



Original Article

Analyzing the Social License Index of the PT. Indonesia Asahan Aluminium Hydropower Plant in Toba Regency

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Abstract: This study investigated the social license and stakeholder relationships of PT. Indonesia Asahan Aluminium (INALUM) in North Sumatra using the Social License Index (SLI). The SLI provides a systematic analysis of social licenses and offers insights into the company-stakeholder relationship, including factors affecting operational sustainability. This research was conducted in PT. INALUM industrial region in North Sumatra, focusing on the surrounding geographical area. The study population was comprised of individuals representing various aspects that were directly and indirectly involved in the company's operations. Data collection involved surveys and in-depth interviews with 54 informants from diverse backgrounds, including the private sector, local government officials, religious leaders, labor representatives, academics, and community members. Results from Business and Government perspectives indicate that PT. INALUM is perceived as a reliable partner that contributes positively to local economic development and social programs. However, the Civil Society Organization (CSO) perspective revealed persistent challenges in company-CSO interactions. This research emphasizes the importance of enhancing communication, engagement, and transparency in a company's relationship with CSOs. The study found that PT. INALUM's SLI level reached a satisfactory level in terms of gaining support and trust, with the SLI level reaching co-ownership. This indicates that the company is an integral community partner with solid support levels and close partnerships. In conclusion, PT. INALUM has established strong social support and trust among various stakeholders. Despite positive assessments of local economic development and social programs, challenges related to CSO interactions persist. To further strengthen support levels, improved communication, engagement, and transparency with CSOs are recommended.

Keywords: Social License Index; Hydropower Plant; Stakeholder relationships; Corporate business sustainability



1. Introduction

Regardless of size, business entities emerge from humble beginnings and evolve. During their operations and activities, these entities inevitably interact with the government, other businesses, and social institutions, forming an ecosystem within which they operate. Each social institution possesses its own set of norms and regulations established by its constituents with which businesses must engage. Noland (2010) posits that organizations are morally obligated to ensure effective communication between business units and stakeholders. He argues that the presence of uneven power relations and competing interests serves as a key indicator of whether an ecosystem is favorable or unfavorable for a commercial entity. The concept of a 'social license' refers to the implicit permission granted by society for a corporation to operate, which is more akin to trust than official authorization. This concept has gained prominence in response to changing business practices, particularly in the transport industry, and applies to the energy and building materials sectors (Michellod et al., 2022). Boutilier and Thomson (2011) propose that social licenses comprise various levels, ranging from psychological identification to observation, where society increasingly recognizes and embraces business as a community member. Olga Yu et al. (2020) and Siti Ainun et al. (2022) emphasize the importance of business-community engagement in acquiring social license, while Veronkava et al. (2020) argue that social license has different levels of influence based on the community environment. Salil Tripathi (2020) advises companies to understand genuinely and respect community wishes to deepen trust, noting that communities may withdraw previously granted social license if their rights are not respected.

Social licensing originated in response to unethical commercial practices, particularly in the extractive industry. It is a crucial aspect that companies must consider, especially in extractive industries such as PT INALUM in North Sumatra. PT Indonesia Asahan Aluminum (Persero) Hydroelectric Power Plant, also known as PT INALUM PLTA, is a state-owned enterprise that generates hydroelectric power. Its business processes involve numerous stakeholders, particularly the inhabitants of Meat Village in Tampahan District, Toba Regency. Consequently, PT INALUM PLTA seeks to involve various Meat Village stakeholders in its policy implementation, recognizing that the community is an integral part of the ecosystem in which its daily operations occur. Haseeb et al. (2019) suggest that companies should continuously expand their understanding of the general public's perspective. Social licenses significantly impact economic performance and general community welfare in extractive industrial environments (Boutilier and Thomson, 2011). Therefore, this study aims to determine the level of social capital possessed by PT INALUM in North Sumatra by analyzing the main factors affecting social licenses and how companies can measure community perceptions using the Social License Index (SLI) technique. SLI is a systematic and rigorous method for assessing social relationships with industrial activities, particularly social licenses. This enables researchers to systematically evaluate stakeholders and the general public's perceptions of a company's operational performance. Additionally, SLIs facilitate the identification of variables that may negatively impact social licenses, such as economic and socio-political legitimacy. By utilizing SLIs, companies can better understand public demands and expectations and pinpoint areas requiring improvement to maintain or enhance their social licenses.

