Enhancing Public Policy: Effective Stakeholder Engagement Strategies – A Case Study of International Oil and Gas Company in Indonesia

A Thesis

Submitted to Fulfil the Requirements for Obtaining a Bachelor's Degree in Communications Science at the Faculty of Psychology and Socio-Cultural Sciences Universitas Islam Indonesia

Written by:
Ra'ifan Alfisya Naufal
20321216

INTERNATIONAL PROGRAM OF COMMUNICATIONS SCIENCE
FACULTY OF PSYCHOLOGY AND SOCIO-CULTURAL SCIENCES
UNIVERSITAS ISLAM INDONESIA
YOGYAKARTA
2024

AGREEMENT SHEET

THESIS

ENHANCING PUBLIC POLICY: EFFECTIVE STAKEHOLDER ENGAGEMENT STRATEGIES - A CASE STUDY OF INTERNATIONAL OIL AND GAS COMPANY IN INDONESIA

Written By

RA'IFAN ALFISYA NAUFAL

20321216

The thesis supervisor has permitted the defendant's thesis to be tested in front of the examiner team.

Date: 24 May 2024

Thesis Supervisor

Prof.Dr.rer.soc. Masduki, S.Ag., M. Si

NIDN 0511047202

VALIDITY SHEET

THESIS

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Written By

RA'IFAN ALFISYA NAUFAL

20321216

It has been defended and approved by the thesis examiner board of the Communication Study Program, Faculty of Psychology and Socio-Cultural Science, Universitas Islam Indonesia

Date: August, 14 2024

Examiner Board

1.	**Head of Board**	**: Prof.Dr.rer.soc. Masduki, S.Ag., M. Si**
	NIDN	**: 0511047202**
2.	**Examiner**	**: Puji Rianto, S.I.P., M.A.**
	NIDN	**: 0503057601**

Knowing,

Head of Communication Study Program, Faculty of Psychology and Socio-Cultural Science, Universitas Islam Indonesia

Iwan Awaluddin Yusuf, S.IP., M.Si., Ph.D.

NIDN: 0506038201

STATEMENT OF ACADEMIC ETHICS

Bismillahirrahmanirrahim

Undersigned, I henceforth:

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Student Number : 20321216

Through this letter I hereby state the following:

1. The research did not engage in academic fraud of any type throughout the completion of this thesis research, such as plagiarism, involving others' help with the thesis, or any other infraction that violates the academic ethic highly upheld by Universitas Islam Indonesia
2. Therefore, this thesis is entirely my scientific work, both as a student and researcher, not plagiarize or the work of others.
3. If this thesis is found to have strong indications of plagiarism or academic fraud after I have received my degree from the Faculty of Psychology and Social-Cultural Science at the Islamic University of Indonesia, I will be held accountable for all repercussions and academic sanctions imposed by the Universitas Islam Indonesia.

Thus, I truly agree with this remark.

Yogyakarta, 22 April 2024

Sincerely,



Ra'ifan Alfisya Naufal

MOTTO

"Do not grieve, indeed Allah is always with us"

- At Taubah: 40

"And when I am in pain, He the one who cures"

- Asy Syu'ara: 80

"Winners don't make excuses, they make progress"

- Andrew Tate

"Son, someday you will understand, that once in life you need to fall so you can learn how to get up and keep walking. I may not always be on your side, but my prayers will always be with you in every step of life"

- (Almh.) Nur Candra Kusumawati

"Son, stand on your *shalat, akhlaq,* and *ibadah.* Pray for your Father and Mother and always remember us. Hope that we will see altogether again in Jannah"

- (Alm.) Zulfan Andrian Noor Hidayat

DEDICATION

I dedicated this final thesis, especially to my beloved father and mother to families.

Their support, love, and blessings have brought me brightness and hope.

FOREWORD

بسم هلل الرحمن الرحيم.

Assalamu'alaikum Warrahmatullahi Wabarakatuh

With all the humbleness and faith, I would like to thank by expressing my most enormous gratitude to God Almighty, Allah SWT, for all the blessings, gifts, and peace. *Shalawat and Salam*, may Allah SWT send to our Prophet Muhammad SAW (peace be upon him), his families, companions, and followers to us.

The thesis entitled "Enhancing Public Policy: Effective Stakeholder Engagement Strategies – A Case Study of International Oil and Gas Company in Indonesia" examined the strategy of stakeholder engagement through lobbying to enhance public policy by the international oil and gas company's public and government affairs. This thesis is used to obtain my bachelor's degree from the Department of Communication Science, Faculty of Psychology and Socio-Cultural Science, Universitas Islam Indonesia.

This thesis was successful thanks to Allah SWT for his blessings that led me to complete this journey. A journey that will continuously give me lessons and guide me to the right path with prayers and beliefs.

My Appreciation, gratitude, and honor to these individuals:

1. (Alm.) Zulfan Andrian Noor Hidayat and (Almh.) Nur Candra Kusumawati as my beloved parents have raised, educated, and supported me mentally and financially, and prayers that lead to Allah SWT's blessings. May their life and the after will always be peace, happiness, and grace.
2. Families that have been and always supporting me in various and unexpected ways that brought me joy, happiness, and pride. Their encouragement led me to complete this thesis for a better life and welcome the new future.
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4. Iwan Awaluddin Yusuf, S.IP., M.Si., Ph.D. as the Head of the Department of Communication Science of Universitas Islam Indonesia and Ida Nuraini Dewi Kodrat Ningsih, S.I.Kom., M.A. as the Academic Supervisor for lecture activities.

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6. Friends of IPC 2020 who have been supporting and going through this journey together as brothers and sisters. May all of us become successful, great, and have a wonderful life and future
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Thank you for all the support and prayers, may grace be brought upon us. I am a proud man to have completed this journey and ready to begin another story.

Wassalamu'alaikum Warrahmatullahi Wabarakatuh

Warm Regard,



Ra'ifan Alfisya Naufal

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ABSTRACT

Naufal, Ra'ifan Alfisya. 20321216. Enhancing Public Policy: Effective Stakeholder Engagement Strategies - A Case Study of International Oil and Gas Company in Indonesia. Department of Communication, Faculty of Psychology and Socio-Cultural Studies, Universitas Islam Indonesia. 2024.

International companies within the oil and gas industry require public policies to operate their business and the sustainability for a long-term operational activity. In this context, the government as the stakeholder holds the role of the policy maker, regulator, and decision maker. Therefore, building and maintaining a strong relationship with the government is crucial, given its influence that may impact the business and public policy. This research highlights the effective stakeholder engagement strategy to enhance public policy, specifically for international oil and gas companies. Aligning with theories of stakeholder engagement, lobbying, along with public policy, this research explores how international oil and gas companies build and maintain relationships with various stakeholders, including the government, to ensure the success of the engagement for public policies as the license to operate. The research used qualitative research through in-depth interview with the public and government affairs of the company and document study as the secondary data from official websites and reports of the international oil and gas companies.

The research focuses on understanding the strategy applied by the international oil and gas company through lobbying, focusing on stakeholder engagement and communication with the Indonesian government to enhance public policy. The research also aims to uncover the challenges faced by the company during the lobbying process and to provide brief solutions to these issues. The research analyzes how strategies are applied to ensure successful engagement and build relationships through continuous collaboration, fostering respect and trust with the government to benefited the company's public policy that would have a positive impact for the company. One case is about the reduced taxes in particular situation, where the trust and respect built with the government had the direct impact in a positive way, ensuring reputations through collaboration in a win-win solution, The research provides insights into how relationship with the government should be built and maintained, especially for international companies within the oil and gas industry. Finally, this emphasizes the importance of effective stakeholder engagement through lobbying as a communication process in achieving the quality of relationships for a successful public policy enhancement with the government.

Keywords: *Stakeholder engagement, Lobbying, Public Policy, International oil and gas company*

ABSTRAK

Naufal, Ra'ifan Alfisya. 20321216. Meningkatkan Kebijakan Publik: Strategi Pelibatan Pemangku Kepentingan yang Efektif - Studi Kasus Perusahaan Minyak dan Gas Internasional di Indonesia. Program Studi Ilmu Komunikasi, Fakultas Psikologi dan Ilmu Sosial Budaya, Universitas Islam Indonesia. 2024.

Perusahaan internasional di industri minyak dan gas membutuhkan kebijakan publik untuk menjalankan bisnis dan operasional jangka panjang. Dalam hal ini, pemerintah sebagai pemangku kepentingan memegang peran sebagai pembuat kebijakan dan pengambil keputusan. Oleh karena itu, membangun dan menjaga hubungan dengan pemerintah menjadi penting, mengingat pengaruhnya dapat mempengaruhi bisnis dan kebijakan publik. Penelitian ini menyoroti strategi pelibatan pemangku kepentingan yang efektif untuk meningkatkan kebijakan publik, khususnya bagi perusahaan minyak dan gas internasional. Sejalan dengan teori, pelibatan pemangku kepentingan, lobi, dan kebijakan publik, penelitian ini mengeksplorasi bagaimana perusahaan minyak dan gas internasional membangun hubungan dengan berbagai pemangku kepentingan, termasuk pemerintah, untuk memastikan keberhasilan pelibatan untuk kebijakan publik sebagai lisensi untuk beroperasi. Penelitian ini menggunakan metode kualitatif melalui wawancara mendalam dengan public and government affairs serta studi dokumen sebagai data sekunder yang berasal dari situs resmi dan laporan perusahaan migas internasional.

Penelitian berfokus pada pemahaman mengenai strategi perusahaan minyak dan gas internasional melalui lobi, dengan fokus pada pelibatan pemangku kepentingan dan komunikasi dengan pemerintah Indonesia. Penelitian ini bertujuan untuk mengungkap tantangan yang dihadapi oleh perusahaan selama proses lobi dan memberikan solusi untuk masalah tersebut. Penelitian menganalisis strategi yang diterapkan untuk memastikan keberhasilan melalui kolaborasi yang berkesinambungan, menumbuhkan rasa hormat dan kepercayaan. Salah satu kasus yang terjadi adalah mengenai pengurangan pajak pada situasi tertentu, dimana kepercayaan dan rasa hormat yang dibangun dengan pemerintah memiliki dampak langsung dengan cara yang positif, memastikan reputasi melalui kolaborasi dalam solusi yang saling menguntungkan. Penelitian memberikan wawasan tentang hubungan dengan pemerintah harus dibangun dan dipelihara, terutama untuk perusahaan internasional dalam industri minyak dan gas. Terakhir, penelitian ini menekankan pentingnya keterlibatan pemangku kepentingan yang efektif melalui lobi sebagai proses komunikasi dalam mencapai kualitas hubungan untuk peningkatan kebijakan publik yang sukses dengan pemerintah

Kata Kunci: *Perlibatan Pemangku Kepentingan, Lobi, Kebijakan Publik, Perusahaan Minyak dan Gas Internasional*

CHAPTER 1
INTRODUCTION

A. Study Background

Every company has its strategy for sustaining the business. These strategies prioritize specific interests that become the main concerns for the business, considering various aspects that may affect the business from various perspectives. Stakeholders of a company have their specific role in the ongoing business, including partnerships, legal aspects, customers, and the whole supporting aspects in maintaining the business. Stakeholders are individuals or groups with interests in and influences on, and are affected by, the related organization's activities (Benn, et al., 2016). Based on Benn's work, stakeholders are classified based on their level of involvement and impact on the business. Stakeholders whose participation is crucial and highly dependable are categorized as the primary stakeholders. Companies consider primary stakeholders as an important group, as their involvement becomes the core of a company's sustainability and survivability with its operational activities and business. These groups have a specific impact on the business, including the government, which regulates domestic and international activities. This has become an essential thing in the business, as such power can influence managerialdecisions, especially in terms of the regulation and policy that the government originates.

Companies in the oil and gas industry consider the government an essential part of their business. The government is considered the primary stakeholder as the regulator for the business in this industry. Moreover, international oil and gas companies must prioritize this concern, as their worldwide operations require adjusting and coordinating with the local government of the host country to maintain sustainable and acceptable business practices. This has become more crucial given the industry's sensitivity regarding climate and natural resource extraction, which impacted the local environment. In the last few decades, this industry has become more concerned with environmental aspects, including air, water quality, and chemical management processes (Investopedia, 2022). Oil and gas companies usually operate in various business operations, namely upstream, midstream, and downstream. These operations have a crucial aspect that are interconnected. If one of the three operations encounters issues and problems, it will lead to an imbalance in the whole operation since mostly they are all interconnected.

It happened in 2017 when an international oil and gas company, Vivo, entered Indonesia as a newcomer, and one of its gas stations was seized due to legal administration (Kumparan News, 2017). Such an incident could affect the whole company's management, supply, and distribution. However, not all companies have an integrated system of operation where they may rely on other companies for such specific operations, especially for smaller companies.

The major operation for oil and gas companies is divided into 3 operations: upstream, midstream, and downstream. The integrated operation is usually adopted by larger companies that operate the whole operation from up to down. These operations are crucial as they produce and transport the main components of the business—oil, gas, and other substances—and refine them into sellable products. Upstream operations, also known as 'find and extract,' involve exploring potential drilling and extraction sites. The key component in the process is finding hydrocarbons which are the primary components of petroleum and natural gas (Fernando, J. (2023). When the testing process is successful, it continues to construct the well and extract resources for crude oil to the surface. After extraction, the extracted crude oil enters midstream operation starting the new process. While the midstream produces no raw materials, it holds a key role in storing and transporting natural gas liquids. The processes of transporting are through large pipelines that deliver the components, which are then sent to the downstream operation for further refining. Downstream operations in oil and gas companies are the process of converting raw materials, such as oil and gas, into finished products. The finished products are later sold to customers in various goods and products. The operation includes refining crude oil into gasoline, diesel, natural gas liquids, and various energy sources. These products include synthetic rubbers, plastics, fertilizers, and automotive lubricants. In addition to production, downstream operation also holds the role of marketing and sales to the consumers. According to Pertamina, the company provides the marketing, trading, and distribution of its products from domestic to international markets (Pertamina official website). It means the operation is comprehensive, involving various specialized departments that support the overall business activities with this interconnected system. This has to be properly operated to have good cycles from the beginning to the end. Various factors might influence the operation, permissions for extraction, production, distribution, and selling may become significant issues for the company to address.

