

# The Role of Environmental Scanning in Human Resource Planning

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## **Introduction:**

This paper seeks to examine the role environment scanning plays in human resource planning in public and private enterprises. Environmental scanning is concerned with factors which are external to an organization and yet affect the human resource planning policies and strategies. Heneman and his colleagues (1989: 221) have pointed out that Environmental Scanning is a term used to describe "the process of tracking trends and developments in an organization's external environment in order to discover their implications for human resource planning".

Human resource planning is an important aspect in management because it has a number of functions which include:

- Acquiring and retaining the number of employees who have skills, expertise, and competence an organisation needs in order to successfully attain its business objectives.
- Making the best use of human resources an organisation already has.
- Predicting potential surpluses and deficits of the organisation's employees.

Developing well-trained and flexible workforce, thus contributing to the organisation's ability to adapt to precarious business milieu.

Scaling down the organisation's reliance on external labour markets for the necessary skills (Armstrong, 1 999).

In view of the above outlined functions, every serious organisation that cares about its increased productivity levels

of its staff must undertake human resource planning.

There are several environmental factors that impinge on human resource planning. This paper discusses the external factors which include: the labour market; government policies; the business competitors; developments in technology; policies and conditionalities of financiers; and social factors. These are some of the factors within the environment of most organizations. These must be scanned for their implications for human resource planning.

### **The Method of Scanning the Environment**

There are several methods human resource planners use in scanning the environment. One of the methods of environmental scanning identified by Heneman and his colleagues (1989:221) is the maintaining of a fairly elaborate network of managers, technical specialists and human resource specialists who monitor large numbers of publications, broadcast, media, and conference and workshops for the relevant data (Heneman, 1989:221). The generated data are collated and trends analysed. Then reports are prepared for use by the human resource planners.

The other method is by employers sharing information through formal and informal means. The information shared usually concern sources of labour; skills; remuneration, response to law, and the like. Whether information is generated formally or informally, it will in some way influence the decision of the Human Resource Planner.

### **The Environment Factors**

#### *Labour Market:*

A labour market is "an analytical construction used to describe the context within which the buyers and sellers of labour come together to determine the pricing and allocation of labour services" (Elliot, 1991). This definition means that a labour market is not a place, rather it is a phenomenon whereby potential employees and employers are able to come together. In this coalescence the potential employees sell their skills, competences, abilities and knowledge to

employers. The effectiveness of this calls for mutual agreement.

Labour market refers sources of prospective employees for particular organizations. Some organizations or firms that might need employees with particular skills, abilities and knowledge. While others might be interested in other skills and competences. However, there are skills for instance accounting and secretarial are needed by employers across the board. The labour market usually have changes, some fundamental and others minor.

Trends in education may need to be studied because they show the changing trends in the supply of people with skills. For instance statistics show that the number of women enrolled at universities in Uganda is raising since the mid 1990s. Enrolment of women at Ugandan Universities.

University	1994/95	1995/96
Makerere	34.0	26.2
Islamic UIU	39.0	43.9
Nkozi	21.8	35.0
Nkumba	28.3	46.1
Bugema	48.2	29.4

**Source:** *Women and Men in Uganda: Facts & Figures 1998:39*

The above figures are percentages of the undergraduate enrolment at universities. In a way this indicates that Human Resource Planners have to realize that women will form a big proportion of the labour force in Uganda in the 21 st Century. So affirmative action planning will have to be integrated into the overall Human Resource Planning. Affirmative Action Planning refers to specific attempts to avail job opportunities to women especially at the level equal to their employment. Human Resource Planning requires a Human Resource Planner to conduct a utilization analysis, to establish goals and timetables, and also to plan action steps.

Veiled discrimination complicates human resource planning. Wallace, (2000:760 pointed out that women are rare in corporate Germany because the culture of

old boy prejudice prevails. He narrates the story of a 40 year old lady Tatjana Breloh who had worked hard in a Dusseldorf-based advertising company. Her work was appreciated and she was promoted to Managing Director and also received a bonus of US25,000. However when she got pregnant, she was fired almost instantaneously. This was but one of many cases of women who feel that German business routinely discriminated against them in top management jobs, a barrier to upward mobility branded the glass ceiling by female executives. In Uganda the position of women in management jobs is approximately 40%. So Uganda compares well with other countries. See the bar-chart below:

#### Women in Management jobs by Percentage



Wallace, (2000) "Germany's Glass Ceiling" in *Time* April 10, P.76

**Source:** ILO Hopper Stadt Verlag. Uganda estimate supplied by author.

The estimate indicates that 100 men are a group to consider in recruitment of managers thereby being a factor in Human Resource Planning.

In Uganda there used to a time when labour for tea and sugar cane plantations was recruited from among national of Rwanda, Burundi, Tanzania and the Sudan. This was particularly true and come during the colonial Period. However, since these countries became

independent, the countries referred above are no longer automatic sources of manual labourers. This means that human resource planners on new plantations or those who were closed and are being re-opened have to think clearly of the sources of such labour.

