

Political Instability and its Effects on International Companies: A Case Study on Sierra Rutile Limited (Sierra Leone)

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Abstract: This research explains political instability and its effects on International companies, a case study on Sierra Rutile Limited (SL). The purpose of this paper is to explain the working conditions and operations of Sierra Rutile Ltd before the outbreak of the Instability in Sierra Leone, in 1991, the effect of political instability on Sierra Rutile Limited during the instability from 1991-2002, the present condition of the company since the end of the Instability in 2002, Mechanism and solutions in preventing business decline and failure in the future caused by political instability if it probably emerged. In this research a qualitative descriptive approach, phenomenology was recommended which focuses on political instability and its effects on international companies, a case study on Sierra Rutile Ltd, by the use of documentations and observations. The findings can also be drawn from the background of the Instability in the country, focusing on the operation of Sierra Rutile before, during and after the instability in Sierra Leone. This article will provide significant conclusions and recommendations to governments, future researchers, Industries, companies, International business and global markets.

Keywords: Political Instability, Civil War, Mining.

1. INTRODUCTION

Political instability is an unlikely activity in a country, through violence, civil war, strike, coup d'état and the collapse of government. This can affect business and investments in a country, because no business or investment would like to operate in an unstably micro economy. Those business and investment will face lose, death and decline. It has great effect on the revenue of a country, in relation to the views of (Gyimah 2002; Alesina et al. 1996).

The existence of companies in a country is very important. Regardless the types such as private or state owned, its sector such as manufacturing, service, or retail, size; small, medium, or big companies, the existence of companies can bring betterment towards the country in many aspects. The example is better economic development and human resource utilization, as long as the companies are successful.

Sierra Leone is blessed with natural endowments including diamonds; one of the most resourced rich countries in Africa remain one of the poorest in the world. The country's main source of income has been mineral deposit particularly diamond. This attracted a lot of international investments in the country most in the mining and agriculture sector.

The mining industry of Sierra Leone accounted for 4.5 percent of the country's GDP in 2007 (African Development bank OECD 2009) and minerals made up 79 percent of total export revenue with diamonds accounting for 46 percent of export revenue in 2008 (Geological Survey U.S. 2010). The main minerals mined in Sierra Leone are diamonds, rutile, bauxite, gold, iron and limonite. Mining in Sierra Leone has been seen as one of the key factors for instability in the country and one of the reasons for the country's recent civil war. Traditionally, benefits from diamond mining have ended up with private companies and corrupt officials rather than the country's government and people (Federico 2007).

Rutile is a high-grade titanium ore, which is processed into titanium dioxide overseas for use mainly in paint, paper and welding rods. Sierra Leone is known for its particularly high-grade rutile. Titanium has a wide range of applications and is the metal of choice for the rapidly-growing aviation industry. In the medium-term, demand for the metal is expected to continue to be driven by the Chinese commodity boom. Rutile was discovered in Sierra Leone in 1954 in the gravels of the Lanti River south of the Gbangbama region in the Southern Province. Four groups of deposits are known to be distributed around the country: the Gbangbama Deposit, the Sembehun Deposit, the Rotifunk Deposit and the Kambia Deposit. Sierra Leone has the largest natural rutile reserves in the world and was accordingly the largest producer of natural rutile worldwide, accounting for a third of the total world production.

From optimistic beginnings to a future full of promise, the history of Sierra Rutile is inextricable from that of Sierra Leone. The Sierra Rutile tradition goes back to 1962, a year after Sierra Leone gained independence from Great Britain, when a company called Sherbro Minerals began the exploration and development of substantial rutile deposits in the South-West of the country. In 1967, Sierra Leone's first rutile mine was opened by the then Prime Minister, Sir

Albert Michael Margai. Albert ramping up to 100,000 tonnes per annum of rutile production. In 1979, second dredge and wet plant commissioned. The years that followed were a roller coaster for the Company, with several changes of ownership and significant operational challenges. By 1993, the Company was at its peak, having become the world's largest producer of natural rutile, responsible for around 25% of the world production, with a production of 150,000 tonnes per annum.

However, it now faced another threat. The civil unrest, which started in 1991, had escalated into war and was spreading rapidly throughout Sierra Leone. In 1995, rebels attacked the mine, kidnapped workers and forced them into closure. It was 11 years before rutile exports would begin again, with a shipment of 7,000 tonnes on 15 May 2006. In the interim, the Company had undergone a full scale refurbishment costing over \$100 million and had listed on the London Stock Exchange's Alternative Investment Market (AIM) (James 2010).

