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Cross-Border Life and Work

Social, Economic, Technological and Jurisdictional Issues

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Preface

This book presents results from an interdisciplinary research project on cross-border life and work. The project, born of cross faculty collaborations at the University of Liechtenstein, was motivated by the specific regional circumstances found in the Alpine Rhine Valley—a cross-border region that belongs to different national states but also has its own distinct cultural identity. Here key institutions—communities, governments, corporations, and markets—face challenges and risks but also powerful opportunities due to the enriching social, political, economic, environmental, historical and jurisdictional differences.

In this cross-border and interdisciplinary volume, we address some of the most pertinent issues in this context. In the chapter "Regional Affordances and Resilient Communities," Anis Radzi, Peter Droege, Stefan Seidel, Barbara Fuchs, and Marco Menichetti set the scene by describing the concept of *regional affordances*—the actionable spaces that emerge as relationships between the available physical and informational support structures and the communities that act upon those support structures. They specifically focus attention on how such regional affordances provide action potentials required for sustainability and resilience. In the chapter "Site Selection According to Life Cycles in Agglomeration Areas: A Dynamic and Interdisciplinary Location Analysis of the Four-Country-Region Lake Constance-Alpine Rhine Valley," Stefan Güldenberg, Laura Hecker, Adrian Klammer, Francesco Schurr, Peter Staub, and Stefan Wilhelm summarize findings from an empirical study on the differences and similarities that arise in polycentric border-crossing agglomerations. They identify factors that influence the residential choice in such regions in a knowledge-based economy. In the chapter "Cross-Border Philanthropy: Current Challenges in Corporate Governance and Financial Risk Management," Francesco Schurr and Marco Menichetti describe why Liechtenstein is an ideal hub for local and international philanthropic foundations. They analyze how law-making in Liechtenstein supports international philanthropic projects. Next, in "Cross-Border Wealth Management," Martin Angerer, Michael Hanke, Tanja Kirn, Christina Preiner, Martin Wenz, Dirk Zetzsche, and Michael Amann analyze the economic, legal, and tax-related drivers and barriers to cross-border wealth management. They complement their analysis with a discussion of related

global developments. In "Crowdfunding in German-Speaking Countries: A Literature Review from an Economics and Legal Perspective," Martin Angerer, Sascha Kraus, and Andreas Peter identify three key success factors relevant to cross-border investors in crowdfunding related to behavioral biases, multiple taxation systems, and multiple legislation. Finally, in "Family Business across National Borders: Strategies and Processes of Internationalization," Philipp Stieg, Sascha Kraus, Tanja Kirn, and Marco Menichetti discuss strategies and processes for internationalization of family businesses across borders. Specifically, they focus on a financial perspective.

Together, these chapters provide insights into the multifarious issues related to cross-border life and work. We take into consideration the diverse and multilayered social, economic, technological, and jurisdictional issues of cross-border regions, and we explore some of the risks, challenges, and opportunities of cross-border work and life from an interdisciplinary perspective. The challenges of this cross-border situation became accentuated with the global pandemic of 2020-22. Physically crossing borders, a key daily practice in a cross-border region, became difficult from one day to another. Organizations had to quickly implement new business practices that would help them overcome those rediscovered borders. Digital infrastructures and technologies provided key resources to overcome spatial barriers and served as shock-absorbers that allowed for organizational resilience. Organizations soon settled on a new normal.

Given this salient cross-border focus, we were also delighted to complete this work in the 50th anniversary year of the International Lake Constance Conference, celebrating a great European cross-border institution and its new intergovernmental commission of four national jurisdictions, cooperatively guiding this metropolitan border region of nearly 15,000 square kilometers and more than four million inhabitants.