Statistics have indicated the changes that taking place in various professions. Among the forces there was a clear dominance of men. However in

1980  
1985  
1994  
1994

In both ministries above the percentages of women may be still small. However, a human resource planner has to note that during the colonial period and for sometime after independence women were not enthusiastic about such professions as they were for nursing and teaching. So these new trends in gender and profession must be considered by the Human Resource Planning because the sources of labour are gradually changing from the tradition. Of course it is more than merely taking up women. It also requires examining a number of Human Resource policies with a view to accommodate women properly and adequately.

In view of the above, it is true to say that Labour Market is an important factor for environment scanning and consequently Human Resource Planning. If a tight labour market is expected, an organization must plan to put considerable time and money into attracting and retaining the needed talent. This may be done by raising salaries and wages, developing day-care centres to attract female specialists.

### **Government Policies**

Department. However this arrangement could be executed because of lack of funds to pay the terminal benefits. This demonstrates that human resource planning is not about statistics or getting figures right, it involves compensation or reward management among other things.

The government's downsizing policy affected a number of organizations including Uganda Postal Limited, Uganda Electricity Board, the former Co-operative Bank, and the Civil Service in which over 1 60,000 employees were retrenched. In all these organizations and sectors, government policy affected human resource planning. Retrenchment demonstrated that job loss was no longer an issue for peripheral workers. It included those who had thought their jobs to be permanent and pensionable.

In response to the problem of water hyacinth, government contemplated the possibility of spraying the hyacinth with chemicals. It was not categorically established as a policy but mere debate over its possibility led the European importers of Uganda fish to impose a ban on the fish from East Africa. Consequently the human resource plans of enterprises like Clovergem Fish and Food Limited were clearly affected. Clovergem in the face of a fish ban had to lay off 300 employees. When the ban was lifted, Clovergem recalled the terminated employees but managed to get only 225 of them. It is important to note that the 300 people were semi skilled and unskilled employees. That is why the recall was able to realise 78%.

Similarly, the Civil Aviation Authority in the 1990s realized that government tax policy contributed greatly to the reduction of imports. This meant that the volume of work was inelastic. Given this state of affairs, CAA could not recruit more people as the business plan did not necessitate more staff. Taxation stifled business and that led to reduced volume hence marginal recruitment by CAA.

In Uganda's civil service, the downsizing policy, popularly know as retrenchment saw as many as 160,000 employees terminated. Some of the jobs in government departments sub-contracted out. Such jobs include cleaning, security, catering and others. Besides the civil service, retrenchment policy affected human resource planning in a number of parastatals like Uganda Postal Limited, Uganda Electricity Board Limited;

the defunct Cooperative Bank, and others. In many of these enterprises, retrenchment policy brought about more confusion than streamlining human resource planning. The civil service has continued to recruit, so have the different parastatals that soon after retrenchment hundreds of staff embarked on recruitment.

### **(c) Competition**

Another environmental factor which cannot be ignored by human resource planners whether for macro or micro enterprises is the competitors. One hotel in Entebbe in the face of competition from other hotels and restaurants in the municipality changed its business plan and mission from the usual hotel services to focus on airport business, seminars and conferences. This change in the business plan obviously led to the change in the hotel's human resource plan.

### **(d) Change in Technology**

Change in technology affects human resource planning in organizations. The effect is of two types: The positive effect - this is where the change is carried out in such a way that employees are equipped with new technological skills. This is positive in that employees themselves are empowered and their productivity is augmented. For instance when one large University Library adopted a computerized system, it trained all the librarians in modern library information science. As a result, the library's services improved tremendously.

The negative effect is where the human resource planner or acquiring new technology lays off a number of employees. This is negative because it affects the performance of the organization. The defunct Co-operative Bank in the early 1990s, had over 600 employees but when that bank acquired computers over 134 employees were laid off. Hardly had this been when the same bank realised that it needed to recruit more people because computers could not perfectly replace human beings though they could make work more efficient and faster.

The two contrasting examples indicate that a human resource planner should not allow to be misled by changing in

technology because it not studied carefully it will not produce the desired workforce at the right time. The trial and error method of fire and recruit an be expensive and time wasting. Further more it may take long for the productivity of the organization to show clear upward change.

### **Policies of Financiers**

Organisations especially those financed from abroad have their human resource planning affected. When USAID was the main financier of Uganda Co-operative bank, the recruitment of top managers of the Bank would be determined by USAID. So promotions of staff would only end at middle management levels. This is true of several other companies whose funding is obtained from foreign financiers. It is clear therefore that policies of financiers have an effect on human resource planning of a company.

Mamdani has argued that the local mafutamingis and external donors essentially determine what goes on in the local industries (1994). Although Mamdani did not set out to address human resource planning issues, his observation clearly demonstrates that foreign financiers have influence on human resource planning in a recipient country or enterprise.

### **The Social-Political Factors**

For instance political instability in some parts of the country may force the management of an enterprise to lay off some workers if it is not possible to work normally. The British American Tobacco (BAT) experienced this situation in the tobacco growing areas of Arua and Bunyoro. Whenever the rebel activity would be intense, the semi-skilled workers most especially would be temporary rendered redundant. Generally the collapse of the economy during the 1970s under Idi Amin's regime, affected clearly the human resource planning in the ministry of education in that many teachers preferred to work in urban school where they could find some other work like part-time teaching in several schools or coaching students for examinations. In this way it became difficult to plan and

deploy accordingly. So human resource planning can be affected by socio-political factors. Ignoring such factors can have disastrous effects.

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