This permission is related to the public policy enacted by the government and becomes particularly concerning when operations extend to other nations where there are different regulations.

This situation poses a challenge for companies to understand the situation to reach the full potential of the business while maintaining good relationships and securing the support of the local government. To address this challenge, engaging with the government is essential for the corporation to maintain and build a good relationship for the benefit of the business through public and government policy. The operations of the business can be significantly influenced by the policy decisions made at all levels of government and impact the future agenda. Companies have a conscientious process for determining which public policy issues are the most important for them. The decision- making process involves considering input from the internal businesses which is then being delivered to the public and government affairs department. The identified issues then become the guidance for focusing on influencing public policy and creating solutions for the concerning issue. The process of influencing public policy is part of adjustments and considerations for a win-win solution. Therefore, this requires particular communication strategies to enhance stakeholder engagement. In simple terms, communicating the planning and implementation involves lobbying between the representative of company representatives and the government to reach agreements that certainly influence the ongoing business.

Lobbying is traditionally an activity that involves political aspects in governmental decision-making processes. Lobbying to the government is the part when a representative of a group discusses the interest and continues to negotiate to reach agreements for the group's interest and agenda. According to Milbrath, L. (1960) in *Lobbying as a Communication Process,* lobbyists implement the three categories that form the principles of the lobbying process; facts, arguments, and power. Lobbyists provide facts within the message. The accuracy of the facts is important since it represents the reputation and trust of a group. Arguments serve as additional points beyond delivering the facts. Milbrath added, "… the facts are accompanied by a set of arguments concerning the rightness, wisdom, or justice of the proposed action". Lobbyists present one-sided arguments on the issue, although they may adjust their position to ensure decision-makers are aware of arguments through the adjustment of the side being made by the lobbyist to let the decision-makers know the source of arguments on the other side from the opposing group.

The third element is power, which becomes part of the lobbying process as it defines respect. The power within lobbyists reflects their identity and reputation, which carries a moral weight. However, not every lobbyist can implement this element due to differences in group levels and backgrounds, making it an expensive form of communication that may lead to tension between the opposing teams. The basic elements for lobbyists in the communication process contribute to the guideline as it become the key points in lobbying.

The process of lobbying is usually under the scope of public relations. Public relations also function to maintain relationships with the government, considering them as stakeholders in governmental relations. Both lobbyists and public relations practitioners deliberate their activities to influence the decision-maker through various approaches. Lobbying may involve direct contact with key decision-makers. This will effectively put the issue to the attention of top-level decision-makers, reducing cost and time in achieving success. Other approaches involve mobilizing the public as the tool for lobbying supported by social media platforms. This will create indirect lobbying through campaigns and mobilizing masses to support the intention set by public relations to create intention on which the public relations has made it as part of the lobbying. In conclusion, those are the scopes of public relations where Cutlip, Center, and Broom (2003) define lobbying as a closely related activity, making it the one responsible for the agenda's purpose.

In some organizations, groups, and corporations, lobbying may also be handled by the department of public affairs, or some call it public and government affairs. It has a pretty similarity to public relations although some slight particular focuses differentiate the two departments. The department of public and government affairs is responsible for managing relationships with stakeholders, particularly the government. The department also contributes to the lobbying process as it is part of the department. Traditionally, public affairs are the part of management and focus on managing relationships between an organization and stakeholders. The role of public affairs is to spread information regarding the company's objectives and influence public policy to support the organization's agenda (Afiah, I., 2020). The act of a public affairs professional often have a more politically oriented role, focusing on influencing the implementation of policies that have positive impact on the company. Therefore, public affairs are required to understand the principles, purpose, and settings of the company both internal and external.

Public affairs hold an important role where they have to act as the mediator and communicator to their stakeholders professionally (Agatha, et al., 2020). Public affairs functions may vary across companies depending on their specific function and scope. Within their work, public affairs services may include building communication with politicians and government officials, observing and deliberating policies, and arranging strategies and consultation for the organization. Public affairs have a definitive function within the management to reach out to the stakeholders, especially the government, to create a sustainable relationship for the benefit of the company. This involves influencing public policy formulation and enhancement through the process of lobbying.

Based on the explanation, this research understands the process and strategy to enhance public policy through engagement with stakeholders through public relations and/or public and government affairs of international oil and gas companies, especially within the Indonesian government. The reasoning for the researcher to conduct research regarding the international oil and gas company lies in their significant correlation with public policy formulation and agreement with the government. Effective communication processes are essential for building strong relationship with the government for a successful policy enhancement within the business and operational. Therefore, understanding the strategy for stakeholder engagement relating to public policy is essentials well as the communication tools. As companies that produces oil and gas through earth extraction, produces raw materials and continues to sell them to the consumers, it will become a challenge and concern for the government as the primary stakeholders. The involvement of the government significantly influences businesses, as the government regulates public policy which is crucial for the companies in such business especially those that are foreign companies. To deal with the situation, companies would have to set a strategy through communication processes, such as lobbying the government through programs and engagement, to influence and enhance the public policy. A proper and successful stakeholder engagement process with the government is an essential foundation for the sustainability of the corporation, particularly regarding public policy. A good company provides intercorrelated and bilateral relationships with its stakeholders, including the government as the regulator of public policy. Therefore, this research aims to understand the strategy of stakeholder engagement to enhance public policy through lobbying with the government in the internati0onal oil and gas companies.

The research will provide strategies for stakeholder engagement through lobbying as part of the communication and may become the reference and guidelines for companies to implement to achieve the objective of enhancing public policy for the benefit of the business.

B. Research Question:

Based on the identification of the background, the researcher seeks an effective strategyfor stakeholder engagement in enhancing the public policy of international oil and gas companies through lobbying the Indonesian government. Therefore, the research questionis:

1. How does the strategy of international oil and gas companies with the Indonesian government in enhancing public policy?

C. Research Purpose

The purpose of the researcher within this study are:

1. To observe and understand the general activity of the public and government affairs in international oil and gas companies, focusing on stakeholder engagement as part of enhancing the public policy with the government and the challenges they struggle with.
2. To describe the effective stakeholder engagement strategy to enhance the public policy of international oil and gas company operations within the Indonesian government through lobbying as a communication process.

D. Research Benefits

1. From an educational perspective, the research is intended to have a positive influence on the communication studies for related practitioners within their scope of practice especially in corporate stakeholder engagement with the government. Additionally, the research may become a reference for further studies and research in the related field.
2. From a practical perspective, the research is expected to have beneficial outcomes and serve as a reference for evaluating process for companies, organizations, and corporations in stakeholder engagement through the lobbying process to the government.

E. Literature Review

1. Previous Study

The first previous research is *Public Lobbying: Examining the Influence of the Tobacco and Mining Industries in Australia* (2018), by Dr Mitchell Hobbs and Dr Lukasz Swiatek. The research defines the lobbying process as a public relations (PR) activity involving transparent, two-way communication. This process is usually favored by the government as it may provide perspective for the policy-makers in regulating a better public policy. However, industry such as tobacco and mining industry face debates, arguments, and resistance due to their impact on health and the environment. This happened in Australia where the two industries faced challenges from both to public and the government. In this situation, the PR created a strategy in which their goal influence public opinion and counteract criticisms. For the tobacco industry, the process continues with lobbying to fund the scientists to create the Tobacco Industry Research Committee, a program developed through extensive industry planning. The mining industry also contributes the lobbying process to the government through campaigns that are divided into reactive and proactive. The tactic has been implementedin such industries as tobacco and mining as the lobbying process through the role of PRin campaigns.

The research on Australian industries, analyzed through PR perspectives, is relevant to and parallel with this study. The lobbying process for the industries that are high risk and face particular resistance specifically from the government and the public is similar to this study's subjects, the oil and gas industry. Issues arise when the government as the policy-maker decides to battle against the industry for various reasons including environmental aspects. While lobbyists in PR and those in public and government affairs share some similarities, they differ in their specific agendas. Both, however, aim to achieve public and governmental objectives. The research highlights the argument, resistance, and battling process between the industry’s representative for lobbying andthe government as well as the public as they define and influence public policy.

The next relevant research is entitled *Praktik Lobi dan Negosiasi oleh Legislator sebagai Bentuk Komunikasi Politik* (Ardianto, et., 2020) is about lobbying as a communication process, specifically in terms of communication politics.

The research focuses on lobbying practices conducted legislators with stakeholders in discussing the formulation of the law in tax consultants. This research resulted in various findings, including the implementation of the lobbying process as part of partisan politics. In this context, the lobbyist is the legislator, who engages in five basic lobbying activities: forming coalitions with organizations, conducting research and reporting, communicating with individuals inside the parliament, select speakers and expert witnesses, and preparing for debate. The lobbying process includes negotiation as the part when the lobbyist shares the interest and reaches agreements with decision-makers based on specific circumstances. Negotiation as the communication process includes constructing narration, deciding the strategy, and managing the relation with a constituent. The process also involves implementing strategies to seek beneficial solutions.

This research employed a qualitative method, case study approach, and data collection through structured interviews and documentation. The data were analyzed through thematic analysis and triangulation of research on theory and data. The research is similar in terms of the method and data gathering and processing to my entitled research. The understanding of lobbying and negotiation by the legislator within this research also leads to strategies being implemented to reach agreements with the stakeholders. While not the main objective, this understanding is beneficial as these practices can inform strategies both lobbying and negotiation with these stakeholders. The focus is on engaging directly with the government as the regulator and act as the decision-maker. Therefore, the research is relevant to this study, which also focuses onstakeholder engagement through lobbying practice that also directed to the governmentas the maker of the public policy.

The research entitled, *How Multinational Corporations Use Lobbying and Advocacy to Mitigate Political Risks* (Gheorghe, H. & Iftinchi, V., 2018) is similar to this study conducted on the lobbying process of multinational corporations. Multinational corporations face risks from various threats from the host country. Among these risks, government intervention may involve regulatory changes that put the corporation at risk. The way to solve the situation is through lobbying the process of engaging the government and politicians of the host country. Through the process of this communication, the political risk could be managed and mitigated.

The study examines the case of Repsol, which invested in Argentina as part of the expansion of the business. The research identifies two limitations in evaluating lobbying success: the perspective from the government towards the multinational corporation and reputational risks. The whole process was challenging since there is a difficulty faced by the lobbyist as it relates to the situation where the informal character of the contacts makes the lobbying and advocacy process nearly impossible to identify. In this research, there is a similar understanding regarding how the corporation engages with the government for a specific interest. These interests may vary in enhancing public policy, advancing business objectives, and mitigating political risks. Multinational corporations face various risks and challenges, especially considering the business on which it directly affects the host country from various perspectives. However, this previous research also shares the mutual idea that multinationals could be beneficial for local economies if the whole process could run smoothly. The lack of a relationship with the government may lead to a negative impact on which it will affect to the business such as financial loss. Finally, the research explains the influence of international organizations on lobbying and advocacy.

2. Theoretical Framework:

A. Lobbying

Lobbying is defined as a process where a lobbyist shares a particular interest as part of influencing decisions with the decision-maker. The general purpose of lobbying is to provide appropriate decisions that are beneficial for the organization based on specific interests and needs. According to Mitrovic, M. (2017), lobbying is related to activities with stakeholders such as developing and enhancing public policy, seeking opportunities for new investments, building product capacities, and setting standards for technology and health in a safe environment. To establish effective communication with stakeholders during the lobbying process, lobbying process with the stakeholders, lobbyist also provide perspective for better regulation,

solution, or term with the decision-maker. It means persuading and enlightening stakeholders to view the particular interest more positively. The tactic of two-way communication become such an activity that has been favored as it may provide information and perspectives for a better decision (Hobbs, M., 2018). This whole process is conducted through the process of communication which becomes the foundation of the lobbying process.

Lobbying is an essential aspect of communication. Communication is an important aspect for lobbyists as it becomes the tool within their practice. According to Milbrath, L. (1960), communication becomes the only path in affecting as well as changing perceptions. Persuasion, negotiation, and influence are part of the process that is under the umbrella of communication studies. From a communication perspective, aspects of lobbying that require attention include the construction of communication strategies, rationality of ideas, influencing and driving decision- making, and clearly articulating thoughts. The foundation of communication also appears in further practical applications, such as the role of lobbyist in public relations. There are parts of lobbying in which public relations is implementing a campaign on certain issues as part of strategic communication (Valentini, C. & Ihlen, 2020). These various influences, viewed from a communication perspective, highlight the construction of public interest on issues, which is important for lobbying as it acts as a foundation of legitimacy and builds alliances. Therefore, lobbyists need to understand the concept of communicationin lobbying as it becomes the tool for the foundation of their practice.

To achieve their objectives efficiently, it is important to ensure the effectiveness of allocation of resources and time. Lobbyists may define strategy as a path to reach a particular success in lobbying, on which each lobbyist may have a different strategy during the process as it may be a subjective preference. From the many strategies for lobbying, Mitrovic, M. (2017) outlines a model encompassing key elements within lobbying such as information, credibility, appropriate communication, ethics, and legally based relations. STAP model provides a structured approach to lobbying, guiding the process towards decision-making. Mitrovic categorizes the STAP model into four main actions.

