

INTERNATIONALISATION AND MENTAL BORDERS

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INTRODUCTION

Borders are barriers and barriers are to be removed. That was the basic idea of the European Commission in 1988 when publishing the White Paper, EC, 1985. The different juridical, fiscal, social, technical and economic frameworks of the European countries in the Community were believed to be a severe limitation on the growth of Europe's competitiveness. Hence, a paradoxical measure had to be taken: the institutionalisation of a free market in the European Community.

The speeding of the opening up of the borders within the European market has spawned a vast amount of literature on the economic geographical consequences of the unification of the various countries. Surprisingly little, however, has been written from the perspective of human agents. The focus of economic geography tends to be on the spatial impact of the opening up of borders, and the development or economic pace and potential gains of European integration for cities and regions. How individuals perceive the opening up of borders has not received a great deal of attention in economic geographical literature. Neither have the mechanisms - by which their actual behaviour is geared with respect to matters of the economic integration process - been studied in depth. Yet, the micro-level of the integration process might render us important insights, which could enrich meso and macro theory development and policy. This paper

makes a plea for the inclusion of the psychology of the behaviour of human agents in the study of economic geographical border issues.

THE STUDY OF BORDERS

In 1963 political geographer Minghi argued that it should be more widely recognised that borders, as political dividers, separate people of different nationalities, identities and iconographic make-up (Minghi 1963). This is why, he argued, in determining the impact of a border, investigations into the spatial pattern of social behaviour should be made at the primary level, in the sociological field as well as in the cultural and economic areas. Some 20 years later, House (1982; and cited in Rumley & Minghi 1991, p. 4) put it as: 'There is a need in border landscapes studies to move away from a fixation with visible function toward a consideration of border landscapes as the product of a set of cultural, economic, political interactions and processes occurring in space.'

It is only in more recent years that theoretical concepts on borders, such as suggested by Minghi and House, are coming up in economic geography. These new concepts are integrating new insights of economics, geography and social theories and are focusing less on the directly visible and spatial aspects of borders (Ratti 1993; Clark 1994; Paasi 1996; Graham 1998). There is a common belief within the new stream of thinkers that a study of borders cannot neglect these topics of political and

cultural power. Still, much of the research on borders has remained, as Clark (1994, p. 68) said: 'strictly within the domain of a particular discipline, without reference to or knowledge of efforts in other fields'.

CROSS-BORDER RELATIONS IN THE EUROPEAN UNION

In my most recent research I have focused on the development of cross-border economic relations between small- and medium-sized firms (van Houtum 1998). The central question in this research concerned the influence of the state border, within the European economic union, on the development and success of economic relationships¹ between companies in regions on either side of that border.

The European Commission expects the spatial diffusion of these economic relationships across borders to have positive effects for the cross-border interaction and cohesion between the economies of the member states and (border) regions in Europe. The idea is that border-regional economies could benefit from the increase of the amount of cross-border networking. In the Interreg-programme, the commission explicitly aims at 'providing stimuli for the foundation and development of co-operative networks across internal borders, and to link these networks to larger community networks' (European Commission 1990). The relative size of the cross-border network between actors in border regions could hence be seen as a powerful indicator of the economic openness of the border.

The empirical research done in border regions at the Dutch border has shown that cross-border economic interaction and co-operation between actors in border regions should not be overestimated. A conclusive explanation of these results, however, is still lacking. In my research, I have examined to what extent the analysis of perceptions, attitudes, and actions of entrepreneurs might contribute to the explanation of cross-border economic interaction patterns.

RATIONALITY AND SOCIETY

In most economic geographical analyses, rationality² is implicitly taken to be physically

bounded, meaning that it is impossible to gather the maximum amount of information needed to make a fully rational decision (Simon 1961). What is more, rationality is often treated as an exogenous variable. I disagree here. Rationality is not an autonomous, detached function of the human mind. For a large part rationality is influenced by others, via processes of social interaction and socialisation. Rationality is dependent from who you are, when you are, and where you are.³

Several authors have argued that social interaction and socialisation processes, despite or maybe because of the globalisation, are still most dominant in the home region and nation (Porter 1990; Paasi 1996; Storper 1997). The social interaction with others in a bounded territory, provides individuals with feelings of familiarity, security and identity. Borders therefore not only separate different territories, but also different nations, systems of socialisation, and identities.