Sierra Rutile is a leading mineral sand company, operating world-class assets in Sierra Leone. It is a multi-mine operation with one of the largest rutile deposits in the world. The company plays a major role in the national and regional economies, accounting for approximately 2.4 per cent Sierra Leone's total GDP. With a workforce of more than 1,600 personnel (over 95% of which is Sierra Leonean), the company is one of the largest private sector employers in Sierra Leone. Sierra Rutile is committed to being a sustainable corporate citizen. In practice, this means proactive consideration for all environmental, social and economic implications prior to, throughout and following the closure of operations (www.sierra-rutile.com).

Sierra Rutile is a wholly owned subsidiary of Iluka Resources, its operation consists of one dredge (Lanti Dredge) and two dry mining operations (Lanti Dry Mine and Gangama Dry Mine). The operation feed into one central processing unit where a mineral separation plant separates the heavy mineral concentrate into several distinct rutile products and by-products. Sierra Rutile's operation is completely self-sufficient with a dedicated port facility as well as other supporting infrastructure including a power plant, health clinic and residential camp. At 95% TiO₂, the rutile is one of the highest quality titanium products in the world. The company faced a lot of destructions during the outbreak, their properties and facilities were burnt down and looted, many staffs were killed, kidnaped, injured and forced into closure, this led to the suspension of activities of the company (www.sierra-rutile.com).

Several researches that have been conducted previously showed the empirical evidence related to political instability and business. Ashiedu (2006) performance result which its results have several policy implications. First, it suggests that FDI in SSA is not solely driven by some exogenous factors, and that small countries and/or countries that lack natural resources can obtain FDI by improving their institutions and policy environment. Second, multilateral organizations such as the IMF and the World Bank can play an important role in facilitating FDI by promoting good institutions in countries in SSA.¹⁹

Kim and Hakson (2010) "foreign direct investment (FDI) and political stability by investigating the country-level FDI flows, FDI inward performance and political stability measures". Countries

with high political rights have higher FDI inflows. Also, countries with high level of corruption of government and low level of democracy have higher FDI inflows.

2. LITERATURE REVIEW

Pfeffer and Salanah (2008) Resource Dependence Theory Resource (RDT) is concerned with how organizational behavior is affected by external resources the organization utilizes, such as raw materials. It shows how external resource of organization affect the behavior of the organization. This theory is important because an organization's ability to gather, alter and exploit raw materials foster than competitors can be fundamental business RDT is underpinned by the idea that resources are key to organizational success and that access and control over resources is a basis of power. Resources are often controlled by organizations not in the control of the organization needing them, meaning that strategies must be carefully considered in order to maintain open access to resources.

The basic argument of resource dependence theory can be summarized as follows: Organizations depend on resources, these resources ultimately originate from an organization's environment, the environment, to a considerable extent, contains other organizations, the resources one organization needs are thus often in the hand of other organizations, resources are a basis of power, legally independent organizations can therefore depend on each other.

Foreign Direct Investment, Existence of Firm Specific Advantage theory of Foreign Direct Investment (FDI) was developed by Hymer (1976). According to this theory, firms invests abroad because of certain firms specific advantage such as, access to raw materials, economies of scale, intangible assets such as trade names, patents, superior management etc., low transaction costs. Etc... If markets work effectively and there are no barriers in terms of trade and competition international trade is the only way to participate in the international market. Therefore, the realization of direct investment is determined by some certain distortions, and these distortions were first noticed by Hymer. He believes that local firms will have always better informed about local economic environment and for FDI to take place there must be some conditions.

Alesina and Perotti (1996) "Income distribution, political instability, and investment" They studied the effects of income distribution on investment, by focusing on political instability as the channel which links these two variables. Income inequality increases social discontent and fuels social unrest. The latter, by increasing the probability of coups, revolutions, mass violence or, more generally, by increasing policy uncertainty and threatening property rights, has a negative effect on investment and, as a consequence, reduce growth. Alesin and Roberto answered the questions; (a) Does income inequality increase political instability? (b) Does political instability reduce investment? The answer for both questions is "Yes". Firstly, more unequal societies are more politically unstable: in particular, their results suggest that political stability is enhanced by the presence of a wealthy middle class. Secondly, political instability has an adverse effect on investment and, therefore, on growth. Furthermore, these two effects (from inequality to instability, and from instability to investment) are not only statistically significant, but also economically significant.