1) Static

The first phase of the STAP model strategy, called static, focuses on analyzing the parameters of the interest to be influenced. These interests need to be analyzed and aligned with the objective of the lobbyist. Aligning the parameters with the lobbyist's objectives helps establish a connection within the lobbying process, which can lead to successful outcomes. In the static phase, the lobbyist must understand and clarify the influence of stakeholders including the number and the form of the organization. Lobbyists should be concerned about the objective of the lobbying as well as to understand the surrounding social environment. Lastly, the phase emphasizes predicting the outcomes of the lobbying process, helping to forecast future conclusion.

2) Tangible

Tangible is the next phase after static, focusing on bringing the interaction to life. The definition of interaction could be seen from the intensity, polarity, and publicity dimensions, which act as the impact factors. These factors indicate the strength of the relation from the stakeholder's perspective, their response to the interest, and how the lobbying process is perceived by non-actors. Based on these factors, it develops a communication strategy based on the analysis that has been formed into a relational form.

3) Action

The next phase of the model involves acting on the previous analysis and consideration to develop and implement the communication strategy. This phase involves conducting communication activities such as informing, exposing, negotiating, and promoting with marketing tools, which is a key concept in thepressure technique in lobbying. This phase also considers the type of approaches with the stakeholder as it may vary based on the visible attitude towards the lobbyist's interests. These approaches vary from one-to-one communication, public hearings, public debates, and many other forms that public relations may use in conveying lobbying efforts. Through these steps, it may create feedback data which could be beneficial in rationalizing the resources of the process and gain traction for further step.

4) Pressure

The last phase of the STAP model is pressure which can be defined as an activity to create a strategic level of tension within the process. The process deliberately creates tension to provide the awareness of a particular stakeholder regarding the lobbyist's interest. The process avoids any illegal methods to influence the stakeholder. Instead, it fosters ethical communication support for the lobbying subject through engagement, forming personal dignity, and implementing a well- mannered practice towards the lobbying process.

B. Public Policy

The government is the institution that is responsible for creating, implementing, as well as maintaining regulations that govern public activities. However, the government itself should not deliberately one-sided regulation. The regulation must be beneficial and impactful for the public as it concerns the needs and interests that are important in their lives. Therefore, public policy is formed as a policy or regulation that has been formulated and involves the interest of the public. The objective of government in formulating public policy is to oversee the public's activity for a better and prospective life. The formulation of public policy may involve various groups, such as businesses, interest groups, and volunteers as partners of the policy-making led by the government (Handoyo, E., 2012). These groups can contribute to policy making by designing certain regulations or policies aimed at producing positive outcomes and benefiting thepublic.

Public policy has variations of definitions regarding the perspective and function of a specific problem formulation. These differences arise from experts' subjective perspectives in seeing the correlation between the government, the public, and its policy. Dye, T., (1978) in *Understanding Public Policy* defines public policy the government's action or inaction regarding certain issues. In this understanding, Dye emphasizes that whether the government decides to take action or remain inactive, both choices have significant impacts and consequences for the public. Each action of these actors may have a critical impact on the public. However, in some cases, choosing not to regulate may be beneficial and avoiding unnecessary risks. In another perspective, Anderson, J. (1979), categorized public policy with five characteristics.

1. Public policy is purposive, goal-oriented behavior rather than random or chance behavior. This characteristic is based on the urgency of the policy- making that may impact the public. Unpurposive and unclear thoughts, ideas, and planning should not be regulated as they waste resources.

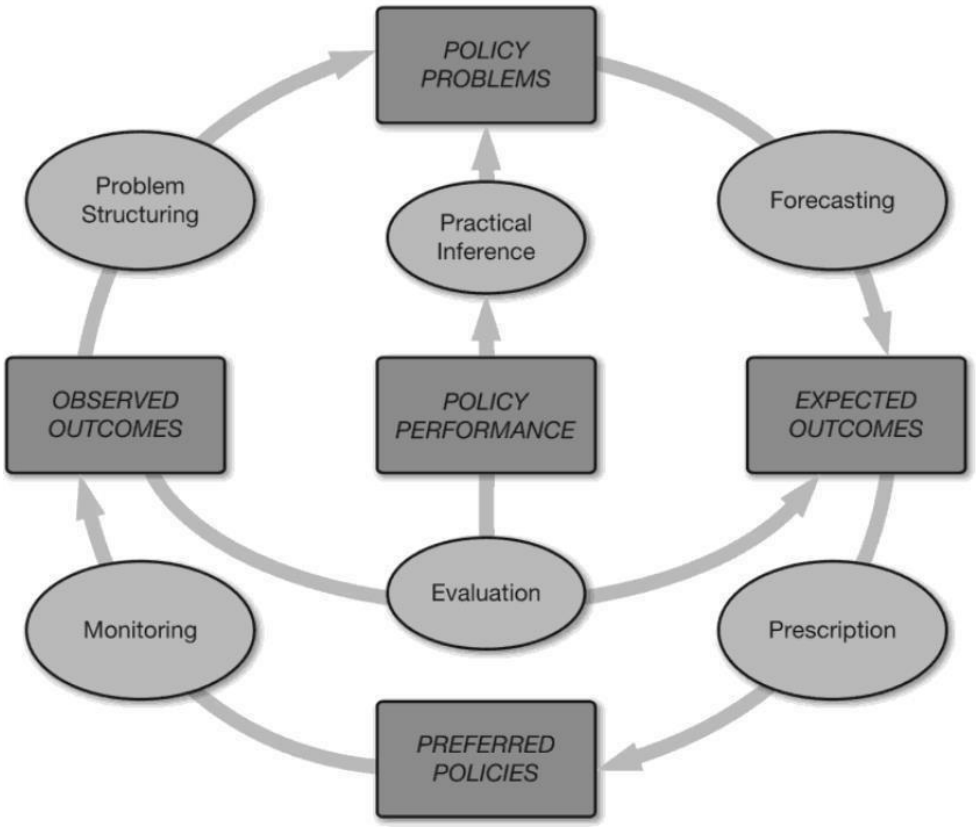
2. Public policy consists of courses of action, rather than separate, discrete decisions or actions performed by government officials. A policy is intercorrelated to other policies addressing public issues as these policies are oriented to action, interpretation, and law enforcement.

3. Policy is what the government does, not what it says it will do or intends to do. Action speaks louder than words, illustrating Anderson's point. The realization of a particular policy is what truly matters, as it has the capability and means to impact the public.

4. Public policy may be either negative or positive. It is similar to Dye's idea about the implementation of the policy. However, Anderson explains that policies can prohibit certain actions and direct the public to act in accordance with the policy.

5. Public policy is based on law and is authoritative. The formulation process of public policy involves government openness to public representatives, ensuring policies are beneficial to the public and address important legal issues. With its character as based on law, public policy has the authoritative function of forcingthe public to obey and follow this policy.

William N. Dun (2016) in "Public Policy Analysis" defining policy problem as an unrealized need and the availability of rooms for improvement. Knowledge for particular issues make the formulations for issues, agendas, and solution to be visible and that paths for fixing policy problem could be appropriately delivered. By this, inadequate and false information could lead the whole formulation to be useless as William mentioned as defining the wrong problem. Therefore, William in a systematically process has defined the articular process in defining as well as finding solutions for policy problem within the process of integrated analysis.



Picture 1.1.

The process of integrated policy

Within the process to integration for policy, it also consists of the expectation for the policy outcomes until the preferred policies within the formulation of public policy. These are the definition for mitigating the outcomes of the making of the policy, including the set the policies that the implementation would be much likely to suit better. Continuing within the process, observing is about studying the present and past policies that would become the knowledge and preference of the formulation by considering the previous process for pictures. This means to recognize the consequences that may appear within the time of implementation for the policy to the public. Finally, the policy performance is the observation of the implemented policies that have been formulated before. It seeks the tribute for the policies whether properly functioned, offer solutions, require reformulations, or even unsolved. This becomes the part of evaluation within the formulation of policies.

C. Stakeholder Engagement

Stakeholder engagement is a process for organizations, corporations, and companies in collaborative purposes to reach a particular objective. The engagement involves identifying specific stakeholders, understanding their needs, and prioritizing strategies for effective communication for the best use of resources. Effective communication occurs when the purpose of communication isachieved. This includes in the specific talking points of an individual or party by particular medium being used as a communication process. According to Jeffery, N(2009) in *Stakeholder Engagement: A Road Map to Meaningful Engagement,* the importance of stakeholder engagement lies in how one-party influences or is influenced by other stakeholders. Stakeholder engagement becomes crucial for organizations, particularly during crises or challenging situations. After all, engaging stakeholders brings continuous benefits for one organization as it may increase the performance and networking of an organization.

Continuing from Jeffery, N. (2009), the characteristics of stakeholder engagement focus on proactive, anticipative, regular, and defensive. These are the traits applied to engage stakeholders. Engaging stakeholders is not a linear process; instead, it is a dynamic and iterative process, allowing organizations to adapt and improve their ability for meaningful engagement. Generally, the stakeholder engagement process comes in stages from the pre-engagement to the post-engagement:

1. Planning, the first stage of the engagement process focuses on identifying basic objectives, issues, and the prioritization of stakeholders.
2. Understanding, this stage involves identifying both the situation of the organization and stakeholders and how they can affect specific functions. This part correlates the needs and wants from both parties. The technique could be implemented through profiling in to develop a strategy for further engagement.
3. Internal preparation and alignment, the stage for preparing resources and also identifying commonalities between the two parties. Preparing resources means the organization can understand its opportunities, as well as identifycommon objectives to reach agreements.
4. Building trust, it is a key action between the organization and the stakeholder as it comes with different levels and requires the willingness to trust. Trust is created based on the adaptation of evolving interactions.

5. Consultation, this stage involves giving fair representation to all stakeholders with detailed and holistic perspectives. This stage is realistic in the context of lobbying and negotiation with potential trade-off expectations. This phase also emphasizes direct responses that align with expectations and interests that have been identified instead of only focusing on self-objectives. However, consulting on key issues for the organization is also crucial as part of the main purposes of stakeholder engagement.
6. Respond and implement, this stage involves responding and deciding the agreements of concerns for stakeholders. This may be the stage that could affect the success of the future engagement. The process of responding serve as a guideline for the implementation of action towards the related stakeholders.
7. Monitor, document, and evaluate, this stage involves knowledge management for generating an accurate documentation through transparency within the progress. It includes reporting appropriately to stakeholders and understanding the success level of engagement, including cost-benefits, reputation, risk management, and new business model.

Stakeholder mapping is another component in ensuring the successful implementation of stakeholder engagement. Stakeholder mapping is a process of understanding the key persons, groups, communities, and external parties that may influence the decision-making of certain issues. According to, Bernstein S., Weiss J., & Curry, L., (2020), “Successful implementation of a new policy, process, or practice depends on many factors, including identification and analysis of stakeholders, which may include the individuals, units, agencies, or organizations needed to implement a policy, process, or practice”. The visualization for stakeholder mapping guides the identification of individuals and organizations that are correlated to the most influential within the program implementation. This divides the importance level so that it is easier to identify and understand. These visualizations are called stakeholder circle or circle of influence. Another aspect to consider is the classification of stakeholders using the power-interest grid.

The grid offers a a way to determine the high influence and interest of specific stakeholders. According to Davis, K. (2024) in *Power Interest Grid: How to Use, Benefits, Examples,* the grid is useful in identifying and prioritizing specific stakeholders who have vested interest in the project. Allocating resources wouldbe much more effective in understanding the priority of managing these pivotal stakeholders. This continues to surely understand the motivation of stakeholders which defines the interest and also the power of stakeholders within the successful influence for stakeholders. The grid also guides the development of effective engagement strategies in crafting effective communication and approaches for particular stakeholders. By identifying the power-interest grid, it can also serve as a proactive tool for identifying stakeholders in case of a conflict. Foresight enables an early recognition of potential conflicts and resolutions even before they escalate further.

Effective and successful stakeholder engagement for sustainable results and relationships is the result of engagement maintenance or management. The network within stakeholders creates its environment and sphere for influence and support. The important aspect in managing stakeholders is understanding the directions of influence that have to be operated to realize the project. Accordingto Bourne, L. (2006), these directions and influence are among within these paths:

1. Forwards, it involves the component for anticipating and planning.
2. Backwards, the process of developing and maintaining control systems, historical records, and the explicit or implicit knowledge of others.
3. Upwards, developing and maintaining communications with related senior managers who provide vital support and organizational commitment for the project.
4. Downwards, managing downwards is included in involving the team for the related project.
5. Inwards, the process of including related stakeholders in giving feedback on the ongoing project and the management matters within the project and the evaluation from practitioners.
6. Sidewards, this process involves managing the project manager’s peers and partners for collaboration instead of competing.

7. Outwards, this involves communicating the needs and impacts of a large group of stakeholders for the project. These are external stakeholders that have such directions and influence from the public, government, shareholders, and lobby or action groups.

