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The Impacts of Corporate Presence on Local Communities

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A Critical Sociological Study of British Petroleum LNG Tangguh in Tofoi Village, Sumuri District, Teluk Bintuni Regency, West Papua Province
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A R T I C L E I N F O

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A B S T R A C T

The oil and gas industry is frequently positioned as a driver of development in peripheral regions, particularly in resource-rich developing countries. However, such an approach often neglects the social impacts and power relations that accompany the presence of extractive industries in Indigenous territories. This article aims to critically examine the impacts of British Petroleum's LNG Tangguh project on social transformation, power relations, and community adaptation strategies in Tofoi Village, Teluk Bintuni Regency, West Papua. This study employs a qualitative approach with a case study design, utilizing in-depth interviews, participant observation, and document analysis. The findings indicate that the extractive industry not only transforms local economic structures but also functions as a hegemonic actor that reshapes social stratification, customary authority, patterns of social relations, and community systems of meaning. Community adaptation strategies reflect practices of survival within an unequal structural context rather than processes of transformative empowerment. This article contributes theoretically by positioning the extractive industry as a form of social hegemony operating through economic, institutional, and development discourses, while offering a substantive critique of prevailing CSR paradigms and technocratic development approaches in Indigenous territories

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INTRODUCTION

The oil and gas industry occupies a strategic position in the contemporary global political economy. Beyond supplying primary energy resources, this sector plays a crucial role in capital accumulation, state fiscal stability, and international geopolitical configurations (Auty, 1993; Bridge, 2004). Within the sociology of development, extractive industries are understood as sectors with high structural transformative capacity due to their large-scale investments, advanced technologies, and complex power relations involving states, transnational corporations, and local communities.

In developing countries, natural resource exploitation is frequently promoted as a central strategy for national and regional development. This discourse is commonly framed within a modernization paradigm that equates industrialization with progress and economic rationality. However, critical literature demonstrates that resource-based development is inherently ambivalent and often produces inequality, conflict, and socio-ecological vulnerability, particularly for communities living near extractive sites (Ross, 2012).

In the context of West Papua, extractive industries intersect with Indigenous territories, communal land tenure systems, and a long history of political and economic marginalization. Previous studies indicate that extractive industries in Papua not only alter material conditions but also reshape identities, power relations, and Indigenous subjectivities (Kirsch, 2006; Golub, 2014). Nevertheless, academic studies on British Petroleum's LNG Tangguh project remain largely dominated by technical and policy-oriented perspectives, while sociological analyses grounded in local community experiences remain limited.

This article seeks to address this gap by examining the impacts of British Petroleum LNG Tangguh in Tofoi Village, Sumuri District, Teluk Bintuni Regency. The study focuses on two central questions: how does the oil and gas industry shape social change and power relations within the local community, and how do community members respond to and adapt to these changes?

LITERATURE REVIEW

Extractive Industries and Social Change

Social change theory conceptualizes society as a dynamic entity undergoing continuous transformation in its structures, institutions, and patterns of social relations (Sztompka, 1993). In extractive industry contexts, social change often occurs rapidly and exogenously, driven by the influx of large-scale capital and capitalist production logics. This process disrupts local social orders previously based on customary practices and subsistence livelihoods, integrating them into global market structures (Polanyi, 1957).

Development, Inequality, and Dependency

Development is theoretically understood as a multidimensional process; however, in practice, it is frequently reduced to economic growth (Todaro & Smith, 2020). In extractive regions, such growth is often accompanied by internal inequality and structural dependency. The concept of the resource curse explains how dependence on natural resources can weaken local institutions and generate unsustainable enclave economies (Auty, 2001; Ross, 2012).

Power Relations and Social Conflict

Conflict theory emphasizes that social change often emerges from struggles between groups with unequal access to resources (Ritzer, 2011). In extractive industries, conflict arises not only between corporations and communities but also horizontally within communities due to unequal benefit distribution (Coser, 1956; Dahrendorf, 1959).

Research Model

The research model is designed to comprehensively explain the relationship between extractive industry presence and local social dynamics within an Indigenous community context. British Petroleum LNG Tangguh is positioned as a key structural variable operating within state–market–corporate power relations that shape multiple dimensions of social life in Tofoi Village.

Conceptually, the model consists of three interconnected analytical layers. The first layer comprises structural industrial interventions, including resource extraction, infrastructure development, wage-based labor systems, land compensation schemes, and corporate social responsibility (CSR) programs. These interventions act as primary drivers of local social change.

The second layer involves social mediation mechanisms, such as local institutions (customary and village governance), intermediary elites, and differential access to employment and resources. These mechanisms determine how industrial impacts are unevenly experienced across social groups.

The third layer encompasses social impacts and responses, including changes in local economic structures, social stratification, power relations, social conflict, and community adaptation strategies. This model emphasizes that local communities are not passive actors but possess agency in interpreting, negotiating, and responding to change, albeit within structurally unequal constraints. As such, the model offers an integrative analytical framework linking structure, power relations, and agency in understanding extractive industry impacts in Indigenous territories.