The 'production' of borders will often be top-down (Smith 1991), a construct of political ambition. The people's solidarity with the State, as well as with each other, is crucial to the 'reproduction' of the borders. It is that solidarity, or rather the degree of trust, that reigns in a society which is vitally responsible for the 'glue', the cohesion of the social system within a territory (Durkheim 1893 (1933)). A nation is therefore *mentally reproduced*, or in the famous words of Anderson (1983, 1991) it is an *'imagined community'*. It is only within the context of the collective imagination of common descent that the nation is the same and sovereign for all.

In an international interaction, different nationalities meet. This is often expounded in an 'us' versus 'them' confrontation. One could also say that international contact and interaction is a confrontation of different socialisation processes, of different kinds of rationality.⁴ Therefore, we need to incorporate feelings/perceptions of, and attitudes on, the border and the foreign country in the notion of rationality of economic actors. Expressed differently, not only 'the objective reality' of the borders is important, but also the 'subjective reality', the feelings, actions, and thoughts of the actors confronted with these borders.

THE SPATIAL TRIAD OF PERSONALITY

An important distinction made in social psychology is that between the three components of the psychological personality of human actors: action, affection, and cognition (Roback 1931; Bridges 1932; Insko & Schopler 1967; Frýda 1987). If we follow the modern thought in regional science that space is not only the outcome but also part of the explanation (Massey 1984; Storper 1997), then personality is a spatial construct as well. The triad translated to space, that is the spatial context of entrepreneurs, leads to the distinction of *action space*, *affection space* and *cognition space* (van Houtum 1998, 1999). These three different spaces⁵ have been included in a model that tried to explain actual spatial behaviour, that is, entering into cross-border relationships (Figure 1).⁶ The indicators used for these three different spaces are discussed below.

To test this spatial triad of personality an extensive questionnaire was sent to the directors of companies in three regions on either side of the border between the Netherlands and Belgium: Zeeland Flanders and Central and North Zeeland in the Netherlands and the district of Gent/Eeklo in Belgium (Figure 2).

All companies approached belonged to the

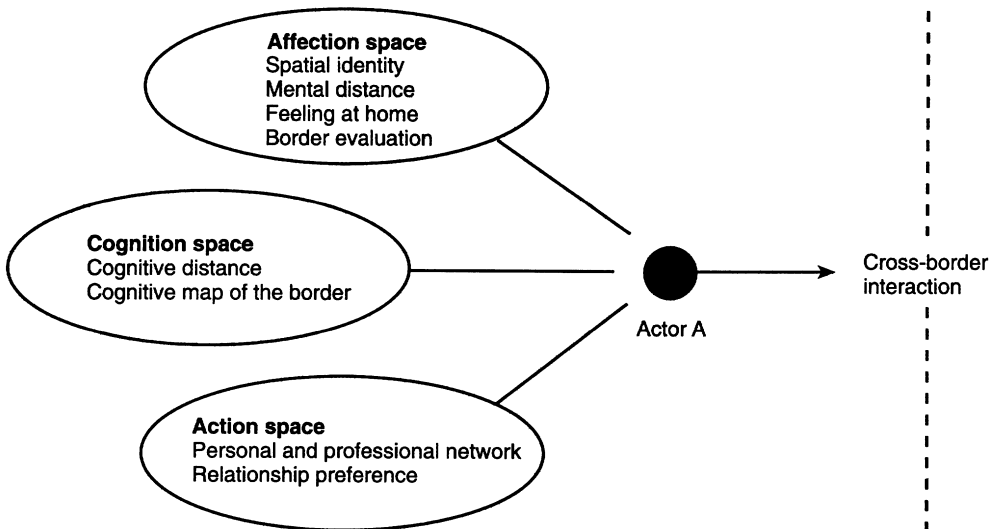
construction, industrial and wholesale sectors. In all, 27.2% of the 1,727 companies completed and returned the questionnaire in time.

The sales and economic relations were found to be distributed unequally, the great majority of relationships being located in the home region and country - on average one economic relation in the neighbouring country against 4.6 national ones. The results, however, differed by region. On average, the firms in the region Zeeland Flanders were more oriented towards the neighbouring country than the firms in Gent/Eeklo, which were more internationally oriented than the firms in Central and North Zeeland. In short, it matters significantly where (in which country most notably, but also in which region) a company is located.

