareness among MNC's top managers that respect for human rights is a fundamental and important aspect of valuable management practices. With regard to strengthening the role of corporations in protecting human rights, the Government, especially ministries or government bodies and institutions, has an obligation to protect the interests of the community and have a role in providing a framework that enables responsible business implementation. Corporations have a responsibility to respect human rights by referring to the basic values contained in the Universal Declaration of Human Rights. The Declaration explicitly states that every member of society or community is bound to comply with the substantive provisions of human rights.

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