

Organizational Environment

Subjects: [Psychology, Social](#) | [Psychology, Applied](#) | [Management](#)

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The organizational environment is the set of forces surrounding an organization. These forces may hamper or facilitate the organization's access to resources, which means they can both offer opportunities and pose threats. Moreover, while these resources are valuable for the organization, they are also scarce (Riggio, 2018). The forces encompassed by the concept of the organizational environment include, among others, competition between rivals to retain customers, fast-paced changes in technology, and an increase in the price of raw materials. All these factors may somehow erode an organization's competitive advantage. Consequently, the forces at play in the environment can influence the organization's behavior (Truxillo, Bauer & Erdogan, 2016).

Organizational environment

organizational structure

Organization

Organizational design

Organizational theory

1. Introduction

Environment influences organizations indirectly, facilitating or hampering access to valuable, scarce resources. Environmental factors or the restrictions imposed by the environment are, to a certain extent, external to the organization. In other words, these factors are outside the organization's and its managers' control. Why? Because these environmental factors reflect objective data which together constitute an unavoidable situation in which companies and their managers are forced to operate. Here, it is important to point out that organizations have a certain degree of influence on these environmental factors, although this influence is often limited and its impact is not always immediate ^[1]. For example, UNED (the Spanish National Distance Education University), the largest public university in Spain, was affected by legislative changes that established the creation of a National Agency for Quality Assessment and Accreditation (ANECA, as constituted by article 8 of Act 15/2014 of 16 September). It is true that UNED could have tried to negotiate some of the criteria and procedures with the Spanish Ministry of Science, Innovation, and Universities, to which ANECA is currently attached. However, in the short and medium-term, the best option for UNED was to take note of the change and start to adapt its internal procedures (degree assessments, faculty evaluations, etc.) to this new set of regulations; which is indeed what it did. This is because, among other things, its influence would have been both slow and limited, despite the fact that it is a university that operates throughout Spain and is also attached to the same Ministry (currently called the Ministry of Universities).

The environment does not just pose threats to an organization; it can also offer tremendous opportunities, such as the chance to exploit potential market niches in which to sell its products and services ^[2]. The environment,

therefore, includes all those factors which, while external to the organization, may provide it with opportunities, while at the same time posing threats and challenges.

Although the idea of an organization's environment may at first seem fairly simple, it includes a number of different levels. Many different factors operate at each level, the most important being sociocultural, economic, and technological variables, as well as raw material suppliers, competitors, and, finally, the government [3]. In addition to these factors, over recent decades, the globalized or international nature of the environment has also become increasingly important. An organization's activities, and therefore the responses and practices of its managers, must adapt in order to survive in a globalized environment.

2. Levels of the organizational environment: general vs. specific

All organizations try to control the forces that operate in their environment. They do so to obtain the resources they need to produce the goods and services they offer their users, beneficiaries, or customers. Organizational environments have two planes or levels: a general one and a specific one (also known as the *organizational domain*).

- *The general environment* encompasses the entire political-legal, economic and sociocultural framework in which the organization operates. Today, this environment can be extremely broad, since technology and globalization have expanded the boundaries within which organizations operate. Organizations try to adapt to the general environment through the transactions and exchanges they carry out with it [4]. Their ultimate aim is to protect and consolidate their domain (or specific environment).
- *The specific environment* or *organizational domain* includes the range of goods and services produced by the organization that is useful for customers and other stakeholders [5]. Control of the specific environment is achieved providing the organization has the ability to create value for its customers, employees, and all other stakeholders. The organization will only retain its key competencies and remain valuable for all stakeholders for as long as it continues to demonstrate its ability to provide its goods and services in an effective, efficient manner. However, if it becomes ineffective, or if another organization emerges which is capable of providing the same services or manufacturing the same products more efficiently, then the first organization will lose its domain or specific environment, which will become the domain of the new arrival.

Traditionally, research into the organizational environment has focused on characteristics such as complexity, uncertainty, or the availability of resources. However, to date, no empirical research has been conducted which firmly connects all the traits of an organizational environment with employee attitudes and behaviors. From the novel perspective of the Psychology of Sustainability and Sustainable Development [6], the study of those variables which may influence the development of sustainable, healthy organizations is of the utmost importance. In light of previous research, among other associations, it is hypothesized that: 1) The complexity, uncertainty, and plentifulness of resources in the organizational environment influence workers' wellbeing and health; 2) The

relationship between environmental characteristics and the health and wellbeing of the different members of the organization is mediated by Human Resource management procedures; and 3) The relationship between environmental characteristics and the health and wellbeing of the different members of the organization, which is mediated by Human Resource management procedures, is moderated by organizational climate. It is therefore expected that more complex, uncertain environments with scarcer resources will have a harmful effect on workers' health and wellbeing and that this relationship will be mediated by HR management procedures. More specifically, it is likely that more complex, uncertain environments with scarcer resources will have a harmful effect on personal health and wellbeing, but only among those working in organizations with an organizational climate characterized by a lack of trust and social support from supervisors. Recent studies have reported promising findings that are consistent with these hypotheses.

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