Political instability affects growth because it increases policy uncertainty, which has negative effects on productive economic decisions such as investment and saving. A high probability of a change of government implies uncertain future policies, so that risk-averse economic agents may wait to take productive economic initiatives or might even "exit" the economy by investing abroad. Similarly, foreign investors are likely to prefer a stable political environment. On the other hand, low growth increases government instability. A vast empirical literature has shown that in industrial democracies incumbent governments' chances of reelection depend on the rate of growth immediately before the elections. In no democracies, low growth increases popular dissatisfaction, creates incentives for antigovernment activities, and may make coups d'état more likely. The interaction between growth and political instability can lead to a vicious circle: suppose that for some exogenous reason the probability of a government collapse increases (Alesina et al. 1996).

In support with Resource dependence theory (RDT) by Pfeffer and Salanah (2008) is concerned with how organizational behavior is affected by external resources the organization utilizes, such as raw materials. It shows how external resource of organization affect the behavior of the organization. This theory is important because an organization's ability to gather, alter and exploit raw materials foster than competitors can be fundamental business RDT is underpinned by the idea that resources are key to organizational success and that access and control over resources is a basis of power. Resources are often controlled by organizations not in the control of the organization needing them, meaning that strategies must be carefully considered in order to maintain open access to resources. Sierra Rutile was unable to access the natural resources during the period of the instability, the company depends on the natural resources of the country to do it operations. Before the outbreak of the instability the company was in full operations, it can access and use the raw materials for export. There were also plans of expanding operations during that period before the instability in 1991. When the instability break up in 1999 and the mines was attacked, all operations was suspended in 1994 until the end of the civil war in 2002. The company restarted and reestablished it operations after the end of the civil war, there was stability in the country, Sierra Rutile can access the natural resources which is Rutile-pigment feedstock, titanium metal and welding applications, ilmenite and zircon. Presently Sierra Rutile produce 150,000 tonnes per year of rutile exceeded, making the operations the largest producer of rutile in the world. The company depend on the natural resources especially in that location as Porter's Diamond Theory of National Advantage mentioned "traditionally, economic theory mentions the following factors for comparative advantage for regions or countries. Land, Location, Natural resources (minerals, energy), Labor, Local population size, because these five (5) factors can hardly be influenced, this fits in a rather passive (inherited) view regarding national economic opportunity"

3. DISCUSSION

In looking at the purpose of the study, the working conditions and operations of Sierra Rutile Ltd before the outbreak of the Instability in 1991, the effect of political instability on Sierra Rutile Limited, the present condition of the company since the end of the Instability in 2002, mechanism and solutions in preventing business decline and failure in the future caused by

political instability if it probably emerged. Findings are gathered from top managers, employees, and documentations.

In relations to the findings operations was good and prosperous. Mining activities was going on well in Sierra Rutile. Before the outbreak of the instability, example in 1992 to 1993 the company had a production of 150,000 tonnes per year of rutile exceeded, making the operations the largest producer of rutile in the world, consolidated Rutile acquires a 50% interest from Nord Resources in 1993. This shows that if there is a stability in a micro economy, business and business activities can go on well. Business can meet their business focuses, which is maximizing profit and business expansion. Stable country or stable micro economy can attract foreign direct investment in any country (Hymer 1976). According to this theory, firms invests abroad because of certain firms specific advantage such as, access to raw materials, economies of scale, intangible assets such as trade names, patents, superior management etc., low transaction costs. Etc... If markets work effectively and there are no barriers in terms of trade and competition international trade is the only way to participate in the international market. Therefore, the realization of direct investment in determined by some certain distortions, and these distortions were first noticed by Hymer. He believes that local firms will have always better informed about local economic environment and for FDI to take place there must be some conditions. Toward a theory of international new ventures by Benjamin and Dongall (2003) define an international new venture as a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries. The distinguishing feature of these start-ups is that their origins are international, as demonstrated by observable and significant commitments of resources (e.g., material, people, financing, time) in more than one nation.

The operations and working condition of Sierra Rutile during the instability especially the civil war, was really bad. All operations was suspended from 1994- 2002, everyone was running their lives. The company went through a lot, facilities were destroyed and looted, and staffs were kidnapped, damaged and killed.

