

**Assessment 2: BUSN2038 HRM CASE STUDY ASSIGNMENT: A change in strategy at  
Megamines  
International  
Due date: 5.00pm May 25**

**Instructions**

Read the case and answer the five questions that follow. Bullet point answers are acceptable but you must ensure you provide sufficient detail to answer the question. Most questions require you to describe and illustrate your answer.

Jake Andrews, president of mining giant Megamines International stands at the end of the highly polished oak boardroom table. Tall, distinguished looking and blunt, Andrews is recognised as a tough no-nonsense manager. ‘As you are well aware, the prices of our two core products, iron ore and coal are at rock bottom. China, our major customer is not buying, and the price of our high-grade thermal coal is at a 10-year low. The pressure is on. We must cut costs or we will go under. It is that simple. I am open to suggestions.’

Megamines Australia CFO Michelle Vella is the first to speak. ‘The obvious choice is to close the Kookaburra Mine. It is the highest cost mine in our portfolio. It is a constant source of industrial problems and takes up far too much management time.’

‘I agree,’ says Mike Lee, general manager of operations — Australia. ‘The union runs that mine. It is impossible to implement any changes that will increase productivity. We have been stuck in negotiations with the Fair Work Commission for almost two years trying to reduce our headcount and introduce more flexible work arrangements. To become viable in today’s market, we need to cut 500 jobs and reduce our wages bill by at least 25 per cent, but our hands are tied. We can’t manage the mine according to best practice because we are at the mercy of the unions and the FWC.’

‘Mike is right, but there are some potentially serious social and political problems,’ Sasha Mena, CHRO for Megamines Australia adds. ‘If we shut down the mine and put all 2000 employees out of work, the effects on the local township and its people will be horrendous. Green Valley is a mining town, we are the major employer — the economic and social consequences of a mine closure will be disastrous. Local house prices have already dropped by ten per cent based on rumours of cutbacks in the mine workforce.’

‘If the workers and the unions don’t want to face reality, what else can we do?’ asks Mike. ‘Our cost per tonne at the Kookaburra mine is \$50 compared with \$25 at our other operations.’  
Photo shows a mining site with equipment and employees.

‘Why don’t we give them an option? Agree to our suggested changes, or face a complete shutdown — 500 jobs versus 2000. Surely the union and the FWC would have to give it serious consideration,’ says Sasha.

‘What about the government?’ asks Brad Tyndall, chief mining engineer. ‘Green Valley is in a marginal electorate. The government may come up with some tax breaks or some other form of financial assistance. You know what politicians in marginal electorates are like — they will bend over backwards to protect their seats.’

‘That may be true, Brad,’ says Michelle, ‘but what is going to save this company is not government handouts, but becoming internationally competitive. It’s not just Kookaburra Mine jobs. If we don’t reduce our costs and improve our productivity, there will be massive job cuts across the whole company.’

‘The mining boom is over,’ snaps Jake. ‘Don’t people in this country realise that we have the highest minimum weekly wages in the world — our productivity is declining. We’re dogged by high taxes, government red tape, rigid workplace rules, excessive labour costs, militant unions — why would any international resource company invest here?’

‘I agree,’ says Michelle. ‘Disposable income is falling, standards of living are at risk — we are lagging in rankings of international competitiveness. Yet, what happens? A state government declares a public holiday because of a football game. No wonder resource companies are cutting their capital expenditure. No one wants to face reality.’

Michelle’s outburst is interrupted by Adrian Bertram, vice-president of Megamines International. ‘What about robotics? We have slashed costs at the Mirrabooka and Mandalay mines by introducing driverless trucks and trains. I think technology is the key to our survival. One worker at a computer screen can now monitor as many as 50 driverless trucks. Let’s get rid of the truck drivers at the Kookaburra Mine for starters — no more meal breaks, stop work meetings, no penalty rates — the trucks work 24/7, 365 days a year and have a great work ethic. Each truck can save more than 500 work hours a year. Staying ahead of the technology curve is the only way to go. Mining is going to be radically different — why have people work in an unpleasant and dangerous environment? Robots can cut costs and save lives.’

‘You are correct, Adrian, but what it means is that in mining and other industries, many people are going to be economically valueless — what can our displaced workers do? Many of them will be incapable of earning a living. They simply don’t have the skills,’ says Sasha.

‘Who knows,’ Mike responds, ‘but the amber lights are flashing. I read that robots performing routine tasks cost about US\$5–6 an hour over their lifetime including maintenance and energy costs — even Chinese workers cost twice that.’

‘The question is where does that leave highly paid, unskilled Australian workers?’ asks Jake.

‘Labour no matter how inexpensive will decrease in importance — human replacement by robots is the new game in town,’ says Adrian.

‘Surely this must involve serious economic, political and social risks,’ says a worried Sasha. ‘Only time will tell,’ says Adrian, ‘if robots will make our lives better or create a small group of winners and a vast number of losers.’

Stone, Cox, & GaviJ. (2021) Human Resource Management, 10th Edition. John Wiley & Sons Australia, pp. 44-45.

### Questions

1. To what extent are the four HR roles – strategic partner, functional expert, change agent and employee advocate – evident in the case study? Illustrate your answer with specific examples. 2 marks/role, up to **8 marks total**.
2. Conduct a **HR-related SWOT**. Identify and illustrate 2 S, 2 W, 2 O & 2 T. 1 mark/S, up to a total of 2 marks for 2 S. 1 mark/W, up to a total of 2 marks for 2 W and so forth. **8 marks total. SWOT that are not HR-related will not be marked.**
3. What HR related problems exist at Megamines International? Illustrate your answer with specific examples from the case. 2 marks/problem, up to a maximum **10 marks total**.
4. What business-level strategy is Megamines International implementing? Illustrate your answer with evidence to support your strategy. **2 marks total**.

5. You have been appointed as a consultant to Megamines International to identify solutions to the HR-related problems identified in 2. above. Describe and illustrate how you will address/solve the identified problems (from 3.). You do not need to restate the problem, simply place the problem in *italic*, then describe and illustrate your solution. **12 marks total.**

Total marks: 40

Word Limit: 2000