The application of SLI not only provides a comprehensive picture of a company's social license conditions but also enables the identification of factors that may be detrimental to social sensitivity. In extractive industries, factors such as economic and socio-political legitimacy play crucial roles in determining the level of community trust and support for the company, with a deeper understanding of the factors influencing social licenses, companies such as PT. INALUM can develop effective strategies for building and maintaining community trust. This includes implementing concrete steps to increase the economic impact felt by local communities and ensuring that company operations align with social values and community expectations. Thus, social licensing is a critical aspect that companies must consider, especially in extractive industries such as PT. INALUM in North Sumatra. Using SLI allows a more holistic analysis of a company's social license conditions. It highlights the novelty of this approach in the context of the extractive industry in Indonesia. By providing a new perspective on how companies can understand and respond more effectively to community expectations and needs, the SLI approach serves as an essential and innovative tool for understanding and improving corporate social licenses in extractive industries.

2. Literature Review

The concept of a social license refers to the implicit permission granted by society for a company to operate, essentially representing a form of trust that companies must earn from surrounding communities. Michellod et al. (2014) suggest that social license exists at various levels, depending on the extent of community support. Soesilo (2022) emphasizes that obtaining a social license involves both scientific and technological aspects and the company's ability to collaborate with the community. Hillary A. Sale (2019) notes that communities may revoke this 'trust' if they feel their rights are not respected, even if companies believe they possess a social license. Pirson et al. (2012) advise companies

to listen and understand societal desires to maintain this trust, while Christiaan Luca et al. (2021) recommend that companies continuously update their understanding of societal expectations. Social licenses emerged as a response to unethical business practices, particularly in the mining sector. Although initially associated with the extractive industry, the concept has been applied to other sectors, such as forestry and renewable energy (Amber Murray et al., 2023). Boutilier and Thomson (2011) define social license not as an official permit but as the trust and perceptions of the surrounding community towards a company. This implies that even if a company possesses an official license, its operations may suffer without community trust.

The dynamic nature of social licenses means that community trust can fluctuate based on a company's interactions with them. Factors influencing social licenses include the company's economic impact on the community and its contributions to community welfare (Boutilier and Thomson, 2011). To obtain and maintain a social license, companies must ensure that they provide economic benefits to society and operate socially responsibly, respecting the rights of neighboring communities. Boutilier and Thomson (2011) identified key variables determining social licenses in the context of extractive industries and stakeholder relationships. The two main variables are as follows:

1. **Economic Legitimacy:** This relates to industry's direct and indirect economic impacts. Companies must provide tangible economic benefits to surrounding communities to maintain trust and avoid potential rejection.
2. **Sociopolitical Legitimacy:** This variable focuses on how the company operates within the local community's social and political context, including its contributions to community well-being and interactions in business processes. Companies should ensure that their operations align with local community values and expectations.

Given the significant economic, social, and environmental impacts of a company's presence in an area, an in-depth understanding of the expectations and values of local communities is crucial. Two key aspects frequently highlighted in this context are sociopolitical legitimacy and interactional trust, critical determinants of how communities and stakeholders perceive and accept a company's presence. Based on these conditions and variables, the commonly used minor hypotheses are as follows:

1. **Socio-Political Legitimacy:** A company's socio-political legitimacy will be high if it successfully improves community welfare, fulfills expectations, and respects local social values and norms. Conversely, failure to meet these expectations results in low sociopolitical legitimacy, affecting community and stakeholder acceptance.
2. **Interactional Trust:** This emphasizes the importance of two-way relationships between companies and local communities. High interactional trust results from a company being responsive, open to communication, and actively building good relationships with communities and stakeholders. Low interactional trust occurs when a company appears closed, unresponsive, or inconsistent in its interactions.
3. **Institutional trust** measures how communities and stakeholders perceive a company's social commitment and responsibility. It involves the company's actions for society and how it aligns its social responsibilities with societal expectations and interests. A company is expected to bridge its business objectives with the needs of society and other stakeholders.

Thomson and Boutilier (2011) proposed a framework for understanding social license, which comprises four distinct levels:

1. **Withdrawal:** This represents the most basic level at which the surrounding community rejects the company's presence or operations. Despite possessing legal operating permits, a company may struggle to function effectively without community support.
2. **Acceptance:** At this stage, the community acknowledges the company existence. This typically occurs when a company communicates effectively, provides transparent information about its activities, and respects local norms.
3. **Approval:** This level is characterized by community acceptance and support for the company's activities. This is achieved when the company actively listens and responds to community expectations.
4. **Psychological Identification:** This is the highest level of social license, where the community perceives the company as an integral part of society. The company operates for both its benefit and the good of the community. This level can be attained through active contribution to and engagement in community-beneficial activities, such as training or empowerment programs.