For organizations, specifically the project managers, it is important to understand the culture of the sponsoring stakeholders. Nurturing an appropriate culture is crucial and understanding the diverse culture is important as each organization has its uniqueness through various factors. Project managers have less formal power over external stakeholders. To solve this, ongoing and continuous communication and relationship-building are a must, focusing on the personal power of influential stakeholders. Effective communication becomes vital in the process of enhancing relationships with stakeholders. According to Bourne L. (2006), the success of a project is often linked to the relationship's quality, which depends on regular, planned, and necessary communications with all members of the project's stakeholders. Maintaining ongoing relationships is also a form of active early warning system for project managers to recognize danger signals for possible issues among senior stakeholders. Issues include stakeholders interfering without consultation, failure to meet agreed support, lack of communication due toexcessive reporting levels, and unfounded promises and commitments. Through a targeted communication strategy, the potential risk could be managed closely. Therefore, effective stakeholder management is crucial for project success, especially for key stakeholders who hold significant influence. It is essential to ensure mutual understanding and alignment of goals and expectations with currentstakeholders.

F. Research Method

1. Type of Research

The research used a particular method to obtain the information and data from the targeted resource. The qualitative was chosen as the method for this research. Qualitative research seeks to understand descriptive and situational aspects based on field resources, which it became the essential point based on the research.

This qualitative research approach involves generating narrative descriptions and constructing case studies based on naturalistic perspectives (Patton, M., 2005). Thus, the research used the method to reach the means of descriptive understanding within the progress and the result.

The method was chosen because the research focused on analyzing the steps and strategies of stakeholder engagement in enhancing public policy through lobbying. Lobbying could be analyzed through communication experience and technique, which means the effective way to understand this process is from a person who has been experienced in the related field. This approach also involves techniques such as document studies and interviews.

2. Research informants

During the research, the information was collected from informants relevant to the objective of the research. The information sources were international oil and gas companies operating in Indonesia, focusing on the public and government affairs departments involved in stakeholder engagement process. The practitioners in these departments were the primary source of information for the process of stakeholder engagement, lobbying, and public policy. The researcher conducted a single interview session with two informants from the department.

3. Location and Period of Research

This study was carried out by collecting data through interviews with one international oil and gas company based in Jakarta, Indonesia. The process involved direct interviews with representatives at the company's head office. The meeting was first arranged by contacting the department's representative and agreeing with policies regarding the interview session. Document studies were conducted flexibly by the researcher and were done continuously over time. The period of this research was approximately 8 months. The length of the research depended on the scheduling of the interview session and the understanding of the findings and analyzing them for further discussion and conclusion. This timeline aligned with the initial plan, starting in the Q4 of 2023 and was completed in the first to second quartal of 2024.

4. Data Collecting

A. Interview

The research used the interview as the primary data collection. In-depth interviews were conducted to collect information on stakeholder engagement through lobbying in enhancing public policy. The interview was considered the most effective way to collect data based on the experience, procedures, and study cases. The interview allows participants to engage in the conversation on which they may express their social life and subjective opinions based on the thoughts and experiences (Alshenqeeti, H., 2014). The interview process was conducted by carrying out a two-way communication process with relevant questions and answers on the topic.

No.	Sources	Positions	Date of Interview
1.	Informant 1	Public and Government Affairs	January 25, 2024 at 09.00 – 11.30
2.	Informant 2	Public and Government Affairs	January 25, 2024 at 09.00 – 11.30

Table 1.1.

Informant List

The limited source of informants is due to the strategy and practical ways for stakeholder engagement along with lobbying as the tool of communications are mostly confidential for organizations. Although publications of lobbying and the result may be accessible for the public, the medium, steps, strategy, and openness for information may be limited as those are part of business strategy that differ to organizations. Moreover, the informants of the interview have pointed out the anonymity for names or the company and the employees. This was the policy of the company to keep the confidential and that the research only be used for academical purposes only. The research also focuses on and limited only from the perspectives of the international oil and gas company while various stakeholders were mentioned as related parties for the related topic of the research with the company.

5. Document Study

The research also used the document studies, primarily from websites and articles along with other related sources as supporting data. Document studies function as the secondary data which allows the researcher to gain a wider perspective and information based on written sources. The data was collected based on the particular content and information related to stakeholder engagement and lobbying activities with the government in enhancing the public policy of the company. To support the interview as primary data, the researcher studied and focused on the following related documents:

No.	Document Study	Link of reference
1.	Official Website of Shell Indonesia	*https://www.shell.co.id/en_id/media/news-and-media-releases/news-2021/shell-indonesia-drives-environmentally-friendly-energy-solutions.html*
2.	Official Website of British Petroleum	*https://www.bp.com/en/global/corporate/sustainability/our-approach-to-sustainability/policy-and-advocacy.html*
3.	Official Website of Chevron	*https://www.chevron.com/-/media/chevron/investors/documents/2021-lobbying-and-trade-associations.pdf*
4.	Natural Resource Governance Institute	*https://resourcegovernance.org/articles/data-payments-international-oil-companies-indonesias-government-expose-transparency-gaps*

5.	Official Website of Ministry of Foreign Affairs of the Republic of Indonesia	*https://kemlu.go.id/portal/en/read/4110/berita/pursuing-1-million-barrels-production-per-day-indonesian-oil-and-gas-companies-synergize-in-adipec-2022*
6.	Frank Feulner (The Jakarta Post), (2015). The boon and bane of lobbying	*https://www.thejakartapost.com/news/2015/11/19/the-boon-and-bane-lobbying.html2*
7.	Alexander Malden and Fikri Zaki Muhammadi, (2019). Indonesia's Oil and Gas Revenues: Using Payments to Governments Data for Accountability	*https://resourcegovernance.org/sites/default/files/documents/indonesia-oil-and-gas-revenues-using-payments-to-governments-data-for-accountability.pdf*

Table 1.2.

List of Documents Study

5. Data Analysis

Data analysis is the phase of compiling all the data to be processed and analyzed. The data were collected from various activities in collecting the data based on the primary and secondary sources. The data were obtained from interviews, documentation, and other collected information. All of the data were categorized and selected based on their relevance and accuracy relative to the focus of the study This process includes a literature review, which serves as the research's foundation, ensuring consistency throughout. The data were compiled and analyzed to generate the research findings. Findings are the specific point of

the whole research which was interpreted as the results of the study in further details. The discussion was the phase of relating the findings with theory and to analyze the relevancy based on the perspective from the literature review and previous study. Finally, the research concludes with a descriptive analysis of company's stakeholder engagement strategy in enhancing the public policy, which becomes the final objective of the study. These are all the compiled as the whole research filled with analysis from findings, discussion, to conclusion of the research.

CHAPTER 2
GENERAL DESCRIPTION OF RESEARCH OBJECT

A. Oil and Gas Company

a. Overview

An oil and gas company is a business that involves a large scale of various and complex operations and processes. The company operates the extraction of raw materials, transporting, processing, and production, to marketing and selling. The extraction of the materials requires processes from gathering information by studying the most potential sites for drilling to building the well to extract these oil and gasses. The process continues until the refining, production, and promoting to selling to consumers various products such as gasoline, diesel, lubricants, automotive oil, synthetic rubbers, advanced plastics, and lithium.

Almost every nation worldwide has its own oil and gas company whether owned by the government or private companies. The ownership of the company is beneficial for the nation to have since the operations would be mostly handled by the nation itself, meaning it could adjust to the needs of the consumer, and the people within the nation and fulfill the consumption rate. However, for a big nation such as the United States, there is no national oil and gas company, instead, there are numerous companies owned by private sectors. The country depends on private sectors for production, on which private oil companies tend to focus on profit. However, there are also big nations such as Saudi Arabia, China, including Indonesia that prefer state-owned entities to produce the oil in the pursuit of commercial opportunities in service of national priorities. The main objective is making sure the supply of energy is balance with the nation's needs since fossil fuel production is highly related to energy security. Not only with the supply of energy but also the manageable price for the country to handle. When a nation can producetheir oil, it means the less vulnerable the country from outside supply shocks of energy.

b. International Oil and Gas Company in Indonesia

Oil and gas are still the top wanted commodities in the world due to their consumption needs and their usage on a daily basis for every nation. Although there is an alternative for greener energy, most nations still depend on such energy and heavily rely onfossil energy. To answer the situation, various nations have expanded their branches of operations worldwide. There are continents hosted by all types of nations that have the potential of oil and gas reserves that could be produced into goods and products.

These companies collaborate with the local government to operate their business from exploration and drilling for these commodities or just selling their products as part of the downstream operation. These companies usually make programs and investments within the host country to create mutualism for the benefit of the company and the hosting nation for sustainability.

Indonesia has been the host country for various oil and gas companies worldwide. These companies collaborate with the Indonesian government to operate their business in various operations from the integrated upstream, and midstream, to downstream and the independent company that only focuses on one segment of the industry. Companies that operate in the upstream sector have the operations of exploration on potential sources of the energy across the country. The same thing on a downstream operation where companies provide the market and the product to the consumers which are the Indonesian people. The collaboration between the company and the government is expected to have positive output not only for the profit and worldwide branches of the company, but also the impact that could be directly felt by the locals from various benefits of the investment, jobs for Indonesians, sustainability of the region's health and environment CSR activities, and programs on agreement.



Picture 2.1.

British Petroleum Tangguh Liquified Natural Gas (LNG) project in Bintuni Bay, West Papua

Source: https://asiatoday.id/wp-content/uploads/2022/12/Picsart_22-12-24_06-15-06-410.jpg



Picture 2.2.

ExxonMobil's Central Processing Facility of Banyu Urip field located in Bojonegoro, East Java.

Source: https://imgsrv2.voi.id/m-9qEkNVPMB63fEZjOCL3IDfAz-ShXLGiSh1GgMK0co/auto/1200/675/sm/1/bG9jYWw6Ly8vcHVibGlzaGVycy8xNzE3MjUvMjAyMjA1MjUxODM2LW1haW4uY3JvcHBlZF8xNjUzNDc4NTg2LnBuZw.jpg



Picture 2.3.

PetroChina Jabung Block in Jambi, Sumatera

Source: https://jambiindependent.disway.id/upload/e376ca79a80c7842f72154ce35819d07.jpg

B. Public and Government Affairs

Public and government affairs is the department that has the objective of focusing on the relationship between the company and within governmental spheres. The government is usually categorized as the primary stakeholder for enormous domestic and foreign companies where it holds the key to the company's business and operation. The relationship is crucial due to its role as a political reference that affects regulations and the whole business as it may affect both the short and long-term operations. The department's activities range from organizational communication of a company with the governmental public until helping the company to the government, legislators, interest groups, stakeholders, including the media. It may also solve the crisis and issue management, corporate social responsibilities, information dissemination, and strategic communication advice, until the negotiation to public policy formulation. These acts are strategic movements of a company's representative to deal with issues and interests of the company where the communication process including the lobbying efforts is directed. Public and government affairs implement this lobbying activity based on the concern that may affect the company's structural organization, the business operation, and maintaining a good relationship with the government.

As lobbying becomes part of the task for public and government affairs, the focus goal of the department is to negotiate in terms of the formulation or adjustment of public policy. Public policy creates a structured regulation that every organization and company has to obey and follow within their operations of business and activity. These public policies vary in the large scale of prioritization such as international trade agreements, exchange rates, security and protection, legal activities of business operation, wages, and working conditions, national and foreign regulations, and many others based on the company's interest. The objective is to ensure these policies are adjusted and beneficial for the company's business operation while maintaining a good reputation and relationship with the government. That is why the function of public and government affairs can be narrowed into these focuses such as legislative, regulatory, and lobbying activities based on issues.

CHAPTER 3
FINDINGS

A. Findings

The research findings answer the previous problem formulation that has been formulated earlier. The problem formulation and findings are combined to seek mutual correlation as the purpose of the research as well as the focus for the researcher in collecting the data. The researcher primarily used in-depth interviews with the public and government affairs of the international oil and gas company. The researcher also used supporting data by observing official websites, news, and scientific journals to adjust and correlate with the primary collection.

1. Public and Government Affairs

International oil and gas company is not a monopolistic company, meaning that there is management amongst other functional departments, including the Public and Government Affairs (PGA). The role of PGA in an international oil and gas company is to facilitate and lead the management of the other functional departments. In the case of management or these functional departments have issues and concerns, the PGA is the department responsible for facilitating them, specifically in terms of the issues related with the government as the regulator and policy to decision maker.

The PGA is the one responsible to facilitate the functional department to engage and communicate with a specific ministry and with specific persons. PGA will give them the talking points to deliver, which suits the characteristic of the person to communicate or lobby and discuss. The department also understands the background of the person so that the process of communication would align and be suitable. PGA is also the department that makes the schedule and plans the meetings for other departments to lobby with the government. This is why the PGA has a solid relationship and network with the government since those are the department's scope of work. All in all, the PGA's work is to lead and facilitate these departments and management to reach their objectives through lobbying the government and partners.

Informant 2:

"So, just to add that it is like an orchestration. Orchestration within the symphony, there is a conductor in the front to make the partiture. The conductor is the one who leads, but the conductor neither plays violin or cello. There are individual functions, brass, and the team plays brass. String have their team and play and each section has its lead. Now the PGA is like the conductor, who makes the partiture, knows when to sing, when to have a concert. He's the one who makes the plot. 'Alright, tomorrow we'll play this theme, here's the audience, so the partiture would be this one'. Not just to the government but also to journalists and media. And that we also give the teaser made, to let the functional know to management. This is about interest".

["Jadi mungkin nambahin sedikit contohnya orkestrasi. Orkestrasi dalam sebuah simfoni itu kan konduktornya di depan yang bikin partiturnya. Leadnya adalah konduktor tapi kan konduktor ga main, violin, kondukter ga main cello. Ada function-function sendiri, oke yang yang brass timnya main brass. Oke yang namanya stringnya ada sendiri dan masing-masing section itu ada lead nya. Itu sebetulnya, PGA itu lebih ke konduktor, bikinin partiturnya, kapan nyanyinya, kapan konser. Dia yang bikin plot. Oke besok kita main temanya ini ya, audiensnya adalah ini, so partiturnya akan main seperti ini ya. Bikinnya bukan hanya ke government, tapi juga ke wartawan, media. Terus tadi kan juga teaser juga yang dibuatkan ya, tentang juga ngasih tau si functional to management. Ini tentang interest."]

