



## CORPORATE RESPONSIBILITY ETHICS AND ACCOUNTABILITY. THE CASE STUDY: SIERRA LEONE DIAMOND AND GOLD MINING\*

<sup>1</sup>PeterSahrBendu, <sup>2</sup>Prattana Srisuk, <sup>3</sup>Niti Choosawat  
<sup>1,2,3</sup>Panyapiwat Institute of Management EEC Campus, Thailand  
E-mail: mam-2504@hotmail.com

### Abstract

The study was a quantitative survey study. The purposes of this study were as follows; 1) to study the responsibility of diamond and gold mining companies in Sierra Leone, 2) to study ethics of diamond and gold company concerning mining practice, and 3) to study accountability of diamond and gold mining companies. The sample consisted of 30 employees, 10 managers, 5 CEOs, and 10 department HR from diamond and gold company. The data collection tools were interview and questionnaires. The data were analyzed by mean, standard deviation and percentage. The findings indicated two separate aspects: one the issue related to the Sierra Leone government that the Sierra Leone government has insufficient laws, lacking of financial transparency, poor government supervision, two the issue related to the diamond and gold mining companies which was found that the companies had poor responsibility towards the local community where they did the mining nor accountability. They lacked of ethics in doing the business, finally they did not have accountability in supporting the community especially those local people in mining area do not feel that they benefit from the proceeds of mining. Though the paper uses the experience of Sierra Leone, it can serve as a foundation to other mineral wealth countries especially of Sub-Saharan Africa.

**Keywords:** Corporate Responsibility, Ethics, Accountability, Sierra Leone Diamond, Gold Mining

### Introduction

According to Donaldson & Walsh, (2015) ethics are important and relevant to everyone. The ethical role of managers, or what the business ethicist Linda Trevino and her colleagues call ethical leadership, is a combination of being a moral person and being a moral manager. Being a moral person rests on a combination of key traits such as integrity, honesty, and trustworthiness. Integrity involves not only forthrightness and honesty or truthfulness but also consideration for the soundness of the whole entity that one manages

---

\* Received: August 1, 2020, Revised: August 20, 2020, Accepted: August 21, 2020



as well as of the society in which the organization is located. Integrity also means firm adherence to a code, such as an ethical code of conduct. Thus, being a moral person suggests that the individual has integrity and can be trusted. In addition to these traits, being a moral person also involves behaviors such as doing the right thing, concern for people, being open, and standards of personal integrity List & Pettit (2011).

Public managers increasingly lament about negative effects of accountability. Despite these reports and the importance of accountability in public organizations, it is yet unknown when it has positive or negative effects on managers. Overcoming two major obstacles in accountability research, this study therefore investigates ‘how accountability affects public manager's work behavior’. Rönnegard (2015) Firstly, this study applies a cognitive theory offering a promising way out of the current theoretical dead-end. Secondly, the quasi-experimental research design makes the complex concept of accountability more tangible and findings transferable to practice. Moreover, individual level characteristics such as motivation are used to investigate a potential interaction between contingency and individual level characteristics. (Shin & McClomb, 2018) Results indicate both positive and negative effects of accountability on work behavior and hence strongly challenge the positive normative connotation of accountability (Norman, 2015)

Manager has a duty of care; a responsibility to ensure the welfare and safety of their staff. The workplace should be a secure space, somewhere employees can work without fear of injury, abuse or harassment. Managers should be receptive of concerns from employees regarding their health and safety in the workplace and be active to address them. If this is not the case, employees who have been subject to an accident or mistreatment in the workplace should consider speaking to legal professionals such as Sinnamon Lawyers regarding worker's compensation (Hall & Donnell, 2017)