Sierra Rutile Limited was seriously affected by the outbreak of the instability especially the civil in 1991, from the findings shows that the company was seriously affected by the civil war, all operations was suspended and staffs were affected, some were killed, looted, kidnapped and injured. Political instability has a great effect on business and economic growth. The former CEO John Sisay said "The vastness of the operation was immediately evident, and on the other hand you could not help but painfully aware that the war had shut it all down. There was no economic activity in the surrounding area. There were no jobs hardly any businesses, barely anything going on" showing the effect of the instability on the company Political instability is regarded by economists as a serious malaise harmful to economic performance. Political instability is likely to shorten policymakers' horizons leading to suboptimal short term macroeconomic policies. It may also lead to a more frequent switch of policies, creating volatility and thus, negatively affecting macroeconomic performance. Considering its damaging repercussions on economic performance the extent at which political instability is pervasive across countries and time is quite surprising (Aisen and Veiga 2011). Political instability affects

growth because it increases policy uncertainty, which has negative effects on productive economic decisions such as investment and saving. A high probability of a change of government implies uncertain future policies, so that risk-averse economic agents may wait to take productive economic initiatives or might even "exit" the economy by investing abroad. Similarly, foreign investors are likely to prefer a stable political environment. On the other hand, low growth increases government instability. A vast empirical literature has shown that in industrial democracies incumbent governments' chances of reelection depend on the rate of growth immediately before the elections. In no democracies, low growth increases popular dissatisfaction, creates incentives for antigovernment activities, and may make coups d'état more likely. The interaction between growth and political instability can lead to a vicious circle: suppose that for some exogenous reason the probability of a government collapse increases (Alesina et al. 1996).

Sierra Rutile has to restart and rehabilitate again after the end of the civil war in 2002, it was very difficult for them especially to reemploy and get new staffs. Most of the workers were killed, injured and some had fled out of the country. As the former CEO said "Sierra Rutile was the only place in the world where people would apply for jobs and under the 'previous experience' section list 'ex-combatant' as an activity, which the HR a special kind of challenge". And in 2016 Sierra Rutile merger with Iluka resources Ltd, is a leading mineral sands company, operating world-class assets in Sierra Leone, this is reference to Institutional theory of Organizational Growth, Organizational growth: the life-cycle stage in which organizations develop value-creation skills and competences that allow them to acquire additional resources. Organizations can develop competitive advantages by increasing division of labor, creates surplus resources that foster greater growth and growth should not be an end-in-itself (Jones 2007).

In support with Pfeffer and Salanah (2008) Resource dependence theory (RDT), is concerned with how organizational behavior is affected by external resources the organization utilizes, such as raw materials. It shows how external resource of organization affect the behavior of the organization. This theory is important because an organization's ability to gather, alter and exploit raw materials foster than competitors can be fundamental business RDT is underpinned by the idea that resources are key to organizational success and that access and control over resources is a basis of power. Resources are often controlled by organizations not in the control of the organization needing them, meaning that strategies must be carefully considered in order to maintain open access to resources. Sierra Rutile was unable to access the natural resources during the period of the instability, the company depends on the natural resources of the country to do it operations. Before the outbreak of the instability the company was in full operations, it can access and use the raw materials for export. There were also plans of expanding operations during that period before the instability in 1991. When the instability break up in 1991 and the mines was attacked, all operations was suspended in 1994 until the end of the civil war in 2002. The company restarted and reestablished it operations after the end of the civil war, there was stability in the country, Sierra Rutile can access the natural resources which is Rutile-pigment feedstock, titanium metal and welding applications, ilmenite and zircon. Presently Sierra Rutile produce 150,000 tonnes per year of rutile exceeded,

the operations the largest producer of rutile in the world. The company depend on the natural resources especially in that location as Porter's Diamond Theory of National Advantage mentioned "traditionally, economic theory mentions the following factors for comparative advantage for regions or countries. Land, Location, Natural resources (minerals, energy), Labor, Local population size, because these five (5) factors can hardly be influenced, this fits in a rather passive (inherited) view regarding national economic opportunity" (Porter 1990).

With response to the mechanism and solutions in preventing the company from the effect of political instability if it probably emerged, the strength security, meeting their corporate social responsibility CRS, and developing a business plan are been gathered from findings. Strength security in the company is very important, as Bonnie Campbell mentioned in his journal "Good Governance, Security and Mining in Africa" In the Context of a Weakened Capacity of States to Intervene in Situations of Conflict, Countries or Mining Companies May In Order to Ensure Security, Turn to Private Security Companies or Co-opt Armed Groups to Protect Installations, thus contributing to further Insecurity the last issue to be raised, one which has very direct implications for the manner in which conflicts are dealt with, and potentially contributing to or resolving them, is the trend in regions in which local states have become weakened and where there is military and civil strife, for mining companies or the countries themselves to employ private security agencies. This has been the case in a number of mineral rich countries (Angola, Sierra Leone, Democratic Republic of the Congo, etc).