Within the process of lobbying, it is important for the company, especially for the PGA, to understand the key person who could influence the decision maker. This makes the lobbying and engagement process to be more effective and direct. This is about understanding the targets for people of interest. This is because the decision of the person acting as a decision- maker may be influenced by particular parties or individuals. The particular person may be included within the circle of influence for the decision, even with the closest person who is not related to the case.

By this, PGA needs to understand this mapping of personal interests both structural and cultural. Structural means the person within the case that may have the interest and influencing the decision maker while cultural means social connections of the person of the decision maker that have no direct intercorrelation on the field related. Therefore, PGA has the ability and data to identify the ultimate decision maker, first tier, and second tier which are part of stakeholder management and circle of influence.

In approaching the particular person in the lobby, pairing a person is as crucial as the lobby itself. Pairing means the people within the discussion of lobbying have the same level. For example, if the person to lobby is the president, then the match of a person to lobby is the class of board seniors of the company or even the CEO. This creates mutual respect for the equal power of status that runs the factor for successful lobbying. However, not only the people within the meeting lobby have to be focused, but also the people on the working level. These working levels are those who are going to work on the process of lobbying. Again, it correlates with the previous circle of influence that a particular person or party may affect the success of lobbying. The company would not want to create a notion of high-level only to approach while these working levels are being ignored. The intention of this is to create a sense of importance at all levels in working on this lobbying. This is generally based on culture, which means each situation, usually the nation, may be different from one to another. The bureaucracy is adjusting to one's culture and the company would have to adapt to it. It is based on the style of bottom-up communication that has to be in line with Indonesian culture in this case.

Public and government affairs of the company are highly correlated in terms of stakeholder engagement and lobbying. The success of lobbying could usually be determined from the result and post-effect of the lobbying. In the case of lobbying for the government, a sense of trust and respect is one of the signs and indicates successful lobbying. The key to the success of this lobbying is to create a win-win solution. Because between the government and the company is not a competition, but a collaboration. Building creative solutions and breakthroughs towards the problem creates both winnings and achieving objectives for both parties that would beneficial.

Other signs of successful lobbying are the process being followed by other companies that have similar issues. For example, in the case of a settlement of the company's drilling contract that fails, it has successfully reached agreements with the government through dispute settlement. Other companies will follow the settlement model and the solution within the issue. This topic is discussed within the closed forum in an industry association where multiple energy industries especially oil and gas companies gathered to discuss certain issues, development, and collaboration. The forum is the place for thisdiscussion where multiple companies may share the concerns and issues they face. In the end, the success of lobbying will increase the social capital that will continuously enhance the company's reputability, making the company the top choice in the eyes ofthe government. This is the result of having a good relationship with the government seeking mutual benefits and focusing on collaborations and creative solutions towards issues by understanding and respecting both companies and the government's objectives.

2. Stakeholders Engagement

Stakeholders are important for international oil and gas companies. The relationship between the company and its stakeholders is crucial to be engaged and maintained for the company's business operation. For instance, stakeholder engagement could bring value to the company in various ways depending on the correlation of the company with the specific stakeholder. This could range from regulations, business to business, local society, media exposure, daily supplies, and technical during operations. For one international oil and gas company, there are mainly 7 stakeholders involved ranging from the government that correlates with contracts, the ministry of human resources, maritime and investment, the media, supporting vendors, into head village, and to the community. These are grouped into general functions thatcorrelate with policies, operations, public exposure, and social. Mainly, they areclassified as the stakeholders that have the impact on the so-called, license to operate and social license to operate. For international oil and gas companies, stakeholders have a variety of functions and impacts on the company. This is also a differentiation of importance between one to other stakeholders involved with the international oil and gas company.

To pilot, the relationship for international oil and gas company with the government as the stakeholder is mainly about contracts and agreements, which is known as Kontrak Kerja Sama (Cooperation Contract) with SKK Migas as the party, while the oil and gas company as the Kontraktor Kontrak Kerjasama or known as KKKS (Cooperation Contract Contractor) where this is included as the license to operate.

Informant 1:

"The importance from the government is obviously that they contract us as the cooperation contract contractors with the terms that have been on an agreement in cooperation contract with SKK Migas. The most important thing from the perspective of a commercial is the license to operate which is issued by the government,…"

["Kepentingannya kalau dari government itu jelas mereka adalah yang mengontrak kita sebagai kontraktor kontrak kerjasama dengan terms yang sudah kita sepakati di kontrak kerjasama SKK Migas itu pihaknya kontraknya itu kontrak kerjasama. Yang paling penting itu dari segi komersial license to operate itu dari pemerintah,…"]

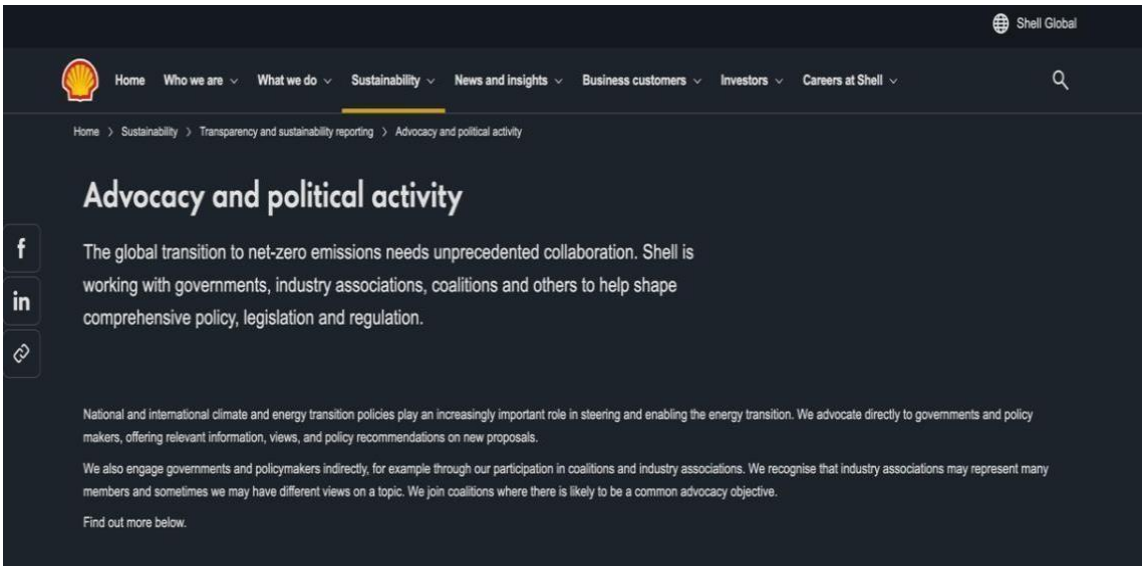
Relating to the government as the stakeholder for international oil and gas companies, the relationship is crucial especially in terms of the government as the regulator in public policy. The importance lies above the agreement between the company and the government that has been formulated in the early conversation and has to be respected by both parties. Engagement applies when the company gives the perspectives of the government relating to the contracts that have to be honored and if it goes to a halt, then one party can defend based on the facts and contracts agreed. One case is related to the tax when the agreement was to pay 12% of the profits in the products sold to the government. This is the example of regulation that has been agreed with both parties. The company respected the contract and was responsible to do an obligation in paying the taxes even when the company was not in its best financial situation. The company defends itself when there are interruptions or new introduction that are not based on the early contracts that potentially give negative outcomes for the company. It is called strict integrity based on the reason for honoring the contract with the government as the regulator.

Informant 1:

"… in the early contract, it was mentioned to pay the tax for 12%. But when Covid hit, for example, the government decreased the tax to 10% for example. It would be beneficial for the company, but then we would honor the contract by paying 12%. It is the same when the government introduces other rules when the oil price increases and to pay 15%. Based on the early agreement."

["… di awal kontrak disebutkan membayar pajak 12%. Tapi kemudian karena Covid misalnya, pemerintah menurunkan pajaknya jadi 10% misalnya. Itu kan menguntungkan buat kami sebagai perusahaan. Maka kita akan meng-honour kontrak. Kita akan tetap bayar 12%. Begitupun nanti ketika pemerintah introduce aturan lain misalnya ketika harga minyak tinggi terus pemerintah mengatakan bahwa ini pajaknya mesti 15%. Enggak, kita akan tetap bilang ke pemerintah, ini pajaknya 12% seperti yang sudah kita sepakati di awal kontrak".]

This applies due to the long term of operation that is called a Project Life Cycle. The project may have a period of 35 years, depending on the contract itself, and could be extended. During the 35 years of the contract, the company would have to keep and sustain the value of the contract that was signed at the beginning. The correlation between the company and the government lies within the public policy through contract on which both parties would have to be responsible and consequent with no unilateral decision from one party to increase or decrease the value of the contract. However, the government could introduce new regulations and policies but only for future contracts. The changes of the regulation could not be conducted within the ongoing contracts as it may influence not only the program that will affect the operational activities of the company, but it could spark the possibility of cracks in the relationship that has been built. This relationship is important for both the government and the company, maintaining the relationship and avoiding any one-sided and unagreed decision. For this reason, altering the present and ongoing contract by both the government and the relatedcompany is not an option in terms of building a good image and sustaining a good relationship.



Picture 3.1.

Shell's Official Website on advocacy and political activity

Source: https://www.shell.com/sustainability/transparency-and-sustainability-reporting/advocacy-and-political-activity.html

For Shell Company as one of the well-known International Oil and Gas Companies that operates in Indonesia, engaging the government as one of the company's stakeholders is the medium for communicating planning, views, and objectives. The company tends to offer relevant information and proposals for promising programs that help both parties in reaching their common goals, in this case, to reach the global transition to net-zero emission. The program allows the company to promote a healthy and positive impact on the operational activities within the industry. Thus, as it aligns with the government's objective as it may become of the concerning issues, the offering through lobbying as a communication process would be much more reliable. Within the process, conducting a lobbying process as a so-called advocacy process, engaging the government as the policy makers could be conducted indirectly. This strategy applies when the company approaches industry coalitions to reach common goals through programs that benefit both, in which the company supports the government's agenda forcollaborations and further achievements in the future.



SHELL INDONESIA DRIVES ENVIRONMENTALLY FRIENDLY ENERGY SOLUTIONS THROUGH LOW EMISSION PRODUCTS PORTFOLIO EXPANSION

Apr 29, 2021

Jakarta - Shell Indonesia solidifies its commitment in powering the world's transition into cleaner energy use through low-emission product portfolio. Align with the Powering Progress strategy set globally by Shell to accelerate the business transition into a net-zero emission energy company in 2050, Shell Indonesia supports the Indonesian Government's agenda in reducing the global warming rate in order to achieve Paris Agreement's commitment.

"Shell's global strategy is to thrive to be at the forefront in supporting the world's society in using cleaner and more sustainable energy. We do this through our developments of low carbon products and various energy efficiency solutions. These have become a part of Shell's new global strategy, namely Powering Progress," said **Shell Indonesia President Director and Country Chair Dian Andyasuri.**

Shell does not only apply the low emission principle in the development of products and services, but also throughout the company's operation by reducing carbon intensity on each material, technology, design, equipment, operational mechanism, and by educating its employees. Shell believes that all decisions taken by the company, suppliers, partners, and employees will be significant in achieving the ambition to be a net-zero emission energy company in the future.

Picture 3.2.

Shell Indonesia Official Website on collaboration with the government

Source: https://www.shell.co.id/en_id/media/news-and-media-releases/news-2021/shell-indonesia-drives-environmentally-friendly-energysolutions.html

As the government holds important aspects for policies, big industries like international oil and gas companies require supportive manpower and supporting partners such as vendors and parties to enhance business operations. For the company, these stakeholders have the definitive function in the license to operate, which means these typical stakeholders hold crucial parts within the operations. Internal stakeholder consists of the employees working in the company in various concentrations and fields. However, there are also certain conditions where the company had a shortage of manpower as the operator within the operation. Therefore, the company had a program to develop local society to be part of the company as a worker. The company was asking brilliant talents within the local society of their operational sites to then build the facilities and the company's structure. Not only did the talent work for the company, but the company also developed their skills and capability by sending them to the company's affiliation in foreign countries such as Russia and America where they will learn by studying the operational activities of international oil and gas companies outside Indonesia. The company believes that sending these local brilliants to study will enhance and upgrade their skills to opportunities on a global level of experience. The awardees are later on becoming the champion and operator in Indonesia. This means the company is not only developing and working them but also as part of upgrading skills to have competitiveness at global level and long-term skills that would be beneficial for the company.

All in all, the company already recruited these brilliants and is already working for the company which will then be upgraded where it becomes the level of importance as part of the stakeholder.

Informant 2:

"There are also local people around the village, so they have a background who sells meatballs, café staff, Quran teacher, but they are the brilliant people that we trained in Akamigas, teaching them English. From over 10.000 applicants, there are 110 chosen engineers. We bring them to study in Africa, Malaysia, America, and Russia to learn and directly experience the practical by working there. Well, now they are already back".

["Ada juga masyarakat pemuda-pemudi sekitar di desa itu, jadi ada yang background-nya jualan bakso ada yang jaga warnet, guru ngaji tapi memang mereka brilliant gitu kita latih bawa ke Akamigas kursusin Bahasa Inggris. Dari 10.000 applicants akhirnya terpilih 110 engineer. Itu kita sekolahin kita juga bawa ke Afrika, Malaysia, Amerika, Rusia untuk belajar langsung praktek kerjalah di sana. Nah sekarang mereka sudah balik lagi"].

