

## CASE STUDY: THE POLAR MINE: VICTIM OF POORLY PLANNED ORGANIZATIONAL CHANGE

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***Abstract:** The case presents the situation of a mining company in the northern part of the province of Quebec, Canada, which, like most companies operating in this sector, should at some point in their operation seek funding to continue their activities. The Polaire mine has some seniority in nickel mining, but these activities can not be developed without the initiation of partnerships with other mines acting as investors. Thus, an interesting offer of purchase was made at the Polar mine by the Arctic mine. The latter comes with money, but with a lot of questions from employees. They are going through a period of transition after the merger, which does not seem very well managed by the company: the leaders are not informed about the evolution of the partnership, and do not inform their subordinates in turn. They have concerns for which they do not find answers, which makes them unmotivated and even likely to change jobs. The case address to the management students, who are asked to describe the experiences of participants and to propose solutions to the company in order to facilitate the process of change and increase employee motivation.*

***Key words:** mining industry, mergers and acquisitions, change management, employee motivation*

***JEL Classification:** M12 Personnel Management*

### 1. Presentation of the case

Polaire mine began operations in 1935 and it operates some metals, but mainly nickel. From 1935 to 1985, 5.7 million ounces of nickel were extracted from the Chapaisian soil. From 1985 to 2001, operations ceased due to certain economic and social constraints. In 2002, Georges Ladouceur, a geologist, and his team of Henri Larichesse and Bob Lafortune, the leaders, were interested in a mining camp that was thought exhausted. In 2005, exploration work was conducted in urban areas to determine the potential for development. The operations began gradually and the more the years passed, the more nickel was discovered there. It is a mine with great potential where it will be exploited for many years to come.

In 2007, the Polaire mine made a massive hiring and prioritized people from the surrounding population of Chapais. At the level of the workforce, she is non-unionized. The organization has approximately 84 employees and about a dozen subcontractors. The workforce distribution is 91% for men, compared to 9% for women, as of February 28, 2007. More than 70% of the workforce is between the ages of 30 and 49, while 9% is of it is under 30 years old. In terms of education, 53% of employees hold a diploma and the others have none. The entire site has equipment tailored to meet the needs of this little mine.

In 2011, leaders Henri Larichesse and Bob Lafortune found themselves in a financial pit. The working capital required for mine operations was largely insufficient. They had to proceed reluctantly to the announcement of cuts. As the mine is the main economic activity in this northern region, many low-educated employees will find themselves unemployed. Such an announcement completely shattered the population of

Chapais. Given the situation, very few alternatives were possible for the leaders. On May 2, 2012, the Arctic mine made an offer to purchase that was accepted by Polar Mining. These offered \$ 502.5 million for the entire Chapais mine site. This represents a value of \$ 2.60 per share at the Polaire mine, they obtained a premium of 4% more than the market value indicated at the time of the transaction. The transfer of ownership was well received by the population, since the Arctic mine would save the economy of the region. It is a recognized and relatively accepted company in this region.

This mining giant enjoys a certain notoriety, but these modes of management and its organizational structure are largely distinguished from the Polar mine. In this perspective, the situation requires a certain period of adaptation. This is why the new leaders accompanied by Ginette, the director of human resources, reached a consensus and decided that no change would take place for the next four months. In order to present the upcoming changes, they have organized an important meeting. In it, the director of human resources presented the main reasons for the change. Several items were on the agenda, such as the presentation of new leaders, a precise timetable for the future action plan that will probably affect work schedules, staffing and the possible arrival of new equipment. Then, the names of the resource persons to consult were clearly explained as well as the support methods offered to the employees. This period was also intended to facilitate the acceptance and adaptation of employees faced with the change of ownership. Unfortunately, this meeting had the opposite effect, a wave of panic and anxiety settled within the organization.

Jean-Paul, the general foreman enters a determined step in the office of Ginette.

- "Ginette, do you realize the impact of these announcements in the eyes of employees? Everyone is talking about that, nobody works! What should I do to motivate my gang if myself I am not sure of continuing to work here? I think it's silly this period, apart from stressing us, it does not bring anything good. "

- "I understand your situation and also that of your colleagues. Do not worry, this transition period is not implemented without reason. The process of change must not happen too quickly. When we are able to inform you more, we will not hesitate to do so. For the moment, I am, mi to concerned about the events because I am also in uncertainty. "

Following the announcement, several workers expressed some fears about the change. During their working hours, two miners discussed the situation.

Eric: "I'm really scared of losing my job. What do you think, Fernand, about this change of ownership and the transition period? "

Fernand: "I think we did not really have a choice, it was that or nothing ... Me, at my age, I can not start anywhere else. I do not know what I'm going to do. "

Eric: "I understand you, me with my three children, I can not afford to lose my job. I have just two years of seniority here and my wife also works as a mine guard. I can not wait anymore, this transition period is unsustainable. I have to know what is waiting for me, we have a family to support. "

Meanwhile, Andrew, a foreman, interrupts them in their conversation:

Andrew: "That's enough, go back to work! What is the problem, why are not you working?"

Fernand: "The transition period is anything! I do not know what to do or not to do. I'm afraid of doing something wrong, I can not afford to lose my job. This has made even the mechanics no longer want to repair my drill. Everyone just thinks of them and the work climate is unbearable! I'm no longer able to endure that "

Andrew could not find the right words to reassure Fernand and left.

Fernand: "Hey Eric, I'm wondering what Mathieu did yesterday, it seems that nothing has progressed! Even the service guy did not come to deliver our stock. Everything is wrong since the announcement, no one knows they are the tasks to do. It looks like priorities do not follow each other anymore "

Eric: "Put it on, it's true that it's depressing. Before, we were like a family, there is nothing! No one speaks, everyone is in competition. I may have been able the work climate is really crappy. I really liked that, I even liked to come to work. I wake up in the morning and it's a corvee. "

Fernand: "It's true, I feel the same way too. Even my wife noticed my demotivation, she also advised me to buy a smile! In addition, before it was fun, everyone helped each other and now it's every man for himself. I'm even more interested in doing overtime, the less time I spend here, the better I wear. "

The employees are very powerless and many of them regularly come to Ginette to ask questions, either in person or by telephone, which has the effect of reducing productivity and greatly affecting the work climate. The stress is palpable within the organization.

Following the conversation between Fernand and Eric:

Fernand: "I can not believe that I should change my workplace, I want to finish my career here."

Eric: "I know, I too want to stay here, we are a great team. "

In the following weeks, Ginette noticed that the percentage of absenteeism increased and the number of departures also. Afterwards, she was able to observe the appearance of other problems.

Fernand: "Since the announcement, I have the impression that I come to work, but that I do nothing. "

Eric: "It's true, I too feel like that. I do not stop thinking about the events, I went to question Ginette again about my bonus, it should not that the mine cut me. She could not even answer my questions. "

Following this situation, Ginette met some employees to clarify their discontent, but also to explain to them the reasons why she was not able to answer all their questions in the scenario proposed by the leaders. In addition, managers noted that employees seemed less motivated, following monthly analysis of performance reports.

As the transition period is still not over, everyone is immersed in an endless waiting period.

### **Questions:**

1. What is the nature of change?
2. Identify the actors in the case of the Polar Mine and describe their reactions to the changes.
3. According to Collerette (2007), identify the steps of the change approach in this case.
4. Do you perceive phases of concern? If so, which are they?
5. Could the change have been made in a different manner? If you think it could have been made differently, how would this be?

### **References**

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