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## Economic and Social Development

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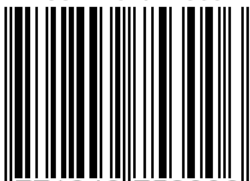
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In the negotiation process, the University of Technology decided not to move towards the consolidation, while the other three institutions planned, communicated and effectively implemented the merger. The Grenoble Universités consortium became an umbrella that enabled the development of cooperation as well as consolidation. In 2009, as part of the implementation of the PRES (research and higher education centers) ministerial program, the merger of Grenoble universities was announced, which was supposed to start from January 1, 2016. A negotiation and integration team was established, in which representatives of all universities as well as central and local authorities and external stakeholders participated. Consolidation received strong financial and substantive support from the French Ministry of Higher Education. As a result of strategic analyses, studies and negotiations, the following were agreed: the strategy and stages of the merger, the structure of the consolidated university, the new name and the authorities of the consolidated university. A wide consultation process was also carried out, followed by communication, both among the employees as well as the students and other stakeholder groups. It is worth noting that the merger was preceded not only by a long period of close and formalized cooperation, but also by a six-year planning and preparation process for the implementation at the strategic and operational level. In 2015, the decree on the merger of three universities in Grenoble was signed and entered into force on January 1, 2016 (Decree No 2015-1132). By virtue of the decree, the Université Grenoble Alpes was created, which merged the three Grenoble universities into one. After the consolidation, 24 units in the forms faculties, schools and institutes have been separated in the organizational structure. As part of the matrix structure, 6 large disciplinary research units were also identified. The organizational structure of didactic and research units was made more flexible in the consolidation process by adding elements of matrix structures, but the changes were not radical. Deeper structural changes were introduced in university-wide service units, which cover various functional areas, such as finance and accounting, human resources, international cooperation, education and university life, research and innovation, information systems, logistics, cooperation with the environment and others (L'organigramme., 2017). On the basis of the interviews it was found that the most important barriers to the merger included psychological, social, organizational and legal constraints. Since the beginning of the process of formalized cooperation, the concerns of the academic staff and administration arose that consolidation may worsen working conditions or lead to weakening of influence. The way to dispel these fears was communication, consultation and providing the employees with such working conditions that were not worse compared to those before the merger. The staff participated in the preparation of the merger for several years through systematic meetings within inter-university integration teams. The involvement of the employees in the merger was quite high due to the "Shanghai shock", the chances of using central programs and the sense of creating a valuable and to some extent pioneering organizational solution in France. A certain social barrier was the formation of groups that were concerned about the merger and the conservative attitude of trade unions. Long negotiations, which allowed for a compromise, were necessary. The first, positive effects of the consolidation create the perspective of achieving the strategic goals of the consolidation in the coming years. UGA implements mechanisms that dynamize scientific activity, which has led to the improvement of its position in national and international rankings in the last two years. It cost a lot of work for the employees to adapt to the new situation, which means that the results of scientific and didactic activities should improve year by year. The interviews indicate the improvement of consolidated university management through: more effective strategic management, real emphasis on international cooperation and cooperation with the environment, effective marketing communication and more advanced financial management and accounting.

#### 4. CONCLUSION

The degree of university integration depends primarily on the type of the merger, as well as on the consolidation process itself, attitudes of stakeholders, merger effects and other factors (Frølich, 2016, pp. 231–248; Cai, 2016, pp. 7–24; Yang, 2015, pp. 123–144; Sutela, Cai, 2016, pp. 161–178). Unification mergers lead to a high degree of integration of the consolidated university, while federal mergers allow looser connections. The process of strategic management in a consolidated university should be subordinated to one strategy, but it is possible that there is an entity in the structure that creates its own internal strategies. The consolidation of private universities, based on the acquisition of universities or their founders, often leads to the formation of educational holdings or conglomerates, which are characterized by low autonomy, but high strategic independence. Low autonomy results from the dependence on the "mother university" or "founding company" and duplication of standardized organizational and management solutions, e.g. IT systems, division structures, quality systems etc. Strategic independence results from the differentiation of strategies in different markets on which they branches or faculties of the consolidated university operate. The conclusions from many studies of consolidation processes of universities in the world clearly indicate the primary role of cultural factors. Joining organizational cultures is a difficult process that only partially undergoes managerial control. The premise for the success of a cultural merger is to conduct an analysis that takes into account organizational identity, status and prestige. The social identity approach indicates that university employees who gain prestige on the university merger will find it easier to accept and will strive for the consolidation on partner terms. The university staff with greater prestige and stronger culture will probably be more skeptical about the consolidation and it will be more often perceived as the process of incorporation of a less prestigious university (Gleibs, Tauber, Viki, Giessner, 2013). The analysis of potential tensions and knowledge about the possibilities of solving them in communication and negotiation processes allows to manage the merger more effectively.