International oil and gas companies also have partners as their stakeholders as part of operational support in business and the field. A business partner is among the stakeholders that support the operation of the business. It did not specifically mention the particular partners, but it can be analyzed that these business partners hold an important part in the operation. The company also has vendors who support their operational production. These vendors also work as contractors that support the company's operations related to the business. Among them are also catering that provides foods and beverages for the company during the working operation all from the field and the office.

Informant 2:

"For vendors, the provider of catering service on the field is also our stakeholders. So the level of importance is different depending on the role and the intercorrelation with the production operational".

[“ Untuk vendor, penyedia jasa catering di lapangan itu our stakeholders juga jadi levels of importance-nya itu beda-beda tergantung peran dan keterhubungannya dengan operasi produksi”].

Continuing for external parties, media is among the stakeholders for international oil and gas companies as they act as the company’s publication on profile, activities, and image. Journalists are among the media who have a connection with the company as they cover the news on the field. The media holds a critical role as they picturize the company’s image, programs, and even the crisis of the company. Certain issues could trigger the public into a catastrophe situation for the company, even worsening with the stigma of the oil and gas industry that extract natural resources within the Indonesian people. However, for the company, the relationship with the media is important to be engaged and maintained as they are part of the company’s stakeholders. The company is building mutual trust and respect with the media as the mutual trust will give them better opinions but still be honest. This is emphasized when the company would not “buy” the media for the benefit of the company in better picturization. The company would prefer to let the media and their journalists do their job. Ethically, the media would be at best to stay neutral on both sides for good and bad news or situations. This is the part of the company where they let the relationship with the media stay neutral and not be transactional-based.

Informant 1:

“We even do not want them to pick a side, no, just do your job. We build our relationship based on trust, not transactional so stay organic”.

[“Kita gak mau bahkan ngebelain kita dong, enggak, just do your job. Kita bangun hubungan kita based on trust bukan transaksional jadi organic gitu”].

Lastly, communities and people are among the external stakeholders for oil and gas companies that are included to influence the social license to operate. The company needs to have and maintain a good relationship with the local community since the company’s operations are within its spaces and lands. This means the communities and people living there may have an impact on the company’s operation site. The disturbance might vary from noises, electricity disturbance, or debris.

This might happen when the company requires a situation such as equipment maintenance, the fixation of the turbine, or even a drilling operation that will definitely impact their surroundings. Therefore, the company needs to be able to live ina good neighborhood within the community and people. Getting to know, it creates mutual respect and benefits for both parties. The company has a program called Community Development, a program to engage and sustain relationships with the community and people as the company's stakeholders.

The program's objective is to create mutual benefits in which the community and the people could live in prosperity with supporting facilities and opportunities while the company is accepted to operate within their land. Through this, the company deliberates a communication process to understand what are the needs of the community. This communication will lead to both understanding the situation based on the urgency and prospectus investment that creates a better and sustainable result. The company chose to use two-way communication in supporting the communities and its people instead of caritative support. Caritative means the support by giving support and attention directly in the form of obvious and particular support which may be understood as by giving a certain amount of money. The company chose to develop the community and the people to be able to independently create their opportunities by giving capital and chances. The company believes that doing so will have a better outcome for the communities and the people to have more skills and knowledge to be continuously developed. The communication process is conveyed and discussed with the key person in the communities such as the head of the village, Ulama, Kyai, also elders within the society.

Informant 1:

"We have an event since we would like to drill, please come! Please for the head of the village to come over, or maybe the people would say, 'We are in a difficult situation, how would it be?' 'Alright, what do you need?' 'We need a road to be built', then we would say, 'We think that you do not need a road, let us make you a toilet facility with a clean facility'. The process is called dialogist participatory. Not when the company has certain money (to support in a caritative way). 'How much money do you have?' 'We do not have money'.

‘How about you build the facility, you prepare for the materials and components’. ‘Oh, we do not have the skills and expertise for that’. ‘Alright, we will give you training for you to be able to build a clean water facility’. ‘So howabout the maintenance?’ ‘So it would be from us again?’ ‘How about we collect Rp500 for 1 gallon of water for the maintenance’. So that is the communicationprocess”.

[“’Kita ada selamatan nih dateng ya kita mau ngebor nih! Nanti kades-kades dateng ya’, atau sebaliknya masyarakat bilang, ‘Wah kita lagi kesulitan ini nih gimana?’ ‘Yaudah butuh apa?’ ‘Butuh jalan dibangun gitu’, terus kita bilang, ‘Kayaknya kamu belum butuh jalan deh, kita bangunin jamban aja gimana, fasilitasnya bersih’. Jadi proses itu tuh partisipatif dialogis sifatnya bukan karena terus oke perusahaan punya uang sekian. ‘Kamu punya uang berapa buat patungan?’ ‘Kita gak punya duit’. ‘Yaudah gimana kalau kamu yang bangun gitu kamu nyediain bahannya juga gitu’. ‘Oh, kita gak punya keahlian’. ‘Yaudah kita kasih pelatihan untuk kamu bisa bangun fasilitas air bersih misalnya’. ‘Terus perawatannya gimana?’ ‘Masa dari kita lagi gitu’, ‘oh yaudah nanti kita iuran gitu satu liter air 500 rupiah. Nah itu untuk maintenance’. Jadi proses komunikasi itu tuh dilakukannya seperti itu”].

3. Lobbying to the Government in Creating Trust and Respect

Lobbying is one of the tools in stakeholder engagement for international oil and gas companies. To this term, lobbying is among the communication processes between the company and the government in enhancing public policy. Public policy is essential for both parties as it becomes correlated with the existing to future contracts that may affect the operation. Fundamentally, both the company and the government needed each other for sustainability and operation, the company needed the regulation and access to operate while the government would have benefits from the income from the company’s earnings and taxes. In general, the accumulation of the company’s profits does not directly run into their pocket. Over 85% percent of the company’s profits ran into the government’s pocket while the rest is only 15% that will be profited to the company. Within 15% of the company’s part profit, it may also be divided among other companies, vendors, and parties who are involved in the operation. This makes the company only profit in small numbers if compared to the government

who will gain in clean money for the profits. This is the obvious correlation between the importance of public policy and lobbying as the communication process and the tools for stakeholder engagement.

Lobbying is about building blocks based on the daily relationship, in this term the government. To deliberately lobby the government, the company has prepared the information gathered regarding the government. The company would have to define and understand the government's objective and how the company can support it. These building blocks are created based on continuous lobbying activities to create mutual respect. Later on, it will create an ease of access for communicating purposes. The foundation of lobbying departs from the basis of respect and is not transactional- based. However, in the implementation process, it may refer to transactional activities such asbargaining power.

Informant 1:

"But the foundation must be from trust and respect. Well, these daily dynamics and others may be transactional. For example, this year the government has the target of producing 625 thousand barrels, and we've been targeted for example 140 thousand barrels. But we do know that we have a way to increase the production to 16 thousand barrels. We tell the government, 'We have a way of increasing the production to 16 thousand barrels, but please budget for this 16 thousand barrels'. Now that is transactional, but the underlying is based on trust and respect. Because the government believes that we have the capabilities in technical technology to deliver and produce that 16 thousand. If the government does not believe in us, they will not approve the budget for the additional 16 thousand. But from the perspective of that 16 thousand, it is considered as transactional since we would help the government in achieving their target".

["Tapi pondasinya itu mesti berangkat dari trust sama respect. Ya, dinamika keseharian segala macam itu bisa transaksional. Misalnya, pemerintah tahun ini targetnya 625 ribu barrel, terus kita ditargetkan untuk misalnya 140 ribu barrel Tapi kita tahu nih, kita bisa punya cara untuk meningkatkan produksi 16 ribu barrel misalnya. Kita bilang ke pemerintah, 'ada caranya nih ningkatin 16 ribu barrel, tapi tolong juga di approve budgetnya untuk yang 16 ribu barrel

ini'. Itu kan transaksional tuh, tapi underlying ini itu trust sama respect tadi. Karena pemerintah percaya kita punya kemampuan teknis dan teknologi untuk bawa dan produce yang 16 ribu tadi. Kalau pemerintah gak percaya gak akan di approve itu budget untuk yang 16 ribu tambahan tadi. Tapi dari segi yang 16 ribunya itu transaksional sifatnya karena kita mau bantu pemerintah untuk mencapai target mereka"].

The key strategy for effective stakeholder engagement with the government in enhancing public policy through lobbying is basically to align the objective with the government. From that, it is also important to understand the common platform with the government as the regulator. For example, when the government has a program to achieve 1 million barrels in 2030, the company will align with that goal and collaborate to achieve the objective. The effectivity of the stakeholder engagement by this term the government is not built based on conflict, but to collaborate and to find the path together to solve the situation. Through the building of trust and respect, collaborative action will be possible and the company will be able to understand what the government truly needs. By that, achieving future collaborations and agreements would be much more possible for both the company and the government to have thanks for the good relationship that has been managed.

Within the process for a company to conduct a lobby with the government, there are various concerns that the company would have to prepare from pre-lobbying, lobbying, and post-lobbying. In one event of a lobby, the representative of the company that prepares the lobbying would have to understand the current situation of the person to lobby, including their targets, concerns, and problems.

Informant 1:

"How to set the time for the logistics? What are the possibilities that came out from them? What are the talking points? That we feed it to them. The PGA will feed them for you to discuss this, ya. We also tell them the president is thinking about IKN for example. Think about Green Energy, let's say. Mr. Erlangga the Minister of Economy thinks about this. Ms. Retno thinks about that. Mr. Zulhas

thinks about that. They already knew what was on the top of mind of Mr. Jokowi. So, when Mr. Jokowi spoke about his invitation to invest in IKN, our CEO already knew his position. And he could also deliver, responding to that matter".

["Gimana setting waktu untuk logistiknya sendiri? Apa yang bisa diomongin keluar dari mereka ini apa? Talking point-nya itu apa? Itu kita feed ke mereka. PGA yang feed ke mereka ini untuk nanti kalian ngomong gini ya. Kita juga ngasih tau ke mereka, presiden tuh lagi mikirin IKN misalnya. Lagi mikirin Energi Hijau misalnya. Pak Erlangga, Menko lagi mikirin ini. Bu Retno lagi mikirin itu. Pak Zulhas lagi mikirin itu. Mereka sudah tau nih apa yang ada di top of mind-nya Pak Jokowi. Jadi ketika Pak Jokowi ngomong mengenai, tolong juga dong invest di IKN. CEO kita udah tau posisinya. Dan dia bisa deliver juga, respon terhadap hal itu"].

There are lot of work for the department in implementing the lobbying preparation. Both external and internal of the company including employees are also noticed and informed. This also includes the stakeholders related to the company from the media to business partners. When the meeting for the lobbying, there are details that have to be prepared for the person to lobby from the message, and positions, to ethics and posture. The detail of lobbying applies based on the culture of the person, levels, and other perspectives that may influence the lobby. This communication process is both in verbal and non-verbal communication where these aspects are important and may affect the outcome of the lobbying. For example, the attire of a person represents something that words could not be spoken. The other is about the person to bring to the meeting for lobbying. These are examples of non-verbal communication that applies within the process of lobbying. The other key part during lobbying is to make sure that the person in the lobby understands the communication of the lobbying practitioner. This occurs since the background of both parties may be different so it would need an easy-to-understand language for the communication to be conducted respectfully. This applies when the company conducts a lobby to the government, especially to the president where there are two parties that have different backgrounds. Lobbying is about creating awareness, conviction, and action. This requires a strategy to be carefully planned and managed within the process.



Picture 3.3.

The Boon and Bane about the process of lobbying
conducted with the government

Source: https://www.thejakartapost.com/news/2015/11/19/the-boon-and-bane-lobbying.html

As from the news article in The Jakarta Post by Feulner, F. (2015) in *The Boon and Bane of Lobbying*, the process of lobbying as part of the engagement process conducted by the representative of the company usually targets specific power holders in various levels.

> *"Power holders such as legislators, governors, and mayors are the usual target of lobbyists, so lobbying is found in the corridors of power at all levels, from the federal level down to the state and county, in legislatures and executive offices".*

As lobbying conducted overseas, between the company to the government or government to government, they are typically accompanied by other parties, groups, or persons to support and assist within the process of lobbying. They are among business leaders, trade representatives, lobbyists, and others that have the relation to the course.

Within the meeting, there may be more than one meeting that takes place including the unofficial talks. The usual indicator for the success of these meetings for lobbying could be known by further collaborations and actions between parties. This means that not only the increasing status for relationships through shaking hands between bilateral relations but also an agreement towards projects and deals. For foreign companies that lobbied and thought to invest in Indonesia, their main objective is to wish for expansion on overseas markets and seek opportunities but also promote the potential for the country's potential commodity for a wider range of business.

For lobbyists, lobbying carries both gains and risks for the business as it has to be carefully managed to overcome any potential issues. For instance, lobbying by groups, organizations, and companies may be beneficial for the government. This is the result of the communication process that brings information related to the concerns and may become an early warning for risks towards present public policies or decisions to be made. This also wins the parties of the lobby since the process it selves also creates a sense of contribution and gives solutions to the issue with their business products. On the other hand, lobbying may become a backlash for the lobbying parties as there are possibilities of public assumption of a non-transparent lobbying process that leads to a bad image and resulting carious wild opinion. Some of the risks are the potentially inflicted corruption and collusion which are illegal in the face of the public. Now the solution for this matter is to be fully transparent on the process of lobbying including the lobbyist to be accessible to the public. The informed subjects are among the number of lobbying and the nature of the meetings that should be publicized. This makes lobbying not something that gives a negative stigma but shows that lobbying could be the form of health talks for collaborations between the government and the representatives of lobbying.