In addition to these levels, the authors identify three critical boundaries in the context of social licenses:

1. **Legitimacy Boundary:** This is the initial step in obtaining a social license. This reflects society's perception of a company's existence and operations as legitimate or acceptable. Companies must adhere to laws, social norms, and societal expectations to meet this boundary.
2. **Credibility Boundary:** This relates to the level of public trust in the information conveyed by the company. It encompasses transparency, honesty, and consistency in communication.
3. **Trust Threshold:** This challenging boundary to cross. It reflects the extent to which the public trusts the company, based not only on its communications but also on its actions and interactions with the public. Companies must demonstrate a long-term commitment to societal well-being, act with integrity, and fulfill their promises to reach this threshold.

Social license is a crucial aspect that companies must consider maintaining their operations. By gaining and maintaining trust, companies earn a sense of "freedom" for their activities and establish efficient relationships with stakeholders. This facilitates easier evaluation by relevant parties, such as students, other companies, and the broader community. The concept of social license encompasses adherence to legal regulations, responsible financial management, mutual recognition, and engagement in activities that benefit the community in various ways.

3. Materials and Methods

This study employed a comprehensive methodology that integrates both quantitative and qualitative data collection techniques to provide a holistic understanding of the social environment surrounding PT. INALUM operations. The study's primary objective was to assess social acceptance and identify factors influencing public perception of the company in North Sumatra. Data was collected using a multifaceted approach, incorporating surveys, questionnaires, and in-depth interviews. Based on the Likert scale, the surveys and questionnaires were administered to communities within a predetermined geographical scope surrounding PT. INALUM area. This quantitative component aimed to capture a broad overview of community perceptions of the company. The research team conducted in-depth interviews with 54 key stakeholders to complement the quantitative data. These stakeholders were carefully selected to represent diverse perspectives from the government, business, and community sectors, all with direct or indirect connections to PT INALUM's operational activities. The selection of informants followed a snowball sampling method, allowing for the identification of relevant stakeholders through referrals from the initial participants. In-depth interviews played a crucial role in exploring the underlying factors influencing stakeholder views and perceptions. This qualitative approach has enabled researchers to understand complex dynamics at play comprehensively. Four main factors emerged through these interviews as key components shaping people's perceptions of PT. INALUM: Economic Legitimacy, Socio-Political Legitimacy, Interactional Trust, and Institutional Trust.

The integration of quantitative and qualitative methodologies in this study allowed for a nuanced and multifaceted analysis of the social environment surrounding PT. INALUM. By combining broad-based surveys with targeted in-depth interviews, this study captures both the breadth and depth of community perceptions and stakeholder insights. The Social License Study (SLI) framework was employed as an overarching analytical tool for this research. SLI provides a comprehensive approach to understanding the threshold social environment and the variables that influence it. This framework is particularly valuable in the context of corporate-community relations, as it helps companies gain insight into public demands and expectations. One of the key strengths of the SLI approach is its ability to identify specific areas for improvement in a company's social performance. By systematically analyzing the four main factors identified (Economic Legitimacy, Socio-Political Legitimacy, Interactional Trust, and Institutional Trust), this study highlights aspects of PT. INALUM may need to focus on maintaining or enhancing its social sensitivity. The research methodology was designed to produce findings that could serve as an objective benchmark for determining the level of social acceptance of PT. INALUM in North Sumatra. This objective assessment is crucial for the company to understand its current standing in the community and inform future strategies for community engagement and corporate social responsibility initiatives.

Using the Likert scale in surveys and questionnaires allows for a standardized measurement of community perceptions. This quantitative approach enables researchers to analyze trends and patterns in the data, providing a broad overview of public sentiment toward PT. INALUM. The Likert scale's structured format facilitated comparisons across different demographic groups and geographical areas within the scope of this study. The snowball sampling method employed for selecting interview participants has both advantages and limitations. On the positive side, it allows researchers to tap into networks of stakeholders that may not be immediately apparent, potentially uncovering valuable insights from less visible but influential actors. However, it is important to acknowledge the potential for bias in this sampling method, as it may lead to the overrepresentation of certain perspectives or the exclusion of marginalized voices. To mitigate potential biases and ensure a comprehensive representation of stakeholder views, the research team likely employed strategies such as setting quotas for different stakeholder groups (government, business, community) and actively seeking diverse perspectives within each category. This approach helps balance the snowball sampling method and enhances the overall validity of the collected qualitative data.

Integrating quantitative and qualitative data in this study allows for the triangulation of findings, enhancing the reliability and validity of the research outcomes. By cross-referencing the survey results with insights from in-depth interviews, researchers can identify convergence and divergence in community perceptions and stakeholder views. This multi-method approach provides a more robust and nuanced understanding of the social dynamics surrounding PT. INALUM operations. In conclusion, this research methodology represents a rigorous and comprehensive approach to assessing the social license to operate PT. INALUM in North Sumatra. By combining quantitative surveys with qualitative in-depth interviews and employing the Social License Study framework, this study aims to provide a thorough and objective analysis of community perceptions and stakeholder views. The findings from this research are expected to serve as a valuable tool for PT INALUM to understand its social environment, identify areas for improvement, and develop strategies to enhance its relationship with local communities and stakeholders.