TOWARDS AN EXPLANATION

To explain the observed patterns in the cross-border action space of the enterprises, a multivariate model has been used, which tried to explain the relative number of cross-border economic relationships.⁷

Action space - This is the space constructed through the actual actions and deeds of actors



Source: Van Houtum 1998

Figure 1. Actors and cross-border interaction.

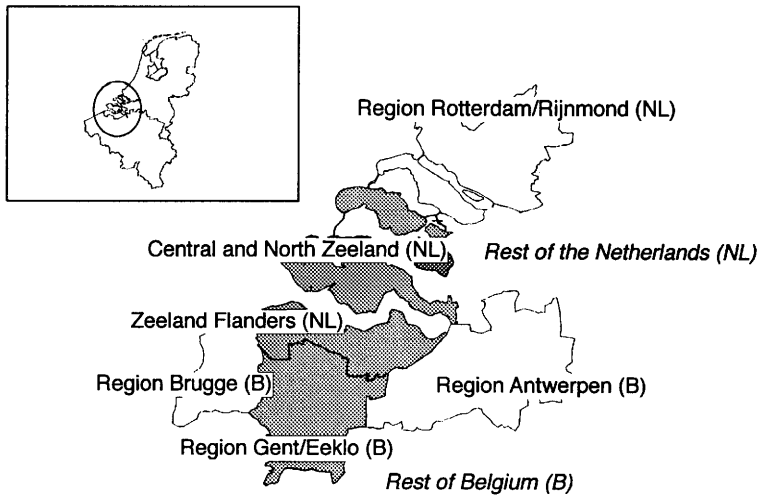


Figure 2. *The research area.*

(Figure 1). In the current research this is measured by the informal personal and informal business contact pattern in terms of visiting frequency and relative number of contacts across the border, and the kind of relationship preference.

The variable relative number of professional acquaintances in the neighbouring country is not significant, while the variable relative number of personal acquaintances is. Personal informal embeddedness in the society of the neighbouring country is apparently more important in explaining the relative number of cross-border economic relations than professional informal embeddedness. Another action variable included in the model is relationship preference. It was observed that a relationship preference characterised as 'networking' plays a significant role in determining the relative number of cross-border economic relationships.

Cognition space - The awareness, the subjective knowledge and recognition of the characteristics and conditions in another territorial unit (Figure 1), originating in personal experience or studies (Veitch & Arkkelin 1995). The idea is that the accuracy of the knowledge, in the present research concretised by the estimation of the distances towards cities across the border and by the estimation of the location of the border on a blind map, would be an effective indication of the actual development of

actions across the border. The determinants of cognition space included in the model, however, are not found to play a significant role in the explanation of the pattern of cross-border economic relations.

Affection space - Space determined by man's feelings towards and emotional connectedness with space (Figure 1). Affection space is concretised through the perception of differences in business conventions (the mental distance), the feeling of being at home in the culture of a foreign country, one's spatial identity, and one's evaluation of the phenomenon of the state border *per se*.

Of the determinants of affection space, two variables mattered significantly. First, what was called mental distance, in accordance with expectations, was significant and negative. Mental distance was defined as the estimation by entrepreneurs of the differences and the consequences of these differences in business conventions between a foreign country and the home country. In accordance with Storper (1997), business conventions were defined as the socio-economic conditions for doing business, socio-cultural conditions (including language), and legal-administrative preconditions. The entrepreneur forms his or her attitude on foreign business conventions by estimating the similarity of the business conventions and evaluating the consequences

of the differences in conventions. This variable mental distance is found to be of significant importance in the distinction between the companies with and without cross-border economic relationships, and in determining the relative number of cross-border economic relationships.

The second affection space variable used in the research is the attitude towards the border *per se*. The feeling of the border as a barrier is not found to be significantly important in determining the relative number of cross-border economic relations. The perceived relevance of the border does, however, play a significant role. Firms who regard the border as relevant, have less often and fewer cross-border economic relations. Apparently, borders are not so much perceived as barriers, but as less or more relevant, or as non-artificial and useful. The fact that companies without economic relations, which generally have a larger mental distance, do not regard the border so much as a barrier, but as relevant, is also significant in this respect. Obviously, the border delivers the non-internationalised firms a kind of protection against uncertainty.