Diamond and gold mining companies in Sierra Leone were accused of tax invasions and seems not being honoring their obligation of cleaning exercise scheduled for every first Saturday of the month. They are also accused of being land grabbers and exploiters of our natural resources, have not given back or rendered any benefit to employees and community service to the people with all the looming environmental disaster. They have caused the diamond and gold districts to suffer. Diamond and gold mining companies were also accused of giving brown envelopes to government official in exchanged for invading mining laws which had serious consequences on the people, with little or no environmental safeguards. The villages in the valley are paying the price. Swamplands have been covered with ore sludge and water sources polluted or destroyed livelihood. Abandoned mine shafts are no longer maintained and start deteriorating fast. Miners venture deep underground and stay there for several days in harrowing conditions in the hope of finding riches. Sometimes



tunnels collapse and workers are trapped. The country's current legal framework that regulates the diamond and gold companies does not seem to promote transparency, accountability and responsible mining of diamond and gold (international best practice), hence misappropriation of mineral funds which consequently results in high poverty level in the country. (WACAM, 2012)

The consequences of poor management by mining sectors or diamond and gold companies also seems to extend beyond employees, organization and those in rural areas. The recent mudslide and flooding in the capital and other areas, which claimed the lives of hundreds, are cruel reminders of how vulnerable the country as a whole is, to adverse ecological changes. (Sonkita Conteh, 2018) The large man-made challenge Sierra Leone must surmount to survive as a nation that is, Successive governments have rolled out the red carpet for corporations to undertake “responsible” investments without truly holding them accountable for their transgressions. Therefore, the new management must take a lesson from the past and its people by deploying an environmental protection and good leadership skill of modern managers that truly works (OECD Watach, 2011)

### **Objectives of Research**

1. To study the ethics of diamond and gold companies in doing mining business in Sierra Leone.
2. To study accountability of diamond and gold companies in doing mining business in Sierra Leone.
3. To study responsibility of diamond and gold companies in doing mining business in Sierra Leone.

### **Research Methodology**

This study was conducted from December 2018 to September 2019. The research focuses to identify the problems of management in corporate responsibility, ethics and accountability base on gold and diamond mining companies in Sierra Leone. Also adhering to a code of ethics ensures that the public receives what it needs in a fair manner. It also gives the administration guidelines for integrity in their operations. That integrity, in turn, helps foster the trust of the community.

This study aimed to identify the problems the management faces in the industrial sector of gold and diamond companies in Sierra Leone, specifically, the corporate responsibility, accountability practices, and the ethics in doing the business. The study was designed as a quantitative survey research.



1. Population. was 110 employees and management at Diamond and Gold Mining companies in Sierra Leone, consisted of: 60 employees 20 managers 20 human resource persons and 10 CEOs

2. Sample. The sample was purposively selected from the above population with the total of 55 persons, they were: 30 employees, 10 managers, 10 HR and 5 CEOs.

The data were analyzed by using statistical method as mean, standard deviation and percentage for qualitative methods and quantitative methods was described for the problems found.

### 3. Research tool.

The tool for data collection was a questionnaire. The researcher developed the questionnaire by himself. The questionnaire validity was validated by 5 experts using the IOC find the suitability and relevance of the responsibility, ethics and accountability before it was tried out. The questionnaire was considered suitable at the 0.50 level of the IOC value. The results of the validation are shown in table 1 below:

**Table 1** The suitability index and its meaning.

Category	Items	IOC	Meaning
1	Employees Appreciation	.80	Suitable
2	Company Integrity	.80	Suitable
3	Law Enforcement	.50	Suitable
4	Operational Transparency	.80	Suitable
5	Financial Transparency	.80	Suitable
6	Government Supervision	.80	Suitable

### 4. Data Collection.

The data were collected from four groups as follows:

4.1 Questionnaires were sent by email to those employees in the diamond and gold companies, and the researcher contacted the representatives of those diamond and gold companies to help administering the questionnaires by collecting their email of thirty (30) people.

4.2 The interview was done through video-conference three times with the managers while by video-conference the information was recorded by cell phone.