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Regional Affordances and Resilient Communities

Anis Radzi, Peter Droege, Stefan Seidel, Barbara Fuchs, and Marco J. Menichetti

Abstract In this chapter, we discuss how regionally available resources - natural, social, economic, and technological - provide regional affordances for individual and collective action and how these are implicated in creating resilient and sustainable communities. We identify regional affordances in terms of learning and innovation, regional coordination, regional measurement and control, regional energetic resilience, regional economic resilience, and regional sustainable finance. We highlight how divergent norms, values, and practices associated with different institutions, including those governing production, social reproduction, and consumption, can conflict with sustainable development and regional resilience.

1 Introduction

Regions are socioeconomic spaces characterized by institutions: social structures comprising of symbolic elements, social activities, and material resources (Scott 2013). Regions are pivotal to the analysis of sustainable development and resilience

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because their inhabitants are important social, economic, and ecological change agents. As long as there is no apparent and dramatic shock to their institutional systems or social organization, human beings tend to act habitually without questioning future consequences of their behavior. However, current institutional systems have led to rapid degradation of the natural environment and other social and economic threats, and individuals, organizations, and governments are becoming aware of the rising social and ecological cost of current modes of production.

In this chapter, we highlight how *resilience*—a system's ability to return to a stable state after an external shock—is a direct outcome of sustainability: environmental, economic, and social. Here local communities, regions, and nations have long been compelled by international frameworks, such as the Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Sustainable Development Goals (UN SDGs). The Paris Climate Agreement of October 5, 2016, signed by the vast majority of parties (UNFCC 2016), has added a considerable momentum to this push, as have the Sustainable Development Goals (SDGs)—officially named Transforming our World: The 2030 Agenda for Sustainable Development—adopted on September 25, 2015 (United Nations 2016).

Considerable challenges to sustainable practice for resilient regions exist, and this chapter is a reasoned call to overcome these. Existing institutions including those governing consumption, production, and social reproduction can be at conflict with sustainable development and regional resilience. Current modes of production and distribution tend to have neglected increasing social and ecological cost, materializing, for instance, in the form of climate destabilization, species extinctions, competition for natural resources, declining ecological services, unemployment, and poverty.

Communities aiming at resilience as one of the most important conditions and outcomes of sustainable development have thus to consider the quality and mechanisms of their institutions, to strengthen those institutions that support resilience, and to initiate change where needed. In the case of regional communities spanning across the borders of adjoining nation states, it is even more important to consider and challenge the institutional framework from the perspectives of resilience and sustainability. The formulation of cross-border common goals and the design of common and collective actions are important challenges requiring the consideration of the institutional arrangements and roles of different nation states simultaneously.

Against this background, we draw on institutional theory as well as the concept of affordance known from the field of ecological psychology to develop a theoretical framework that accounts for (1) the institutional context of sustainable resource use and regional resilience and (2) potential action spaces to secure and increase resilience within such institutional context. We use the notion of *regional affordance* to allow for the identification of various action potentials offered by natural, economic, social, and technological resources—i.e., by material and social structures—for the pursuit of regional resilience. Regions provide affordances in the sense of possibilities for goal-oriented action to their members.

We specifically focus on those affordances that are created in cross-border regions. While previous studies have mainly focused their attention on sustainable development and resilience in a regional context, little attention has been paid to the cross-border regions that can touch the institutional architecture of different nation states. It is expected that understanding how affordances of cross-border regions can be created based on different resource configurations and institutional contexts will provide insights into how programs can be developed to establish resilient communities at the level of policy formulation as well as decision-making.

We proceed as follows. First, we describe the concept of resilient regions. Second, we outline the concept of regional affordances. We then discuss some regional affordances that can help address key challenges to regional resilience in terms of regional learning and innovation, regional coordination, regional measurement and control, regional energetic resilience, regional economic resilience, and regional sustainable financing. At this, we highlight how tensions may exist, which regional actors must overcome—such as between the regional context and the national/international context as well as because of the potential cross-border nature of regions. We then provide a conceptual framework of regional affordances as an analytical device to study regional resilience and sustainability and provide some concluding remarks.