UNCERTAINTY AND LEARNING

The international orientation of entrepreneurs can be seen as a mental learning process. Internationalisation starts in the home country, and the entrepreneur matures in doing business on an international scale. Having professional and especially personal contacts in the neighbouring country certainly helps to initiate economic relationships, but it is not an absolute condition. The entrepreneur's perception with regard to entering into cross-border economic relationships - that is, whether he or she believes that there are great differences in rules and conventions while doing business - is of much greater importance. The distance to the region on the other side of the border is generally quite small, but the mental distance is often far greater. The market is thereby divided not just in a spatial, but also in a mental sense. The fear of the threshold may well be a true threshold itself. This implies that economic actors are not only incapable of gathering all the relevant objective information, but are also not always fully willing to do so.

Economic behaviour is no *deus ex machina*. Human beings are associational creatures, both consciously and unconsciously. Influenced by the belief sets and rationality of the society they live in, entrepreneurs draw their own subjective borders and build their own behavioural patterns that do not necessarily align with what is economically realistic or desirable. In short, the rationality of economic actors is not exogenous, but endogenous and as such is not only physically, but also mentally bounded.

NATIONALITY AND INDIVIDUALS

The present study leads to the conclusion that it is not possible, for the case of Zeeland-Gent/Eeklo, to speak of a *de*-limitation such as that hoped for and maybe expected at the instauration of the Benelux and European Union. Such a typification underestimates the significance that the state border still has for the attitude and perception with regard to, and the development of, cross-border economic relationships. For the same reason, the objective measure of cultural distance alone, which is often used in economic studies to emphasise the importance of cultural differences between countries in the internationalisation of economic organisations, is not satisfactory. It is not the objective difference between cultures that is one of the most crucial factors to the initiation and further development of bilateral economic relationships, but the perceived divergence of business formalities and conventions between (the actors of) the countries involved and the perception of its consequences for the success of an economic co-operation between companies in those countries.

The state border that exists between the partners lays down an important link between the macro- and micro-levels, at which the study of cross-border economic relationships moves. At the macro-level (the level of countries), national identity plays an important role in the cohesive force of the demarcated society. Nationalism is the ideology belonging to a territory demarcated by state borders. The national ties that separate economic actors at the border, fed by the cohesive action emanating from a demarcated society, is expressed on the one hand through the perceivedly continued relevance of the border's presence, and on the other hand

through de-personified impressions of the people on the other side of the border.

Nationalism is a concept of political and social construction and imagination. Besides, because of its character of exclusion and inclusion (us versus them), it is a normatively charged concept (Paasi 1996). There is a need for further research on border and (de-)integration issues along these lines of thinking. In the context of emerging and disappearing spatial borders and identities within Europe as a whole and the European Union in particular, there is a need for the development of a geography of normative borders as well as of a geography of imagination.

The national identity also affects the micro-level of economic activities: the individual entrepreneurs in a country. At the outset, the fact that affection space is divided is a theoretical issue; it only becomes a subject of practical relevance when the question emerges as to how it translates into action space – how it influences people's actions. The us–them relationship, at the micro-economic level for the relationships between actors in Belgian and Dutch border regions, is actively expressed through the amount of inexperience and uncertainty in cross-border economic relationships. In other words, the force of the us–them effect feeds the mental distance and reduces the estimation of trust between entrepreneurs of different nationalities in cross-border economic relationships. Hence, the mental influence of the state border cannot and should not be undervalued in theories on cross-border economic interaction.

Notes

1. An economic relationship was defined as: 'An agreement between two different enterprises, which may or may not have been put in writing, that provides for the regular occurrence of a commercial activity or transaction, or for the placement of the commercial activity or transaction under a certain division of joint administration or management.'
2. At the basis of most economic (geographical) analyses lies the (implicit) notion of a specific kind of rationality of the human actors, namely 'goal or mean-ends rationality' ('Zweckrationalität', Weber 1947). Human actors consider different

(combinations of) means in their attempt to achieve an economic goal.

3. An interesting question, often uttered in philosophical debates, is if there is such a thing as a universal human rationality, not influenced by the make-up of a system or a culture, as well.
4. A matter of debate is to what extent the different national rationalities are and can be subsumed under a new global rationality.
5. In the literature of social psychology there is still much debate going on about how these components are linked with each other. This paper does not focus on these linkages, but will test the worthiness of the inclusion of these components *per se* in the analysis on economic behaviour.
6. See for the scales and measurements of the different indicators, van Houtum (1998).
7. For the analysis of the success of the cross-border economic relationships in the research area, see van Houtum (1998).

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