4.3 The interview was also used to collect the data with manager, HR and CEO. The interview was conducted three times with five top managers by WhatsApp video call then the data were recorded.



5. Data Analysis. The quantitative data from questionnaires were analyzed by using statistical method: mean, standard deviation and percentage.

6. The ethical considerations. The ethics was considered by the following's practices: First all the participants identities were kept anonymous. Second all of the research participants were told to be free of withdrawing from participating in the data collections at any time if they do not feel comfortable. The research results from the study are used primarily for the purpose of the study.

7. The research validity. The validity of the research is assured from the following actions: First, the data collection instrument, the questionnaires was validated by five expert and the researcher's advisors. Second. The data collection was carefully managed to make sure that the data reflect the true opinion of the participants who provide the information.

## Research Results

The researcher presented the findings accordingly to the research objectives proposed as follows:

1. To study the ethics of diamond and gold companies in doing the mining business in Sierra Leone. It was found that in doing the mining business the companies lost the employees appreciation with the frequency of 12.5% with the following details.

1.1 The companies failed to adhere to mines and mineral policy.

1.2 The Diamond and gold companies in few occasions supported developmental aspiration of the communities.

1.3 The Diamond and gold mining companies stop business without Compensation to worker or employees.

1.4 No disciplinary action is taken against any diamond and Gold companies for flouting the mining law.

1.5 The owner of the land where diamond and gold are discovered faced harassment, intimidation, and violence.

2. To study accountability of diamond and gold mining companies in Sierra Leone. It was found that in doing the mining business the employees of the company lost trust towards the companies with the frequency of 12.5% with the following details.

2.1 Diamond and gold mining companies in Sierra Leone carrying out their mining operation with no conformity with the international best Practice.

2.2 Diamond and gold mining companies are not transparent and accountable to for their actions to towards communities Diamond and gold companies flouting the minerals mining Laws or policies in Sierra Leone.



3. Diamond and gold mining companies are not transparent and accountable to for their actions to towards communities Diamond and gold companies flouting the minerals mining Laws or policies in Sierra Leone. To study corporate responsibility of diamond and gold mining companies in doing the mining business, it was found that the two mining companies in Sierra Leone lacked integrity with the frequency of 12.5% with the following reasons:

3.1 Diamond and gold mining companies do not consider corporate responsibility as a good will gesture to be performed in Sierra Leone.

3.2 Diamond and gold mining companies do not involve in activity to mitigate environmental damages in Sierra Leone because the law cannot be enforced.

3.3 Local and national government officials rarely respond to formal complaints.

3.4 The new government in Sierra Leone is on the verge of implementing cooperate responsibility as the see how many local communities' environmental degradation and what happened to the capital city during mudslide in 2018 that cause thousands of deaths.

3.5 Diamond and gold mining companies do not disclose their profits and losses, the also withheld information from the general publics Diamond and gold mining companies are not accountable at all and are not adhering to the community development agreements.

**Table 2** Ethics Accountability and Corporate responsibility

Factors	Ethic	Accountability	CSR (Regulation)
Internal	Employee Appreciation	Operational Transparency	Government Supervision & Insufficient Laws
	Company Integrity	Financial Transparency	
External	Insufficient Laws	Government Supervision	

**Table 3** Statistical table on

Main Factors of Mining Operation	Percentage (Frequency/Total)	Accumulative Frequency
Employees Appreciation	12.5%	12.5 %
Company Integrity	12.5%	25 %
Law Enforcement	25%	50 %
Operational Transparency	12.5%	62.5 %
Financial Transparency	12.5%	75%
Government Supervision	25%	100 %
TOTAL	100%	



Core problem: Internal: employee appreciation; external: insufficient laws. Core problem: internal: operation and financial transparency; external: government supervision