2 Resilient Regions

2.1 Resilience

The concept of resilience is closely related to the capability of an element or a system to return to a stable state after an external shock, for example, natural disasters, or some form of disruption arising from the system itself, such as the advent of disruptive technologies. Resilience denotes both the speed of return to equilibrium following perturbations and the size of a disturbance needed to remove a system from its stability domain (Holling 1973). The latter may be interpreted as the probability that a system residing in a specific stability domain will flip into another stability domain given its current state as well as the disturbance regime (Perrings 1998). A resilient system can be characterized by low failure probability and reduced failure consequences, which corresponds to a basic static definition of resilience, and short recovery time, which adds a temporal dynamic dimension to the basic definition (Rose 2007).

Researchers have related the concept of resilience to the concept of sustainability, i.e., to long-term survival and a nondecreasing quality of life (Common 1995; Perrings 2001). Furthermore, *adaptive resilience*, or perhaps better *dynamic resilience*, enables the combined ecological, social, and economic system to adapt itself in response to shocks with the possibility to renew its own structures on a sustainable development path.

In resilient societies, citizens possess the intellectual and emotional capability and capacity to anticipate, react, and transform system structures, both material and social, in response to shocks and disturbances (Bristow and Healy 2014). People are active agents in resilience, defined as a set of capabilities and competences that can be developed and acquired through the accumulation of knowledge and the social interaction of community members in a spatial context (Magis 2010). In this socio-economic context, resilience also bears a normative meaning. A shared vision must exist within the (regional) community about what the normal stable state of the common system is, what potential strategies are to react to disturbances to maintain that desired state, and in which ways the system must be renewed to reach the next desirable stable state on a long-term sustainable development path. Resilience is then a concept that is closely linked to institutions that have developed over time and resulting from human agency nested in the bounded spatial context that is often referred to as a region. The resilience of a region is largely influenced by the opportunities and constraints offered by the natural environment, the accumulation of knowledge, the transformation of that knowledge into social practices, and a shared system of norms and beliefs that shapes human interactions.

2.2   Regions

Regions are geographically and historically contingent spaces that are constructed and experienced through shared social practices spanning across the, often artificial, borders of nation states. They are bounded geographical spaces that have similar kinds of land, water, fauna, and flora and that are inhabited by people sharing some important cultural features such as language or religious beliefs. They provide shelter, affinity, sustenance, and webs of linkages. They are at once spatial surfaces, natural ecologies, webs of infrastructure, economic marketplaces, and sociocultural interfaces that carry profound existential significance and meaning. They do so by virtue of the social articulation and cultural interpretation of the ecological and economic resource base underlying them.

The identification of a region is highly dependent on the specific question of investigation since the region as an identifiable unit arises primarily from the individual perspective of the viewer (Wiechmann 2000). In relational terms, regions can simply be distinguished physically as coherent partial spaces of medium size in a larger domain that is characterized or defined by certain traits (Akademie für Raumforschung und Landesplanung (Hg) 1994). Alternatively, a region can be seen as merely a manifestation of society's search for authentic units of an intermediate scale based on analyses of areas that have either a homogenous structure or functional linkages (Wiechmann 2000). As "an area of activity or thought, a region is really a consequence of political will, in that it does not exist in itself but rather represented as a designed unit" (Boesch 1989, p. 68). It is important to augment this spatially grounded understanding with the appurtenant geographically, climatically,

regio-economically, demographically, historically, or culturally defined dimensions that make regions work as regions.

2.3 The Argument for Resilience: Regional Risk Management

To understand what a region can afford in relation to rendering it resilient, we must first understand the argument for resilience, which brings us to a discussion of *risk*. The insurance industry—as well as the Intergovernmental Panel on Climate Change (IPCC)—refers to risk as being assessed by understanding specific hazards and one's exposure to them. Resilience relates to an ecological, economic, or social system's ability to adapt to and cope with these risks, generally subscribing to the following formula: risk = hazard x exposure/resilience (or systemic capacity to adapt to hazard x exposure, socially, economically, institutionally, and ecologically). Resilience management means both counteracting the root causes of man-made hazards and adapting to their unavoidable effects.