4. Results and Discussion

4.1. Industrial Area of PT Indonesia Asahan Aluminium (INALUM) Hydroelectric Power Plant

The analysis of these issues aims to accomplish several objectives. These include evaluating and comprehending the operational impacts by assessing the economic, social, and environmental consequences of PT INALUM PLTA operations. It also focuses on enhancing stakeholder relationships by evaluating interactions with communities and stakeholders and improving cooperation and communication. Additionally, the analysis aims to formulate sustainability policies and strategies by providing recommendations for more effective approaches to support economic growth, community empowerment, and environmental conservation. Furthermore, it seeks to enhance performance and social responsibility by encouraging the company to improve and fulfill its social obligations. The analysis focused on three primary aspects of PT. INALUM operations are economic, social, and environmental. Issues about these aspects were identified based on stakeholder feedback and the recommendations or suggestions provided.

Table 1. Issues in the PT. INALUM Hydropower Industry Area

Aspects	Issues	Related parties	Response	Recommendation
Economics	Strengthening the Local Economy	PT Sumatera Deli Lestari Indah, PT INALUM Employees, Toba Police, Arta Jaya Association, BUMDES Desa Meranti, Aek Songsongan Sub-District Head, Pintu Pohan Merant Sub-District Head.	PT INALUM has supported local MSMEs and provided employment opportunities. However, more ongoing training and employment opportunities are needed.	Increase sustainable training programs, employment opportunities for remote village communities, and educational foundations.
Social	Community Safety and Empowerment	Polres Toba, Arta Jaya Association, DPRD of North Tapanuli Regency, BUMDES of Meranti Village	PT INALUM has established harmonious relations with the community and supports education and environmental conservation.	Expanding education and environmental conservation programs and turning one-off assistance into ongoing training.
Environment	Environmental Conservation and Waste Management	AMAN Tano Batak Region, HKBP, PT Sumatera Deli Lestari Indah, Aek Songsongan Sub-district, Arta Jaya Association,	PT INALUM has carried out environmental conservation and waste management to a high standard but needs continued support in waste	Increase sustainable support in waste management, sanitation, and land restoration.

		PT INALUM Employees, Pintu Pohan Meranti Sub-district	management and sanitation programmes.
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Table 1 delineates the principal economic, social, and environmental challenges encountered by PT INALUM PLTA in its operational activities. Additionally, it elucidates the responses of various stakeholders, including business entities, governmental bodies, and community representatives. Furthermore, the table proposes recommendations for enhancing and improving sustainable programs encompassing social, economic, educational, and environmental domains in the coming years. The analysis of PT. Indonesia Asahan Aluminium (INALUM) PLTA's Social License Index (SLI) revealed diverse outcomes across the four evaluated indicators. These indicators comprise (i) Economic Legitimacy Level, which assesses the extent of local community benefits derived from the company's economic activities; (ii) Socio-Political Legitimacy, which reflects community and governmental support for the company's presence and operations; (iii) Institutional Trust, which measures the community's confidence in the company's institutional framework; and (iv) Interactional Trust, which gauges the level of trust and interaction between the company and the local community. The comprehensive PT INALUM PLTA Social License Index analysis is based on these four indicators, incorporating percentage values, level-based assessments, and factors influencing the SLI value (Table 2).

Table 2. Summary of Social License Index Analysis for PT. INALUM PLTA

Indicators	Value (%)	Level	Influencing Factors
Economic Legitimacy	85	High	The spread effect is the positive impact that industrialisation has on development. (Lizhi Xing et al., 2016): Local labour absorption, public supporting facilities, and economic growth in the district. Community perception: Some communities feel that there is no direct economic impact.
Social-Political Legitimacy	78	High	Social contribution: arts, culture, and sports festival activities. Minimisation of conflict: Companies can minimise conflicts from industrial activities.
Institutional Trust	88	High	Economic and social contributions: employment, assistance in community activities. Minimisation of industry risk: The company's efforts to minimise negative industry impacts.
Interactional Trust	65	Medium	The pattern of interaction that is built still forms a vertical relationship, namely a hierarchical relationship pattern between actors or does not place actors in an equal position, giving rise to asymmetrical relationships and asymmetrical information (Arturas Rozenas et al., 2019). Hierarchical and unequal relationship between PT INALUM PLTA and the public. Involvement of specific actors: Interactions are limited to groups such as Culture and Village Groups, without involving the community.