Picture 3.4.

The updated news from NGRI and PWYP to poor transparency of international oil companies in Indonesia

Source: https://resourcegovernance.org/articles/data-payments-international- oil-companies-indonesias-government-expose-transparency-gaps

The press release from the Natural Resource Government Institute (NRGI) along with Publish What You Pay (PWYP) exposed the poor transparency for certain international oil and gas companies in Indonesia. The purpose of this transparency is to allow the public to understand where the money flows, limiting any suspicious transactions and actions. For picturization, since 2014 there have been over $15billion in payments to the Indonesian government by 17 international oil and gas companies, of which the $5.4 billion itself was disclosed in a year alone which was in 2018.

> *"While we understand that the government allows this practice, it creates a worrying transparency gap. The Directorate General of Oil and Gas should clarify why it has directed the Italian oil company Eni to deposit the signature bonus payment of $1.5 million for the East Ganal PSC into a Directorate General of Oil and Gas bank account, rather than to the state treasury. The government should also clarify how this revenue is managed and transferred to the state treasury." (Joseph William, advocacy manager for NRGI)*

As these issues emerged and spotlighted, international oil and gas companies made the amount of lobbying including the topic accessible for the public

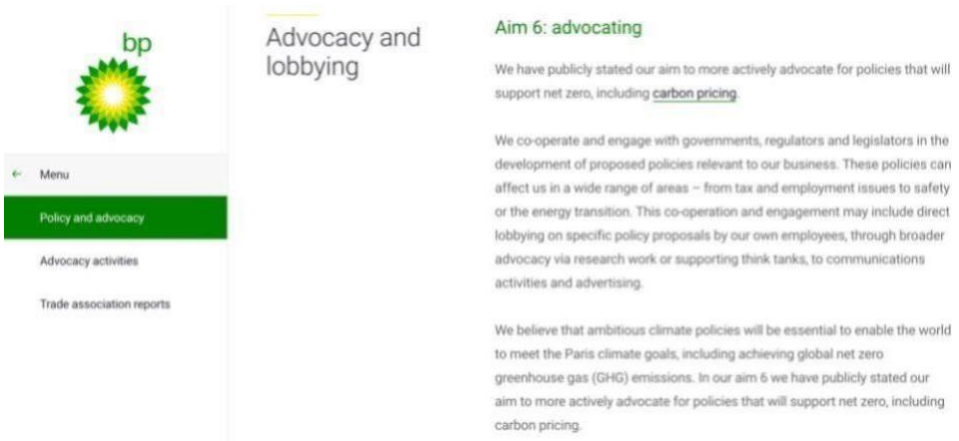
This information varies in th e forms of publications from websites, articles, journals, and other sources for media.



Picture 3.5.

The reports for lobbying activities of Chevron in committing to transparency for the public

Source: https://www.chevron.com/-/media/chevron/investors/documents/2021-lobbying-and-trade-associations.pdf



Picture 3.6.

Activities of advocacy and lobbying of British Petroleum on the official website

Source: https://www.bp.com/en/global/corporate/sustainability/our-approach-to-sustainability/policy-and-advocacy.html

a) Case of Lobbying

The company has experienced a case of lobbying with the government related to drilling, investment, and business, to common goals with the government. It started with the agreement between the company and the government to conduct drilling in one block. The plan was to drill 2 wells in a contract of 100 million dollars and was approved by the government. On the execution of drilling the well, the first well was dry-hole, meaning that there were no potential substances projected for the company. The company has spent 120 million dollars for the facility and cost of drilling one well, and drilling the second well will not be beneficial for the company since it may be obvious for a dry-hole by considering the first drilling. From this, there was a dispute between the company and the government. The government's perspective is that the company has signed the contract for two wells with the valued investment. On the other hand, the company would not be able to risk another drilling if the block given was dry, it will cost more for the company ifthey have to continue the drilling. However, the company tried to make this issue an opportunity of mutual interest. The company offered to drill in other blocks with the cost of 40 million dollars. The government agreed with the new agreement and gave a new block for the company to operate. The company and the government believed in mutual goals by understanding each issue, on which to seek a way that denies arbitration that may lead to distrust between both parties. The possibility of reaching this agreement also requires a long effort and dynamics that were created even before the issue happened. This requires trust and respect between the two parties, and this was built during peacetime.

Moreover, one case is related to the tax when the agreement was to pay 12% of the profits in the products sold to the government. This is the example of regulation that has been agreed with both parties. The company respected the contract and was responsible to do an obligation in paying the taxes even when the company was not in its best financial situation. The company defends itself when there are interruptions or new introduction that are not based on the early contracts that potentially give negative outcomes for the company. It is called strict integrity based on the reason for honoring the contract with the government as the regulator.

Informant 1:

"… in the early contract, it was mentioned to pay the tax for 12%. But when Covid hit, for example, the government decreased the tax to 10% for example. It would be beneficial for the company, but then we would honor the contract by paying 12%. It is the same when the government introduces other rules when the oil price increases and to pay 15%. Based on the early agreement."

["… di awal kontrak disebutkan membayar pajak 12%. Tapi kemudian karena Covid misalnya, pemerintah menurunkan pajaknya jadi 10% misalnya. Itu kan menguntungkan buat kami sebagai perusahaan. Maka kita akan meng-honour kontrak. Kita akan tetap bayar 12%. Begitupun nanti ketika pemerintah introduce aturan lain misalnya ketika harga minyak tinggi terus pemerintah mengatakan bahwa ini pajaknya mesti 15%. Enggak, kita akan tetap bilang ke pemerintah, ini pajaknya 12% seperti yang sudah kita sepakati di awal kontrak".]

Trust within the position of lobbying is crucial and was built during peacetime. During that time, the company creates mutual respect and understands each other's position. When there is an issue, each party would already understand the situation, and one party would have the benefit of the doubt. It is a condition when the government believes in the company that it would not make such a mistake. If they do, then there issomething wrong with the issue. That is the level of trust and respect between the company and the government that may influence the process and the outcome of lobbying.

CHAPTER 4
DISCUSSION

Based on the findings of the research, the researcher will proceed to the discussion about enhancing public policy by understanding effective stakeholder engagement strategy through lobbying in the case of international oil and gas companies. This will discuss and analyze the three major discussions which are the stakeholder engagement, lobbying, and public and government affairs of the international oil and gas company.

1. Stakeholder Engagement

International oil and gas companies have various stakeholders within their structural and operational activities. The stakeholders have an important role and influence to affect the company's sustainability, including the possibilities for any threats by their stakeholders. According to Jeffery, N. (2009), stakeholders are those to affect and to be affected and stakeholders have a variety of traits based on the organization's culture and interest in particular objectives. By this consideration, engagement with stakeholders is crucial to implement. For an international oil and gas company, generally, 7 stakeholders are surrounding their business and operations. Although the specific stakeholders are not mentioned, these stakeholders are classified into the government as the regulators, employees and partners, media and journalists for publications, and community and people that surround the operational activity of the company.

a) Government

In specifying the stakeholder engagement to enhance public policy, the international oil and gas companies have been seriously conducting and developing their relationship with the government. This is because the government is the regulator for policies for the company to operate or is categorized as a stakeholder that holds a license to operate. The basis of creating a good relationship with the government is building trust as it becomes the key to a successful stakeholder engagement. From Jeffery, N. (2009), building trust is the crucial component of action that has to be well-built and maintained between the organization and stakeholders where it grows from adaptation and interaction.

The international oil and gas company has created a sense of mutual respect with the government to build trust. The objective is to create a sense of responsibility between the company and the government towards particular agreements. Agreements towards public policies were formulated in the early contracts and should stick to the agreements for as long as the contract is active. Neither the company nor the government should alter the agreed contracts, however, there are certain conditions where the government was asked to modify the contracts that may have had a negative impact on the company, or in certain conditions it may have benefited the company. However, the company implements and stands for strict integrity in the agreements. This created sustainable and healthy contact and respect between the company and the government.

As part of a strategy, the international oil and gas company has built trust and respect in peacetime. The company offered collaborations with the government towards projects that the company is willing to support. Moreover, understanding the needs and interests of the government is also part of the strategy for the company to gain mutual trust and respect. These are all part of creating good branding and reputations with the government. Therefore, when the company faces certain situations, the government would understand since the company has track records to believe that a good reputation will influence the quality of the relationships.

b) Employees

Being an enormous company that has various branches of operation, international oil and gas requires supportive manpower as part of their stakeholder.Internal stakeholders including the ones that could influence and give the majority of impact could be classified as primary stakeholders for its existence (Benn, et al.,2016). Employees are among internal stakeholders that the company has been focusing on. In a condition of a company having a shortage of manpower is one of the conditions that the company is paying attention to. However, things are not limited to that situation, where the company also has programs for the employee aspart of stakeholder engagement.

International oil and gas companies developed their employees to have better quality within the field of their work. From the interview, it was mentioned that the company has a development program for local workers around the operation site that is brilliant to be upgraded by sending them to foreign countries in the

company's affiliation partner. Continuing from the interview, the company has opened a program with 10.000 applicants of which 110 engineers are selected for the program. The company has implemented a relatively good stakeholder engagement with the employees, not only for the benefit of the company with the higher quality of its employees but also to build a sense of collaboration and respect between the company and the employees.

c) Media and Journalists

The engagement to the media has been implemented by the international oil and gas company. The role of media for publication and picturization of the company are among the components that matter for the company. The public as the consumers of the products from the company are among the essential stakeholders, on which they may be influenced by the presence of media. By this, the company has considered having a good relationship with the media, especially in creating a sense of trust and respect. The company understands that the media have the capacity and integrity to publish news. Therefore, instead of articulating the media with the company's willingness, they believe that staying neutral and letting the media and their journalists do their job is a wise action. By doing so, the information published by the media will be based on organic review and observation rather than transactional terms. This creates amutual sense of respect between the two parties, on which the international oil and gas company keeps their operations still firm and professional while still having a good relationship with the media and journalists.

d) Community and People

Continuing external stakeholders, the community and people living around the company's operational site are also part of the stakeholders to be engaged. The company conducted a program namely the Community Development Program specifically for the communities and people living near the location. The program is a caritative action from the company in supporting the life, infrastructure, and well-being of the people surrounding it. The two ways of communication are being implemented to understand the needs of the people. As a reference for such industry behaving to the local communities and people, according to AfricaOil Corporation (2022), community relations are implemented by building mutual trust and beneficial relationships

with the communities, including respecting local activities and contributing to social development for livelihoods, infrastructure, and economic development.

The international oil and gas company has been focusing on the local communities for collaboration and supporting acts. These acts vary such as constructing a clean water supply, and road fixation, including creative economic activities so that the people would be independently striving. These acts were conducted since the company understands that they are operating within the local environment, on which certain issues within their operational activities may impact the locals. Therefore, creating mutual understanding is the main objective for the company to live with the locals. This has been a great way for the company to build and keep a good relationship with the communities and the people by ensuring well-stakeholder engagement.

2. Lobbying

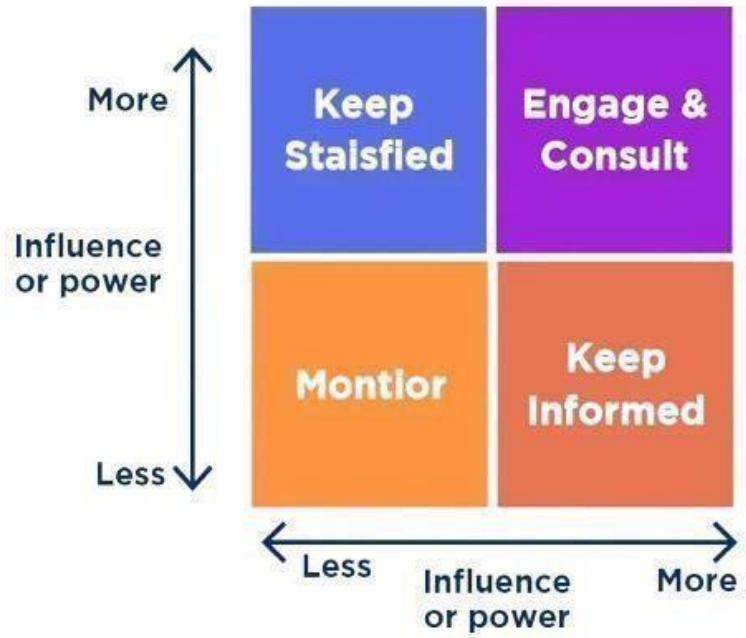
Lobbying is an effective communication process between two parties for particular agreements, objectives, and projects. For international oil and gas companies, lobbying has become a tool for stakeholder engagement. From various stakeholders being engaged and focusing on, lobbying is usually specifically for the government to enhance or influence particular public policy. Lobbying in communication as a tool for advocacy with the government is a must in certain situations where policies are important to be held on and kept for their early agreements. Other than that, these policies have to be respected by both parties, the government and the international oil and gas company. Especially the situation where both parties needed each other for both sustainability. Therefore, lobbying requires mutual respect and understanding by both parties to reach particular objectives and common goals.

As lobbying requires trust and respect, they were built through the ongoing relationships that are gradually formed through collaborations and actions. These are supported by having the power for a position within lobbying. According to Milbrath (1960), lobbyists use power as a supporting way of communicating with a specific group or parties for a promotion or policies. These powers could also become a strong factor in influencing the decision- maker by keeping the channel for communication for parties who have the power to use in lobbying.