### Research Discussion

The research discussion was written in three parts: Responsibility, Ethics and Accountability base practice. One other important area to focus attention on is the management of these resources and how they are used, especially the percentage that goes to the communities. (Smith & Dubbink, 2011) describe these actions out as violations of human dignity. Findings from the communities selected for this study revealed that, most Sierra Leonean especially those in diamond and gold mining communities do not feel that they benefit from the proceeds of mining or that proceeds from the mining are invested judiciously in interventions that directly or indirectly benefit them. (Madison Garcia, 2019)

The mineral funds were also seems once again identified by the respondents as being a major reason why they think they don't benefit from the mining sector. They particularly did not understand why all the colossal amount of money from the mining sectors has not been used to fund economic development in their communities. The field data and particularly this assertion is similar to the study findings arrived. An NGO working in mining communities across West Africa and Ghana that "mining communities surveyed perceive mining as not being beneficial to them...". Contrary to this, those who opined that they have benefited from the sector explained that either they or other members of their communities works or has ever worked with a mining company in the area. (Geological Survey U.S, 2010)

Accusations that, swamplands have been covered with ore sludge and water sources polluted or destroyed. Nothing grows anymore in the swamps and it is dangerous to drink whatever water is left. Several communities within the concession have been relocated. Some of them face enormous challenges in their new "home", including hostility from the host community which claims that the land acquisition arrangements were not transparent. Complaints have been dispatched to the mining and environmental regulators but there has been no meaningful response. The people and their leaders feel thoroughly abandoned. The despondency observed in mining communities is beginning to take root here as well. The law and institutions of power are failing the people and the environment yet again. Diamond and gold miners are accused of venture deep underground and stay there for several days in harrowing conditions in the hope of finding riches. Sometimes tunnels collapse and workers are trapped. Required safety precautions are not taken and, in many mines, workers suffer from the poisonous by-products of mining. Not only the workers are poisoned, even their families suffer when they go home with contaminated clothing.



In April 2018, Sierra Leone had a turn-over of government. By its manifesto, the new party in power also plans to leverage the country's natural resources to fund development. If the new government continues with the same pattern of disregard for the environment, established over the past decade, the only certain outcome is that by 2035 the country would have become a full-blown environmental tragedy. Unrestrained resource exploitation is a dangerous gamble the country is likely to lose, if business continues as usual. (Sonkita Conteh, 2018)

It's clearly indicated how the proceeds from mining should be shared among the various stakeholders; these are central government, local government (District levels in mining communities) and local traditional Authorities. The breakdown of the proceeds indicated that 85% goes into the consolidated fund (government funds), 5% goes into another fund (used to support government mineral related institutions such as the Ministry Mines) and the remaining 10% which is shared among the local governments and traditional leaders of mining communities. (WACAM, 2012)

Several accusations that, the villages in the valley are seems paying the price: swamplands have been covered with ore sludge and water sources polluted or destroyed. Nothing grows anymore in the swamps and it is dangerous to drink whatever water is left. Several communities within the concession have been relocated. Some of them face enormous challenges in their new "home", including hostility from the host community which claims that the land acquisition arrangements were not transparent. Complaints and accusations have been dispatched to the mining and environmental regulators but there has been no meaningful response. The people and their leaders feel thoroughly abandoned. The despondency observed in mining communities is beginning to take root here as well. The law and institutions of power are accused of failing the people and the environment yet again. (Margaret Rouse, 2019)

Explanations for those who responded in the affirmative are that, they also point finger at the company's authorities, chiefs and those closely related to the royal stools benefit from the royalties and other opportunities related to the mining industries sector. This situation is so due to the lack of and accountability and transparency in the access and utilization of mineral revenues. Others still maintained and summon that the cost of living is very high and that the mining sector has not helped them in anyway, adding that only those who work directly with the mining companies and its related sectors benefit from the wealth of the minerals.