PT. INALUM Hydropower Plant (PLTA) has demonstrated strong performance across three key indicators: economic legitimacy, socio-political legitimacy, and institutional trust, highlighting its positive contributions to economic development, social impact, and institutional credibility. However, the interactional trust indicator remains at a moderate level, signaling the need for enhanced interaction and communication with the broader public. To address this, the company should prioritize fostering more inclusive and horizontal engagement patterns with the wider community. By strengthening communication and implementing more comprehensive outreach efforts, PT INALUM PLTA can further enhance its Social License Index, securing greater stakeholder trust and support.

4.2. Social License Index from the Perspective of Business, Government and Civil Society Organisation

The social License index of PT INALUM PLTA is determined by three stakeholder perspectives: Business actors, Government actors, and CSO actors. Social License Index is the value of the three perspectives that will first be analysed by comparing the percentage values and levels (Table 3). Furthermore, the results of the SLI analysis of the three stakeholders will be detailed and explained in Tables 3, 4, 5.

Table 3. Comparison of Percentage Score and SLI Level for Business, Government and CSO Perspective

Indicators	Business Perspective	Government Perspective	CSO
Economic Legitimacy	100 (High)	83 (High)	64 (Medium)
Socio-Political Legitimacy	100 (High)	85 (High)	62 (Medium)
Interactional Trust	100 (High)	77 (High)	64 (Medium)
Institutional Trust	100 (High)	81 (High)	72 (High)

Table 3 reveals that business actors hold the most favorable views of PT INALUM Hydropower, with all Social License Index indicators scoring 100%. Similarly, the government perspective is highly positive, though slightly lower than that of the business actors. In contrast, Civil Society Organizations (CSOs) adopt a more critical stance, with three indicators rated at a medium level and one at a high level. These findings highlight notable differences in perceptions among business, government, and CSO stakeholders regarding PT INALUM's social and economic performance. Further elaborating on these perspectives, Table 4 illustrates that the business perspective received consistently high percentage scores across all indicators for PT INALUM PLTA.

Table 4. Analysis of SLI from a Business Perspective

Indicators	Business Perspective (% - Level)	Factors that Influence
Economic Legitimacy	100 -High	<p>Intensive Economic/Business Relationships: Business involvement in joint projects that increase interaction.</p> <p>Local Labour Absorption: employment opportunities for the surrounding community.</p> <p>Local Business Empowerment: support for local businesses through partnerships and contracting.</p> <p>Contribution to Regional Economic Growth: Multiplier effect that encourages economic growth around the area of operation.</p>
Socio-Political Legitimacy	100 -High	<p>Contribution to Social Activities: The company is active in CSR programmes, arts, culture and sports festivals.</p> <p>Support for Sustainable Development: Support the government's socio-political development agenda.</p> <p>Minimise Conflict from Industrial Activities: Reduce the industry's negative impact through environmental and social initiatives.</p>
Interactional Trust	100 -High	<p>Regular Interaction and Transparent Communication: Continuous and open communication with business actors, reducing information asymmetries</p> <p>Mutually Beneficial Relationship: Mutually beneficial collaboration and strong trust between both parties</p>
Institutional Trust	High	<p>Sustainable Economic and Social Contribution: Consistent and impactful social and economic development</p> <p>Commitment to Occupational Safety and Community Empowerment: Programmes that ensure occupational safety and community empowerment.</p> <p>Institutionalised Trust: Strong trust from business actors in the capacity and integrity of PT INALUM PLTA.</p>

Table 4 illustrates that PT INALUM Hydropower Plant (PLTA) has achieved exceptionally high scores across all Social License Index (SLI) indicators from a business perspective. These results highlight the company's success in fostering robust economic relationships, making meaningful social contributions, ensuring transparent communication, and cultivating institutional trust. Such outcomes reflect PT INALUM PLTA's consistent efforts to engage with and positively impact the surrounding communities and business stakeholders. Overall, business actors demonstrate a constructive and favorable attitude toward the company, underscoring PT INALUM PLTA strong performance and emphasizing the importance of fostering and maintaining long-term stakeholder relationships. These efforts are crucial

in developing a sustainable and mutually beneficial business environment. The SLI analysis from the government's perspective, including key indicators, percentage values, and influencing factors, is further detailed in Table 5.