The topic has been much debated and long been associated with environmental studies and planning, with psychology and other social sciences, in relation to natural disaster management and regional climate adaptation as well as mitigation. Today, a general feeling of uncertainty and insecurity has kept the focus squarely on this topic. This need for resilience has now become a response to an "increased sense of risk (economic and political as well as environmental), and from the perception that processes associated with globalization have made places and regions more permeable to the effects of what were once thought to be external processes" (Christopherson et al. 2010, p. 3).

There is a sense that regions—and their communities—have become more and more exposed to global events and subsequent effects over the past decades: oil crises, nuclear power accidents, regional power outages, world economic crises, global terrorism, climate change impacts, and, among these, more recently, the global refugee crises as well as the COVID pandemic. These disturbances have occurred as abrupt and distinct events or have evolved gradually as recurring or slowly intensifying challenges (Pendall et al. 2010). As these emergencies intersect, the sense of vulnerability is heightened. How can regions respond to such risks? How can they go beyond merely adapting to economic, environmental, and social disruptions but also avoid, militate against, prepare for, and respond positively to future disturbances?

The concept of *regional affordance* can help us understand the action potentials provided by regions to respond to risks and crises and to thus enact appropriate responses to such disturbances. The key point is that there is no deterministic way to mitigate risk in complex adaptive systems such as regions. Instead, regional actors as change agents must perceive and actively shape the actionable spaces that regional resources as well as the institutional context provide for actions that can help decrease failure probability, reduce consequence from failure, and allow for short time of recovery.

Resilient communities will need to become self-sufficient in resources, be self-aware, and develop a sense of purpose. They will manifest themselves as, for instance, (a) energy autonomous municipalities or regions, (b) transition towns, (c) selected green communities, and (d) urban communities of the prosumer or prosumption movement. The prosumption community, in particular, will integrate distributed information management and communications and the rise of distributed renewable energy generation in order to increase local and regional self-reliance, prosperity, regional monetary gain, atmospheric carbon uptake, and innovational impulses that transcend regional boundaries (Droege 2014).

3   Regional Affordances and Constraints

We adopt the concept of affordance, originally proposed in the field of ecological psychology to describe the relationships between animals and the environment (Gibson 1977), to refer to the potential actions that regions provide to communities. Note that we are applying the concept at the level of actor groups, that is, regional actors representing key institutional orders such as state, market, and corporation. In this view, regional affordances describe the relationships between the available physical and informational support structures and the communities that act upon those support structures:

> An important fact about the affordances of the environment is that they are in a sense objective, real, and physical, unlike values and meanings, which are often supposed to be subjective, phenomenal, and mental. But, actually, an affordance is neither an objective property nor a subjective property; or it is both if you like. An affordance cuts across the dichotomy of subjective-objective and helps us to understand its inadequacy. It is equally a fact of the environment and a fact of behaviour. It is both physical and psychical, yet neither. (Gibson 1979, p. 129)

Expanding Gibson's original concept to human beings—and groups of human beings—affordances describe opportunities offered by the natural and artificial surroundings to their inhabitants, that is, in terms of material and social structures. For instance, fertile grounds and water afford agricultural practices. At the same time, affordances refer to the institutional aspect of system structures and norms that determine the likelihood of humans to act upon these opportunities, the ways in which they act, and how their individual and collective action will affect regional resilience and sustainable development.

Resilience and sustainable development paths are strongly linked through the creation, use, development, and specific application of technical objects and systems. Digital technology, for example, can be used to strengthen regional resilience (as the COVID pandemic has shown) but can also constrain and erode regional systems. The concept of affordances thus helps describe and analyze action potentials within a spatially contingent socioeconomic system and its material and social structures to enable decision-making and to formulate policies and strategies for renewal that follow a sustainable development path and thus foster resilience.