The research discussion was written in three parts: Responsibility, Ethics and Accountability base practice. One other important area to focus attention on is the management of these resources and how they are used, especially the percentage that goes



to the communities. Findings from the communities selected for this study revealed that, most Sierra Leonean especially those in mining communities do not feel that they benefit from the proceeds of mining or that proceeds from the mining are invested judiciously in interventions that directly or indirectly benefit them. The mineral funds were also once again identified by the respondents as being a major reason why they think they don't benefit from the mining sector (Madison Garcia, 2019)

### Research Body of Knowledge

The Research Body of Knowledge is Ethics Accountability and Corporate responsibility; Employees Appreciation, Company Integrity, Law Enforcement, Operational Transparency, Financial Transparency, and Government Supervision in the Figure 1 as follow



Figure 1 Research Body of Knowledge

### Research Suggestion

#### 1. Suggestions in practice

1.1 The Sierra Leone government establish the clear and applicable legislation for the mining companies to be followed. Since the country is very rich in natural resource, specifically gold and diamond. The valuable natural resources could be well managed for the wealth of the people and the country.



1.2 The government should establish a local representative to collaborate managing the natural resources for the mutual benefit of all parties including the private company, the local community and the country.

1.3 The government should have an easy and effective communication channel among the private company the local representative and the government agency.

## 2. Suggestions for research

2.1 This study has found that there was unethical practices of the mining companies however, there was still not known the causes of the unethical practices, the researcher suggested studying the causes of the unethical mining in the country.

2.2 The researcher recommended studying organizing the CSR for the environmental protection for the mining companies in the country.

2.3 There should be the R&D (Research and Development) conducted on the Environment friendly mining in the country since the gold and diamond can be the best revenue of the country the green mining concept should save the country environment while generating the income to the country.

## References

- Acosta, A., M. (2013). The impact and effectiveness of accountability and transparency initiatives: The governance of natural resources. **Development Policy Review**. 31(S1). 89-105.
- Anderson, E. (1993). Value in Ethics and Economics, Cambridge. MA: Harvard University Press.
2015. "Liberty, Equality, and Private government", **Tanner Lectures in Human Values, Tanner Humanities Center, University of Utah**. 61–122.
- Federico, Victoria. (2007). **The Curse of Natural Resources and Human Development**. L-SAW: Lehigh Student Award Winners.
- G Alzola, M. (2012). The Possibility of Virtue. **Business Ethics Quarterly**. 22(02). 377–404.
- Gascoigne, B. (2002). **A brief history of the great Moghuls**. London: Robinson.
- Gascoigne, Bamber. (2001). **History World**. From <http://www.historyworld.net/about/sources.asp> Retrieved September 20, 2019.
- Geological Survey (U.S.). (2010). **Minerals Yearbook 2008 V.3**. From <https://s3-us-west-2.amazonaws.com/prd-wret/assets/palladium/production/mineral-pubs/indium/myb1-2008-indiu.pdf> Retrieved September 20, 2019.
- Jayne Thompson, LLB, LL.M. (2019). **Corporate social responsibility**. From <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/glossary/pages/corporate-social-responsibility.aspx> Retrieved January 13, 2019



- Latting, J. K. (1991). Eight myths on motivating social services workers: Theory based perspectives. **Administration in Social Work**. 15(3). 49-66.
- Madison Garcia. (2019). **Business Case Studies**. From <https://businesscasestudies.co.uk/ethical-business-practices/> Retrieved September 7, 2019.
- Margaret Rouse. (2019). **Accountability**. From <https://whatis.techtarget.com/definition/accountability> Retrieved September 7, 2019.
- OECD Watch. (2011). From <https://www.oecdwatch.org/how-to-file-a-complaint/> Retrieved September 6, 2019.
- Sonkita Conteh. (2018). **Sierra Express Media**. From <https://sierraexpressmedia.com/?tag=sonkita-conteh> Retrieved September 20, 2019.
- WACAM. (2012). **Wassa Association of Communities Affected by Mining**. From <https://www.oecdwatch.org/organisations/wacam-wassa-association-communities-affected-mining/> Retrieved September 7, 2019.