Table 5. SLI Analysis from the Government Perspective

Indicators	Government Perspective (% - Level)	Factors that Influence
Economic Legitimacy	83 - High	Economic Contribution: The company plays a role in enhancing economic development, job creation and infrastructure development. Contribution to the industrial sector and other sectors of the local economy through multiplier effects. Economic Agglomeration Aspects: Making the District an Industrial Centre Multiplier Effect: The company creates a positive chain effect in other sectors of the economy, such as increased income for local suppliers and increased economic activity in the surrounding area.
Socio-Political Legitimacy	85 - High	Social Programs: The company supports the local government's social and political programs, such as cultural activities, sports, and festivals, which help strengthen the relationship between the company and the local community. Conflict Reduction: Through CSR, companies help reduce the potential for social conflict in their operations. Involvement in community activities demonstrates the company's commitment to supporting socio-political stability.
Interactional Trust	77 - High	Transparency: The Company's level of openness and accountability in communicating with local governments increases trust. Collaboration: Active participation in community communication forums and local government involvement in the company's strategic decision-making strengthens trust and relationships between the two parties.
Institutional Trust	81 - High	Sustainability: The company consistently commits to sustainable programs that align with regional development goals. This commitment includes environmental management and investment in long-term projects that benefit local communities. Reputation: The reputation of a company with high integrity and trustworthiness strengthens the government's trust. This good reputation is built through the company's concrete actions and success in fulfilling its commitments to the community and government.

Table 5 demonstrates that PT INALUM Hydropower Plant (PLTA) possesses strong social legitimacy from the government's perspective, underscoring the mutually beneficial relationship and high level of trust between the company and governmental institutions. The company is recognized as a strategic partner in fostering regional economic growth and socio-political stability while maintaining a long-term commitment to community welfare and environmental sustainability. Furthermore, Table 6 presents the results of the Social License Index (SLI) analysis from the perspective of Civil Society Organizations (CSOs), revealing a lower percentage value than the preceding two perspectives.

Table 6. Analysis of SLI from the CSO Perspective

Indicators	CSO Perspective (% - Level)	Factors that Influence
Economic Legitimacy	64- Medium	Uneven labour absorption is a significant issue here. While companies create jobs, especially for contract labour, uncertainty about job security and regular income remains a concern. It points to the need for companies to improve their strategies for more equitable and sustainable labour absorption.
Socio-Political Legitimacy	62 - Medium	The CSO evaluation highlighted the company's need for adequate environmental conservation efforts. While some environmental programmes have been implemented, improvement is needed in addressing the environmental impacts

		resulting from the company's operations. The lack of support for social and cultural programmes expected by communities also increases dissatisfaction and criticism of the company's social contributions.
Interactional Trust	64 - Medium	Limited communication, minimal CSO access to information, and transparent dialogue are major obstacles here. Limited active dialogue with all CSO parties also leads to a lack of trust and dissatisfaction. Companies must improve communication transparency and deepen engagement with CSOs to build trust.
Institutional Trust	72 - High	Despite shortcomings in some aspects, there is high confidence in the potential for community empowerment and work safety by PT INALUM PLTA. Confidence in work safety and employee welfare reflects the company's concern for employees and the work environment.

Civil society organizations (CSOs) offer a more critical evaluation of PT. Indonesia Asahan Aluminium (INALUM) PLTA's performance reflects their role as supervisors and advocates of sustainability and fairness across all development sectors. Despite high institutional trust, indicating CSOs' confidence in PT INALUM PLTA's internal structure and capabilities, this does not translate into an overall positive perception. In the context of externalities, CSO perspectives on economic and sociopolitical legitimacy reveal undesirable consequences, such as unequal labor absorption and suboptimal environmental impacts. This demonstrates that, while the industry generates economic benefits, adverse effects remain a significant concern for CSOs. A moderate level of interactional trust highlights the importance of effective communication strategies. To build trust and enhance transparency, PT INALUM PLTA could consider deepening engagement with all CSO stakeholders rather than focusing on specific actors.

Interestingly, high institutional trust suggests that CSOs recognize PT. INALUM PLTA as a potent force for community empowerment and workplace safety. This indicates the presence of positive spillover effects acknowledged by CSOs, which can serve as a foundation for PT. INALUM PLTA will continue innovating and improving its performance. From the CSO perspective, the Social License Index (SLI) provides a more critical assessment of the company's performance. While there is high confidence in the potential for community empowerment and occupational safety, the CSOs identified several issues, resulting in moderate levels for the other three indicators. Key concerns include employment inequality, insufficient environmental conservation efforts, limited communication, and restricted active dialogue with CSOs. These findings suggest that PT INALUM PLTA needs to enhance communication transparency, strengthen social and environmental programs, and deepen engagement with CSOs to build trust and gain full support from civil society.