To the extent that mining companies employing such agencies, or the security companies themselves, benefit from various types of regulatory and public institutional support from the governments of the countries where they are based, the current situation raises issues of corporate and social responsibility in the countries of origin of these companies and the need to reinforce international provisions in this area. The small West African state of Sierra Leone, previously unknown in world affairs, has been thrust in to the international limelight largely because of its intractable civil war, which has created the market opportunity form mercenary intervention. Sierra Leone is therefore a working model for the link between low-intensity and strategic minerals. Sierra Leone has some of the world's best diamond (Francis 1999).

In having a business plan and meeting to it corporate social responsibility is a great mechanism to avoid instability by the company. The company is committed to being a positive force in the communities around the mine site as well as in Sierra Leone as a whole. Through the company's documentation on the collaboration with the communities, the company has identified core areas which are capacity building, investing in education, promoting small scale economic growth, improving access to healthcare and establishing physical infrastructure such as roads, to improve standards of living.

The company engages with the communities to understand the social, environmental and economic implications of its activities, and seeks to minimize negative impacts and bring shared value to the places where the business operates. The company pursues a number of initiatives and partnerships, including the Sierra Rutile Foundation, which are designed to improve the lives and employment opportunities of the people of Sierra Leone.

Training and recruiting the next generation of skilled employees is an important part of Sierra Rutile's long-term business strategy. Growing competition for skilled labor in Sierra Leone, the ageing nature of the company's workforce and the desire to improve the lives of the local population mean it is increasingly important to support education initiatives in the areas around the mine.

The company continued to support the Jackson and Devon Anderson Technical and Vocational Institute and Ruby Rose Educational Centre. The Institute provides relevant technical and engineering courses for young people in the communities around the mine site and currently offers diploma and certificate level courses in civil, electrical, mechanical and automobile engineering, business studies and information technology. It is anticipated that the Institute will significantly improve the long-term employment prospects for the people living around the Sierra Rutile mine and promote increased recruitment of local Sierra Leoneans and further lower its reliance on expatriate workers.

The company also provided financial support to the Ruby Rose Educational Centre that provides library facilities and adult education in the proximate mining communities. In 2015, the company provided an annual contribution of \$25,000 to the Jackson and Devon Anderson Technical Institute and \$16,000 to the Ruby Rose Educational Centre. USAID has approved a concept paper submitted by the company in partnership with the German International Cooperation (GIZ) for upgrading of the Jackson and Devon Anderson Technical Institute. The project will be funded through a tripartite arrangement by Sierra Rutile, GIZ and USAID.

The company aims to minimise the environmental impact of its mining operations and is committed to the rehabilitation of land affected by current and historical mining activity. The mining processes used at Sierra Rutile have a relatively limited impact on the environment and no large-scale mining pits are created. Although the company's mine life extends to over 20 years, mining is a temporary land use. The company's closure planning is integrated into its operational activities as it progressively rehabilitates as much land as possible prior to closure. Sierra Rutile plans ahead for the closure of its operations after the commercially recoverable ore is exhausted.

Sierra Rutile's land rehabilitation aims to restore the agricultural potential of the areas that were previously mined in an effort to provide long-term agribusiness opportunities for the local communities. The various types of trees that were planted in previous years on former mine works, as part of both the Darwin Initiative and the company's own projects, have all been successful, and the company will continue to observe their growth rates to determine the best strategy going forward for land rehabilitation. The company achieved its land rehabilitation target by successfully rehabilitating a total of 142 ha of disturbed sand tails in its mined-out Pejebu-North deposit comprising filling of sand tailings and barrow pits, through the planting of various types of trees. It is intended that the trees will, in due course, provide the basis for local communities to develop agribusiness opportunities. The land rehabilitation project collaborates

with the School of Forestry and Horticulture of Njala University for technical assistance, and also draws labour directly from local communities to the rehabilitation sites. The company's land rehabilitation project not only targets sustainable ecosystem restoration of mined-out areas, but also provides other sustainable development opportunities for the mining communities through job creation.

