Psychological Boundary Management, the Most Essential Source for Org-Improvement

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ABSTRACT

As globalization and IT application facilitate organizations to develop without boundary in the era of the Industrial Revolution, innovations and changes have become the new normal of organizations. In this background, psychological boundaries can help employees enhance their sense of identity and sense of belonging to the organization, which is an effective way to improve the organizational effectiveness and the most essential source for org-improvement. This paper teases out the domestic and foreign research results pertaining to the connotation, measurement, and influencing factors of psychological boundaries. The perspective of the psychological boundaries provides new ideas for the managers in the era of the Industrial Revolution to establish a long-term “Heart-Central” management mechanism which reveals the essence of management problems and leads management back to its origin.

KEYWORDS

Globalization, Heart-central Management, Organizational Effectiveness, Psychological Boundary

INTRODUCTION AND BACKGROUND

Spurred on by the development of the Industrial Revolution and information technology, enterprises must break through their original boundaries to establish new competitive advantages, thus resulting in universal “fuzzified” boundaries. Under the era of uncertainty, Organizations should to establish a “water-like” organizational system, to change as the demand and situation (Chen & Liu, 2017). To achieve an organization like water, It must break two boundaries, the boundaries of employees and enterprises, and transcend their original regional boundaries to establish new competitive advantages. However, in specific management practice, people’s inherent concept of physical boundaries, as a kind of inertia, hinders organizational innovation and development. Therefore, the interpretation of organizational innovation from the perspective of social psychology, more specifically, of psychological boundaries has attracted the attention of scholars. Moreover, the concept of psychological boundary also provides approaches to improving employees’ understanding and sense of identity with organizational goals, and deepening the management activities. The proposal of the concept of “psychological boundaries” will focus on the “heart-central” management of employees, lead the managers to the roots of management problems, and strengthen employees’ sense of identity and sense of belonging to the organization, which is an effective way to enhance the organizational effectiveness and also the most essential source for org-improvement. Although stemming from the deepening studies on new institutional economics and sociology of organization in the 1990s, research

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on psychological boundary is a “new” concept that is different from the boundary problems discussed by the organizational theory and enterprise theory. This paper aims to review the research results and clarify the theoretical basis of psychological boundary, hence providing conducive references for further studies.

**PSYCHOLOGICAL BOUNDARY, THE BEHAVIORAL COGNITION FROM MULTIPLE PERSPECTIVES**

Research on psychological boundary begins with concerns about boundary issues. Coase (1937) first proposed the concept of “enterprise boundary” in the article *the Nature of Enterprise*. Later, along with the deepening of research on the new institutional economics and the sociology of organization, Kahneman, D and A. Tversky (2000) introduced psychology into economic analysis, which made the basic assumption of “the happiness of natural persons” reoccur in behavioral economics and revealed the roles people’s cognitive style, values, emotions, and individual differences play in the economic activities, focusing more on individual choices. Guo & Rui (2004) proposed that an enterprise is not only a collection of economic contracts, but more of psychological contracts. From the perspective of sociology, Neil Paulson (2005) divided boundaries into three categories: social boundary, physical boundary, and psychological boundary. It was also pointed out that the social boundary is the dividing line between in-groups and out-groups, which is defined by organizations to distinguish itself from other organizations or groups. It reflects the sense of identity inside the group and the heterogeneity between groups; the organizational structure, as the physical boundary, determines the changes of the internal communication and power (Hatch, 1987); psychological boundary is a specific term and symbol, as well as a tool interpreting the world which is used to help groups communicate, act, and deepen their understanding of particular things. According to Norwegian Network University, the relationship among social boundary, physical boundary and psychological boundary was suggested as: if the physical boundary is well defined, the social boundary will provide trust and stability for the organizational development, and the psychological boundary will lay the foundation for development and innovation; social and physical boundaries all function through psychological boundary.

In accordance with the classification theory and the different degree of abstraction, and taking different situations into consideration, psychological boundaries can be divided into three levels: social, organizational, and individual boundary. Based on the previous literature, this paper takes the individual-level boundary as its focus and applies social psychology in the practice of enterprise management. It also discusses the root cause influencing the realization of the organizational goals from the point of employees’ psychology and classifies the psychological boundaries into four levels:

The first one is based on the perspective of Social Identity Theory, Tajfel (1982) considered that the psychological boundary is the dividing line between the “in-group” and “out-group”. The clearer the boundaries are, the more positively individuals show the characteristics of the in-group that they belong to. Lina (2002) and Bourhis (2005) also pointed out that individual psychology generates in-group preferences and out-group biases through classifying itself and the society, which is a dividing line between in-groups (psychologically affiliated groups) and out-groups (psychologically confronted groups). Wang & Song (2006) pointed out that, in the process the newly recruited employees become the employees of a certain department, they form a sense of identity to the department after undergoing an adaption period, reaching a tacit understanding and sharing work experience. The clearer the boundary is, the more positively individuals reflect the characteristics of the in-group to express their sense of group identity. This perspective divides boundaries into physical, social and psychological boundaries. Psychological boundary is specific terms and symbols to help groups’ communication. Is also a kind of tools for individuals to interpret the world. Psychological boundary is the basis formation of physical boundaries and social boundaries.

Second one is the Self-categorization Theory, which believes that the psychological boundary is the extension and development of the social identity theory. It is defined as “the recognition of
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