4.3. Social License Index Level

The Social License Index (SLI) level is determined by the trust, opinions, and perceptions of the grassroots community and stakeholders regarding the company's implemented CSR programs. While these intangible elements, measuring trust, opinions, and perceptions can yield quantifiable insights. However, the results are inherently dynamic and subject to change as beliefs and perceptions evolve with new information. Based on the survey, the SLI level was calculated, yielding a highest value of 66. This value was then divided by four to establish the interval for each level, as outlined in Table 7.

Table 7. Social License Index Levels by Level and Interval

Level	Interval	Description
Rejection	0 - 16.50	At this stage, communities and stakeholders reject the company's existence or business activities. While the company may have a legal licence to operate, without the community's support, its operations may come to a standstill or suffer setbacks.
Acceptance	16.51 - 33	At this level, communities begin to accept the company's presence. It usually happens when the company communicates well, provides transparent information about its activities, and respects and understands local norms.
Approval	33.01 - 49.50	At this stage, the community accepts and supports the company's activities. This happens when the company listens to and acts in accordance with the community's expectations.
Co.Ownership	49.51 - 66	This is the highest level of social licence. At this stage, people feel the company is part of their community. The company is considered to have worked for the good of the community. It is achieved when the company actively contributes and engages in activities that benefit the community.

By analyzing these levels, PT INALUM can evaluate its Social License status and develop strategic measures to build greater trust and strengthen support from the community and stakeholders.

4.4. Analysis of Level of Social License Index of Government, Business and CSOs

An analysis of the SLI levels from the perspectives of the three stakeholders revealed that all achieved the Co-Ownership level. Detailed findings are presented in Table 8.

Table 8. Analysis of Level of Social License Index of Government, Business and CSOs

Perspective	Social License Level	Score	Analysis
Business	Co-Ownership	57.25	The government has high trust in PT INALUM PLTA. The CSR programme has a positive economic impact through a multiplier effect. The company is also considered compliant with regulations and communicates well with the government. It is expected to improve communication with communities outside ring 1.
Government	Co-Ownership	59.75	Business entities cooperating with PT INALUM PLTA rate the company as trustworthy and reliable. A track record without conflict with the community is the basis for high trust. This relationship demonstrates cooperation that is more than just an economic transaction; it is also based on shared values.
CSO	Co-Ownership	58	CSOs assess PT INALUM PLTA with high trust, supported by an institutional trust of 72%. The company is considered to have the capacity to empower communities and is in line with the vision of community welfare. CSR programmes have a positive and tangible impact. The company must be consistent and continue to improve its programmes.

Table 8 demonstrates that the company successfully attained a high level of social license from various stakeholders. The achievement of "co-ownership" status with businesses and Civil Society Organizations (CSOs), coupled with high trust from the government, indicates that the company has gained acceptance and support, and is regarded as an integral part of the community. This success is attributed to effective communication, transparency, and tangible contributions to the community's economic and social development. A company achieving 'co-ownership' within a social licensing framework suggests that its relationships with business partners are founded on economic transactions and shared values, missions, and long-term commitments. The key factor driving this high level of trust is PT INALUM PLTA's track record of maintaining conflict-free operations in the surrounding area. This demonstrates the company's ethical practices and recognition of the importance of fostering positive relationships with all stakeholders, including community and business partners.

The partnership between the government and PT Indonesia Asahan Aluminum (INALUM) PLTA exemplifies how major industrial companies such as PLTA serve as both energy producers and catalysts for economic and social development in their operational areas—the presence of PT. INALUM PLTA results in significant investment and economic activity, stimulating growth in the surrounding region. This includes direct job creation in hydropower and indirect employment in supporting sectors, such as construction, logistics, and services. Moreover, hydropower investments may encourage local businesses to expand or upgrade their operations to meet the increasing demand, further contributing to job creation and income generation for local communities. The emphasis on government-involved Corporate Social Responsibility (CSR) projects demonstrates PLTA ongoing efforts to benefit local communities economically and through social empowerment. While the economic impact of hydropower is the most apparent, the social impact of their endeavors is equally significant. With their mandate to promote community welfare, CSOs perceive PT. INALUM PLTA is a reliable partner in collaborative efforts to achieve prosperity. They believe that the company is implementing assistance and empowerment programs that positively and physically affect society. This favorable perception, based on direct evidence of perceived community benefits, enhances the company's legitimacy in the eyes of the public.

However, this dominant influence presents a challenge for PT. INALUM PLTA. To maintain this high level of trust, a company must consistently implement empowerment and assistance initiatives while regularly monitoring and improving its performance. Any discrepancy between actions and expectations can lead to a loss of trust, which may be difficult to recover. Consequently, to continue making a positive impact on society, PT. INALUM PLTA must uphold its commitment to the community, engage in ongoing communication with CSOs and other stakeholders, and innovate

its programs. To sustain and enhance this level of social licensing, PT. INALUM PLTA needs to maintain integrity, communicate effectively, and innovate CSR programs that provide sustainable benefits for the community. This approach ensures the company's continued positive impact and maintains strong relationships with various stakeholders.