METHODOLOGY

This study employs a qualitative approach with a case study design. The research site is Tofoi Village, Sumuri District, Teluk Bintuni Regency, West Papua. Informants were selected through purposive and snowball sampling, based on the criteria of being local residents, having lived in the village for at least ten years, and possessing direct experience with the company's presence. Data were collected through in-depth interviews, participant observation, and document analysis. Data analysis was conducted thematically and reflexively, linking empirical findings to critical development sociology and political economy frameworks.

RESULT AND DISCUSSIONS

Results

First, changes in the local economic structure are selective and produce internal inequality. The presence of the industry has shifted livelihoods from subsistence-based marine and forest economies toward a mixed economy increasingly dependent on wage labor. While some community members obtain stable incomes through industrial employment, access to such opportunities is highly dependent on education, skills, and proximity to local elites. Consequently, economic benefits are unevenly distributed, generating new forms of social differentiation. Those excluded from industrial integration face heightened economic vulnerability due to the decline of traditional livelihoods.

Second, social stratification has been transformed, accompanied by weakened community cohesion. Prior to industrial presence, Tofoi Village exhibited a relatively egalitarian social structure grounded in customary norms. The industry introduced new stratification bases oriented around economic access and corporate relations, leading to the emergence of local elites and relative marginalization of others. This shift has weakened communal solidarity, intensified social jealousy, and reduced collective practices such as mutual aid.

Third, customary authority has been reconfigured and subordinated within local institutional structures. Customary institutions that once served as centers of collective decision-making have experienced diminished roles, as

formal administrative and corporate procedures increasingly dominate decisions related to land, compensation, and CSR programs. This has constrained Indigenous participation and weakened the legitimacy of customary authority.

Fourth, social conflict has developed in latent and layered forms. Conflicts related to benefit distribution, land rights, and institutional authority are often expressed implicitly rather than openly. Economic dependence on corporate employment discourages overt protest, allowing latent tensions to persist and potentially erode long-term social cohesion.

Fifth, community adaptation strategies reflect constrained agency within unequal structures. While the community actively engages in livelihood diversification, social negotiation, and reinterpretation of customary values, these strategies function primarily as survival mechanisms rather than transformative empowerment processes. Agency is exercised within structural limitations that prevent fundamental change.

Collectively, these findings demonstrate that extractive industry presence produces complex and ambivalent social change, where economic opportunities coexist with reproduced inequalities, institutional weakening, and restricted participation.

Discussion

a) Socio-Cultural Impacts

The findings reveal that British Petroleum LNG Tangguh's presence has generated structural, relational, and symbolic transformations. Structurally, livelihoods have shifted toward wage labor, reshaping social stratification. Relationally, communal solidarity has given way to more instrumental social relations. Institutionally, customary governance has been marginalized, reducing Indigenous participation and generating latent institutional conflicts. Socil tensions remain largely unexpressed due to economic dependency, posing long-term risks to social cohesion.

b) Economic Impacts

Economically, industrial presence has introduced wage-based livelihoods that improve welfare for some households while excluding others. Benefits are unevenly distributed and highly dependent on education and elite proximity. The decline of traditional livelihoods and growing economic dependency on the company weaken long-term economic resilience.

c) Emerging Social Conflicts

Conflicts arise around benefit distribution, land rights, and institutional authority. These conflicts are predominantly latent, driven by unequal power relations and constrained participation, and manifest in social jealousy and mistrust rather than open resistance.

d) Impacts on Power Relations

The industry has reshaped local power configurations, shifting authority from customary institutions to actors embedded within state, corporate networks. New local elites mediate access to resources and decision-making, reinforcing asymmetrical power relations and limiting community bargaining capacity.

e) Adaptation as Survival Practice

Community adaptation strategies demonstrate agency but remain constrained by structural inequalities. These strategies function primarily as survival practices rather than transformative empowerment, highlighting that agency alone does not guarantee structural change.

Research Novelty

The primary contribution of this study lies in conceptualizing the extractive industry as a hegemonic social actor rather than merely an economic or developmental agent. By centering local community experiences, this research offers a critical alternative to technocratic and CSR-centered approaches, revealing how inequality, conflict, and dependency are structurally produced through unequal power relations.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study concludes that the presence of British Petroleum LNG Tangguh in Tofoi Village constitutes a structural and power-laden process of social change. The extractive industry reshapes local economic structures, social stratification, customary authority, and social relations. Rather than producing linear collective welfare, it generates internal inequalities, latent conflicts, and structural dependency. Community adaptation reflects constrained agency within unequal structures rather than transformative empowerment. Consequently, extractive industry–based development must be critically understood as a socio-political project operating through hegemony, not merely as an economic activity.

Recommendations

For the state, extractive industry governance should move beyond technocratic approaches toward socially contextualized frameworks that strengthen Indigenous rights, local institutional authority, and substantive participation mechanisms. For corporations, CSR programs should be designed as long-term strategies oriented toward distributive justice, local economic capacity building, and post-industrial sustainability, rather than instruments of social legitimacy. For civil society and academia, sustained critical research and advocacy are essential to ensure that Indigenous voices and experiences form the foundation of development policy.

Future Research Agenda

Future research should adopt longitudinal approaches to assess intergenerational impacts of extractive industries on values, identities, and youth aspirations. Comparative studies across extractive regions in West Papua are also necessary to examine institutional variation. Additionally, in-depth analyses of gender and psychosocial dimensions remain important areas for further exploration.

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