The Group also successfully exceeded its 2015 fish stocking target of 250,000 by stocking into the lakes around 338,000 fish comprising tilapia, catfish and nine different native fish species. The introduction of the native fish species is Sierra Rutile's strategy to promote heterogeneity to restore the aquatic ecosystem of the mined-out lakes (www.sierra-rutile.com).

The practical implications of the research findings tells that before the instability in the country especially the outbreak of the civil war in 1991, all operations was going on well and normal, the company was producing 1500,000 tonnes per annum, and there was even plans of expansion. When the civil war break out all operations and plans were suspended until 2002, at the end of the civil war. The company restarted and rehabilitated again in 2002, presently Sierra Rutile has mega with Iluka resources Ltd, producing an excess of 895.6 million tonnes, measured, indicate 757 million tonnes per annum and contributing 2.4% in Sierra Leone's GDP. This implies, when there is stability in the micro economy businesses, production, investments, employment and other developmental activities well go on in a county. This a great factor of development in any nation.

This research findings can be generalized, many nations in the world has faced political instability in different forms, which has great effect on the development of a nation, in terms of investments, production, infrastructure, education, economy and human resource. And stability in a nation bring development in all aspects.

4. CONCLUSION

Political instability has a great effect on international businesses, Sierra Rutile Ltd as a mining company in Sierra Leone in the Eastern province was greatly affected by the instability in the country, especially the civil war which started 23rd March 1991. Operations of the company was going on well before the outbreak of the instability, The company was founded in 1971, by 1993, the Company was at its peak, having become the world's largest producer of natural rutile, responsible for around 25% of the world production. However, the company faced another threat. The civil unrest, which started in 1991, had escalated into war and was spreading rapidly throughout Sierra Leone. In 1995, rebels attacked the mine, kidnapped workers and forced them into closure. All operations was suspended of till the end of the instability in 2002, the company restarted and rehabilitated again which was very difficult for them. Reemployment was a big challenge for the human resource and the setting up of the operations, machines, relevant equipment and even funding was a problem, the company had to take loan from the Sierra Leone government to carry on it operations. It was 11 years before rutile exports would begin again, with a shipment of 7,000 tonnes on 15 May 2006. In the

interim, the Company had undergone a full scale refurbishment costing over \$100 million and had listed on the London Stock Exchange's Alternative Investment Market (AIM). Presently Iluka Resources Limited (Iluka) completed the acquisition of Sierra Rutile Limited (SRL) by means of a merger of SRL with Iluka Investments (BV), a wholly owned Iluka subsidiary, on 7th December 2016. Iluka is a major international mineral sands resource company. It is involved in the exploration, project development, operations and marketing of mineral sands products. The major part of Iluka's production base is in Australia, with mining and processing operations in Sierra Leone. The corporate office is located in Perth, Western Australia. Iluka has regional and marketing offices, as well as warehouse distribution points in a range of locations. From its existing strong operational base, Sierra Rutile has looked at several ways to expand its operations. Through this process, the Company is now focused on expansion through the fast-tracked development of a new project, the Gangama Dry Mining project. And presently the working condition is much better than before the instability. Sierra Rutile has strong relationship with the government of Sierra Leone.

Recommendations and suggestion are, providing employment; The Company will usually result in employment benefits for the country, as most employees will be locally recruited and trained. These benefits may be relatively greater given that governments will usually try to attract firms to areas where there is relatively high unemployment or a good labour supply. This will contribute to human capital of Sierra Leone. Source of tax revenue; profits generated by the company contribute to corporate tax revenues, which will provide a valuable source of revenue for the government. This can improve the economy of the country. Improving the balance of payments; inward investment will usually help a country's balance of payments situation. The investment itself will be a direct flow of capital into the country and the investment is also likely to result in import substitution and export promotion. Technology transfer; as the company bring with them technology and production methods that are probably new to the country and a lot can therefore be learnt from these techniques. Workers will be trained to use the new technology and production techniques and domestic firms will see the benefits of the new technology.

This research is also expected to be significant to future researchers, they can get good information from it and increase on their knowledge of information, also using it as reference tool. Industries and companies, before investing into the country industries can have a knowledge on how political instability was in the country, so they will check on the stability of government, type of government, economic and policies of government, diplomatic events in surrounding countries before investing. And how do companies engaged in preventing business decline and failure in the future caused by political instability if it probably emerged. And to international marketing and global markets. They will get a scenario on how political instability affects the growth of business and they will learn from the solutions before investing in a country.

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