

## **ABSTRACT**

This dissertation examines a particular case of the governance issues of a Trans-National Corporation (TNC), PT. International Nickel Indonesia (INCO), a nickel mining corporation operating in Sorowako, in the context of the recent decentralization process in Indonesia. Based on the analyses of change of Indonesian mining industry policy especially in relation to the prevailing social-political environment and recently introduced decentralization system, this dissertation examines the local development issues caused by the ambiguity of decentralization policies, and the TNC's corporate governance defects and the deficits of local governance in the communities. In the dissertation the detailed stakeholder analyses revealed the confusion over authorities among various levels and actors of local governance, regional, regency, district, local councils etcetera, creating an uncertain environment which challenged the TNC's corporate governance capability.