International oil and gas companies implement power by having an excellent reputation. Reputations were created through good processes and reports of the company, which also gives benefits to the government, in this case as the regulator, policy maker, and decision maker. Through the ability to create such power and influence, the key to successful lobbying has become more achievable.

Lobbying is a complex activity that requires various works and preparation, including continuous communication with the person to lobby. The underlying of successful lobbying is the belief in mutual respect and understanding towards specific objectives. By this, the main aspect of lobbying is through building blocks based on daily relationships with the government. Continuous lobbying creates an ease of access for the company to communicate, also to understand the objectives of the government.The international oil and gas company has conducted various lobbies and engagements with the government by also understanding the government's concerns towards certainissues. The company finds a way to help and support the government to collaborate toachieve common goals.

After conducting various preparations for the lobbying, including maintaining good relationships with stakeholders or the person to lobby, identifying the specific stakeholder is important for international oil and gas companies to conduct. According to Mitrovic, M. (2017), lobbying correlates with stakeholders in various means, including understanding the activities and seeking opportunities. The specified stakeholders will benefit from the company in treating the correct and suitable manner and strategy. This will have the impact of creating an effective stakeholder engagement by the representative of the company so that it will be a direct and "one- phone call away" communication process. The concept of the international oil and gas company implemented regarding the identification and treatment of stakeholder engagement could be analyzed through the power-interest grid that explains the specific stakeholderand treatment towards their concern.



Picture 3.1

Power-interest grid

3. Public and Government Affairs

International oil and gas companies have a department that focuses on facilitating and leading management of the company toward certain issues they are facing. The department of Public and Government Affairs (PGA) is responsible for facilitating within the management especially those that are related to the government that are correlated with the formulation of public policy. Public policy may affect a particular department within the company that impacts the department's operations. This is where the PGA conducts its role as facilitating the department or management to work in solving the issues with the government. According to Handoyo, E. (2012), public policy is intended for the benefit of the public on its formulation involves groups, communities, and partners to achieve the most efficient use in public policy. The PGA of the international oil and gas company is working on this case to meet the path between the company and the government as the policy and decision-makers.

The international oil and gas company's PGA duty is not directly to engage and lobby with the government. Instead, they give the particular department that has certain issues the talking points to deliver the communication process through lobbying. PGA could be considered as the man behind the screen that operates and connects between the company and the government. By this, PGA is working on

the government continuously as part of the stakeholder, in this term the government is the regulator for public policy. PGA brings technicalities needed within the communication process through lobbying such as setting up a schedule for the meeting.

As part of the strategy, the company and the government are working on continuous communication. The goal is to create and sustain a solid relationship that will be beneficial for the company in terms of communicating certain issues through lobbying. Therefore, the company's objective is to create a win-win solution with the government and to light up the spirit of collaboration and create creative solutions. The concept applies by both understanding the needs of each other and seeking a way for a supportive and responsible course of action.

> "There are some cases where we and the government finally reached a win-win solution. The conditions are that both the company and government have to be united, realizing the problem. Second, both collaborate to seek solutions instead of turning them into conflicts".
>
> *["Ada beberapa contoh kasus di mana kita dan pemerintah akhirnya bisa win-win solution. Syaratnya, kedua belah pihak harus satu, menyadari bahwa itu jadi masalah. Dua, mau cari, sama-sama cari jalan keluar daripada berkonflik"].*

Correlating to the key success of lobbying, the PGA must understand the specific person or groups to engage in the lobbying process. The same key to successful lobbying is that understanding the specific stakeholder will lead to the efficiency and effectiveness of stakeholder engagement. According to Bourne, L. (2006), the key aspect of a successful project relationship is to understand the variety of stakeholders who have different expectations and the definition of success on which being unable to meet those will affect the result. That is why the role of the project manager while in this case is the PGA of the oil and gas company has to understand and be capable of effectively engaging the stakeholders towards the key person to influence and influence. They may correlate to each other, meaning that the decision-maker could be influenced by other persons or parties towards the decision- making of proposed ideas. Therefore, understanding the connection of a person within the project or agreement is as important as influential decision may become

one of the key and threats at the same time in the process of stakeholder engagement and lobbying. The circle of influence is beneficial in mapping those interests and influence towards the whole correlation of the ideas on projects and agreements for the international oil and gas company to implement.

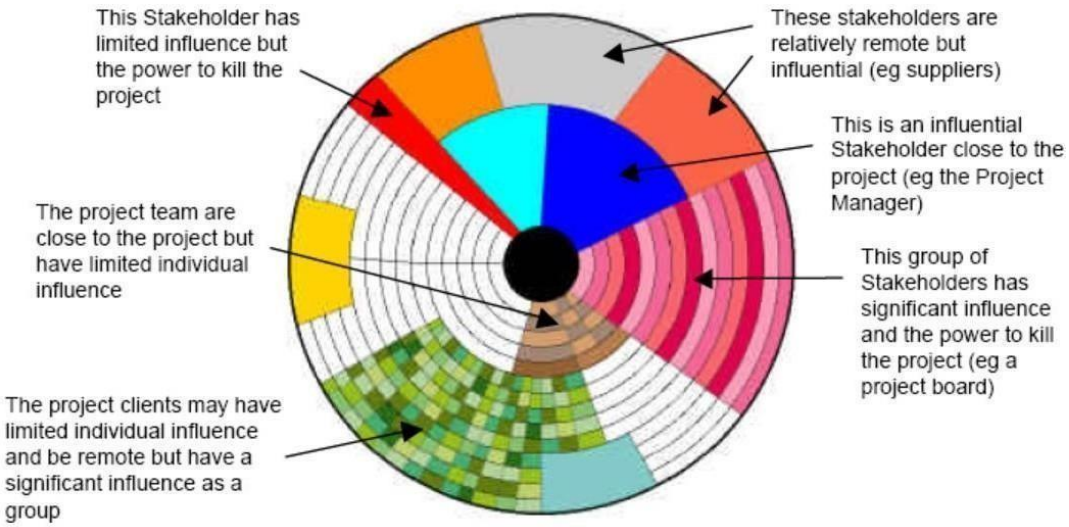


Figure 1. The prototype Stakeholder Circle™

Picture 3.2

Stakeholder Circle by Lynda Bourne (2006)

Source: https://www.pmi.org/learning/library/project-relationships-stakeholder-circle-8092

CHAPTER 5
CONCLUSION

A. Summary

Based the findings and discussion of the research regarding the enhancement of public policy through effective stakeholder engagement for international oil and gas companies, it is evident that the success of the projects and contracts is influenced by the quality of relationships with stakeholders. Regarding public policy, the government is the regulator and holds the role of the decision maker towards the concerning policies. Therefore, it is crucial for the company to establish and maintain strong relationships with the government. For international oil and gas companies, this is a crucial matter as their operations are highly dependent on the agreements that are set with the government, often referred to as 'licensesto operate'. Both the government and the company have their specific objectives and concerns, making collaboration essential. Effective communication to address these needs is therefore crucial. Through understanding both perspectives, mutual goals can be achieved, fostering respect and collaboration, which enhances public policies that will be beneficial for both the government and the company. As an effective communication is essential in connecting these dots, lobbying has become the communication tool for the company to discuss its interests and strategies with the government to achieve positive collaborative outcomes.

Successful lobbying as the communication process could not be separated from the process of building good relationships with the government and other supporting stakeholders. The company has both internal and external stakeholders including employees, media, community, and business partners. Although these supporting stakeholders are not directly involved in the formulation or enhancement of public policies, they may influence how the government as the decision maker for public policy sees the company’s interoperability and reputation. These stakeholders are engaged in creating a good relationship through collaborations and programs that are beneficial for both parties. The process of building and maintaining relationships with stakeholders has been an ongoing process, developed over time in various context. The continuous processes of two-way communication, lobbying, collaboration, and agreement have fostered a sense of mutual respect and easiness for collaborations and facilitated direct communication could be applied within the process of lobbying to the government.

If the government and the company cannot reach a mutual agreement on public policy formulation or adaptation, the company prefers to seek creative solutions rather than adopting an adversarial or arbitrative approach. By seeking a path for a win-win solution, both the company and the government will have a chance to collaborate in reaching both objectives and gaining mutual respect which will influence the success of future lobbying process.

Implementation of effective stakeholder engagement is the key to successful lobbying and building a good relationship with the government to enhance public policy. Understanding effective stakeholder engagement involves identifying key individuals in the communication process. Knowing these limitations helps the company engage specific persons and parties that lets the process faster and more effective. Understanding the decision-maker and their circle of influence is also part of a successful strategy for the company to reach effectiveness. The Public and Government Affairs (PGA) department ofthe International Oil and Gas Company is responsible for understanding key person and their influential person that may affect the decision-making. Moreover, in the lobbying process, the PGA of the company is also responsible for designing the course of lobbying, including timing, scheduling, and materials to be communicated with the government as the stakeholder. The PGA of the international oil and gas company plans this step as a strategy enhance stakeholder engagement effectiveness that will have an impact on the level of success within the communication process through the good quality of lobbying with thegovernment.

B. Research Limitations

The research to understand how the international oil and gas company implements effective stakeholder engagement to enhance the public policy towards the government has been successfully conducted and the researcher has been able to collect the information and analyze the strategy that has been implemented. However, the company requires that this research remain anonymous, with no mention of any direct or indirect involvement. Additionally, the research will be reviewed by the company's representative and should only be used for academic purposes. These policies have been agreed between the researcher and the company at the outset of the research to ensure a professional approach

C. Suggestions

1. From an academic perspective, the researcher suggested that this research focuses on an international oil and gas company, highlighting that different may have different approaches regarding culture, society, and business practices. Including a diverse range of national and international companies would have provided a broader perspective, allowing for a comparison of different strategies. However, it would require additional, focused research. The researcher hoped that this research could be used as a reference for any future research with different theoretical bases, companies and points of view along with new strategies for understanding stakeholder engagement to enhance public policies, especially through the course of lobbying.
2. The author suggests that the international oil and gas company should increase transparency by publishing details of discussion forums and lobbying activities in the media, making them accessible to the public. While maintaining confidentiality of sensitive data and identities, this approach will help the company build public awareness of its activities and promote its collaborative efforts. For an international oil and gas company, gaining the local public's trust is important, for enhancing its reputation. This will positively impact the stakeholder engagement process and support further development.

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APPENDIX

APPENDIX 1

Cover Letter for Data Retrieval at International Oil and Gas Company



FAKULTAS
PSIKOLOGI &
ILMU SOSIAL BUDAYA

Gedung Dr. Soekiman Wirjosandjojo
Kampus Terpadu Universitas Islam Indonesia
Jl. Kaliurang km 14,5 Yogyakarta 55584
T. (0274) 898444 ext. 2106, 2114
F. (0274) 898444 ext. 2106
E. fpsb@uii.ac.id
W. fpsb.uii.ac.id

Tanggal : 23 Desember 2023
Nomor : 2580/DEK/70/DAA/XII/2023
Hal : Permohonan Izin Pengambilan Data Skripsi

Yth. Dave A. Seta
Vice President Public and Government Affairs ExxonMobil Indonesia

Assalamualaikum Wr. Wb

Dalam rangka mempersiapkan mahasiswa untuk menempuh ujian, bagi setiap mahasiswa diwajibkan membuat skripsi/tugas akhir.

Sehubungan dengan hal tersebut diperlukan data, baik dari Instansi Pemerintah maupun Swasta. Selanjutnya kami mohon izin penelitian/pengambilan data mahasiswa Fakultas Psikologi dan Ilmu Sosial Budaya Universitas Islam Indonesia tersebut dibawah ini :

Nama Mahasiswa	: Ra'ifan Alfisya Naufal
Nomor Induk Mahasiswa	: 20321216
Program Studi	: Ilmu Komunikasi
Pembimbing	: Prof.Dr.rer.soc. Masduki, S.Ag., M. Si
Judul Skripsi	:

"Lobbying Strategy of Foreign Oil and Gas Company Operation to Indonesian Government in Affecting Public Policy"

Demikian permohonan kami, atas perhatian dan bantuan Bapak/Ibu/Saudara/i kami ucapkan terimakasih.

Wassalamualaikum Wr. Wb

Dekan Fakultas Psikologi dan Ilmu Sosial Budaya
Universitas Islam Indonesia



Dr. Phil. Qurotul Uyun, S.Psi., M.Si., Psikolog
NIP. 963200102

APPENDIX 2

Interview Questions Draft

List of questions:

1. Does enhancing public policy with the local government as the regulator is crucial for international oil and gas industry? What is the correlation of enhancing public policy in impacting the business operation?
2. What are the stakeholders involved and the importance for the business as an international oil and gas company?
3. How does the effective strategy for stakeholder engagement especially the government as the regulator in enhancing public policy for the sustainable operation and business?
4. How does lobbying as the communication process become the effective engagement step with the government as the stakeholder?
5. What is the role of public and government affairs of international oil and gas company within the stakeholder engagement specifically in lobbying process?
6. What is the main concern when deliberating lobbying with government as part of the engagement strategy (Pre-lobbying as the preparation)
7. Who are the targets of the lobbying process to the government in order to reach the effectiveness of the objective?
8. What is one case of the company's public and government affairs in engaging the government as the stakeholder by lobbying as the communication process to enhance particular public policy?
9. In a situation of lobbying does not reach the objective in terms of the public policy enhancement, what are the steps to resolve the situation and flip the result of the negotiation with the government as the stakeholder?
10. What is the benchmark for a successful stakeholder engagement (government) through lobbying related to the enhancement of a public policy?