5. Conclusions

PT INALUM Social License Index (SLI) analysis revealed a remarkable achievement in garnering substantial support and trust from the local community and stakeholders. The company's high SLI level demonstrates its successful integration into the local community, particularly in the co-ownership category. This integration is characterized by robust partnerships and sustained support, indicating a deep-rooted connection between PT INALUM and its operational environment. The co-ownership level of SLI signifies that PT INALUM has transcended the traditional corporate-community relationship, evolving into an entity that is perceived as an integral part of the local ecosystem. This achievement is particularly noteworthy as it represents the pinnacle of a social license, where the company's presence and operations are tolerated or accepted and actively embraced and supported by the community. Such a level of integration suggests that PT INALUM has successfully aligned its corporate objectives with the aspirations and needs of the local population, creating a symbiotic relationship that benefits all parties involved.

However, it is crucial to recognize that SLI levels are not static benchmarks but dynamic indicators that require continuous nurturing and maintenance. The fluid nature of social licenses demands ongoing efforts to sustain and potentially enhance the level of community support and trust. This dynamism underscores the need for PT INALUM to remain vigilant and proactive in its community engagement strategies and to constantly adapt to evolving social, economic, and environmental contexts. The SLI analysis highlights several key factors contributing to PT INALUM's success in achieving high-level social licenses. Effective communication emerges as a cornerstone of this achievement, emphasizing the importance of transparent, consistent, and two-way dialogue between the company and its stakeholders. This communication strategy likely encompasses regular updates on company activities, open forums for community feedback, and mechanisms for promptly and effectively addressing concerns.

Another critical factor identified in the SLI analysis is PT INALUM's involvement in Corporate Social Responsibility (CSR) programs. These initiatives serve as tangible manifestations of a company's commitment to community well-being and sustainable development. Effective CSR programs go beyond mere philanthropy, addressing real community needs and contributing to long-term social and economic development. PT INALUM's success in this area suggests a well-designed and implemented CSR strategy that resonates with local priorities and aspirations. The company's understanding of and respect for local norms and cultural practices has also significantly secured a high SLI level. This cultural sensitivity demonstrates PT INALUM's commitment to operating in a manner congruent with local values and traditions, fostering a sense of mutual respect and understanding. This approach is crucial for building trust and legitimacy within the community, as it shows that the company values and integrates local perspectives into its operational framework.

The holistic and sustainable approach adopted by PT INALUM to build relationships with communities and stakeholders has been instrumental in SLI success. This approach likely encompasses a wide range of initiatives, including local employment and procurement policies, environmental stewardship, and contributions to community infrastructure and services. By addressing multiple facets of community life and development, PT INALUM has positioned itself as a valuable partner in the region's progress, rather than merely an external economic entity. Maintaining a high SLI level is crucial for PT INALUM's long-term success and operational continuity. A strong social license provides a buffer against potential conflicts and challenges, enhancing a company's resilience in the face of changing social, political, or economic landscapes. They also contribute to operational efficiency by reducing the likelihood of community-related disruptions and fostering a cooperative and supportive local environment.

Moreover, a high SLI can translate into tangible business benefits for PT INALUM. These may include easier access to resources, smoother regulatory processes, enhanced reputation, and increased attractiveness to investors and partners who value strong community relationships. In an era where corporate social responsibility and sustainable business practices are increasingly scrutinized, PT INALUM's achievements in this area position it favorably in the global business landscape. The sustainable positive impact PT INALUM aims to provide to the surrounding community and environment is intrinsically linked to its maintenance of a high SLI level. By prioritizing community relationships and sustainable practices, the company can create a virtuous cycle in which its operations contribute to local development, which reinforces community support for its presence.

Thus, PT INALUM achievement of a high Social License Index level, particularly in the co-ownership category, represents a significant accomplishment in corporate-community relations. Effective communication, meaningful CSR initiatives, cultural sensitivity, and a holistic approach to stakeholder engagement underpin this success. However, the dynamic nature of social licenses necessitates ongoing efforts to maintain and enhance this relationship. By continuing to focus on these key areas and adapting to evolving community needs and expectations, PT INALUM can ensure the longevity of its social license, secure operational continuity, and generate sustainable positive impacts for the company

and its host communities. This approach safeguards PT INALUM business interests and establishes a commendable standard for corporate responsibility and community engagement in the industry.

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