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# EMPIRICAL ANALYSIS OF THE IMPACT OF 2008-2009 ECONOMIC CRISIS ON IMMIGRATION TENDENCIES: CASE OF OECD COUNTRIES

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## **ABSTRACT**

*As it happened with international trade and investment flows, global financial crisis also negatively influenced the international immigration tendencies. Immigrants are usually employed in sectors that are more sensitive to crises with more temporary and part-time jobs. These are mostly less skilled occupations where immigrants usually face discriminative treatment in hiring and layoffs. That is why, following the onset of global recession the migration to the economically advanced regions decreased immediately. During the first period of global economic crisis governments in different countries also implemented a set of policies to prevent the inflow of new migrants and force the existing immigrants to leave in order to provide more job opportunities for their citizens. This paper investigates how the changes of economic structure, policies and public opinion in most of the advanced countries have affected on global immigration since the global financial crisis. The work provides an empirical estimation of the impact of different crisis related factors on international migration since 2008-2009 for OECD countries.*

**Keywords:** *financial crisis, globalization, international immigration*

## **1. INTRODUCTION**

2008-2009 global financial crisis (GFC) is frequently compared with the Great Depression because of its catastrophic economic and social consequences. Financial crisis not only caused the fall of global production and rise of unemployment in many countries, but also downgraded different components of international economic integration. In 2009 world trade declined in real or volume terms by 12.2 per cent. In the OECD area volumes of exports and imports was down by respectively 15.7 and 15.3% in the first quarter of 2009. This had been the largest decline of the global trade turnover in the last four decades. The global financial crisis also ended the rise of international capital movement that had lasted for some decades. In 2008 global FDI flows dropped by 16 per cent and in 2009 it decreased further 40 per cent. Global financial crisis had also negative influence on international migration flows. This research conducts an empirical analysis of the aspects and extent of the negative effect of 2008-2009 crisis on immigration level in 27 OECD countries' case. Financial crisis caused the rise of unemployment almost in every OECD country (except Germany). Besides this, budget deficit increased in many countries, particularly in European countries, and in some countries caused to a more serious public debt crisis. Countries with problems in government finances cut down the social transfers and public expenditures which further deepened social impacts of crisis both on nationals and migrants. Worsening economic conditions and life standards sometimes triggered racist tendencies and made xenophobic groups more active. In some countries governments tightened immigration controls as a response to the economic calamity. This all resulted with decreased amount of immigrants in OECD countries during the crisis. The extent of the impact of the crisis on immigration level has been different in various OECD countries. During the early period of the crisis some researches were conducted to determine the level of this impact in OECD countries and give some predictions. This research contributes to the existing literature by providing more precise post factum analysis about this influence and also presents how the immigration level has recovered in 27 member countries since the crisis. This work also provides an empirically estimation which reflects the role of unemployment rate on

the rise and fall of immigration level during 2007-2016 in 27 OECD countries. The rest of the paper is organized as follows. In the next section the effect of past crises in 20th century on immigration level has been summarized and analyzed. Then a detailed analysis of the influence of 2008-2009 crisis on immigration level in OECD countries has been presented. In 3rd section the empirical methodology and data have been discussed to estimate the panel VAR model of the immigration level. Results of this estimated model is discussed in the last section.

## **2. HOW DID THE PAST CRISES AFFECT MIGRATION TENDENCIES: RETROSPECTIVE ANALYSIS**

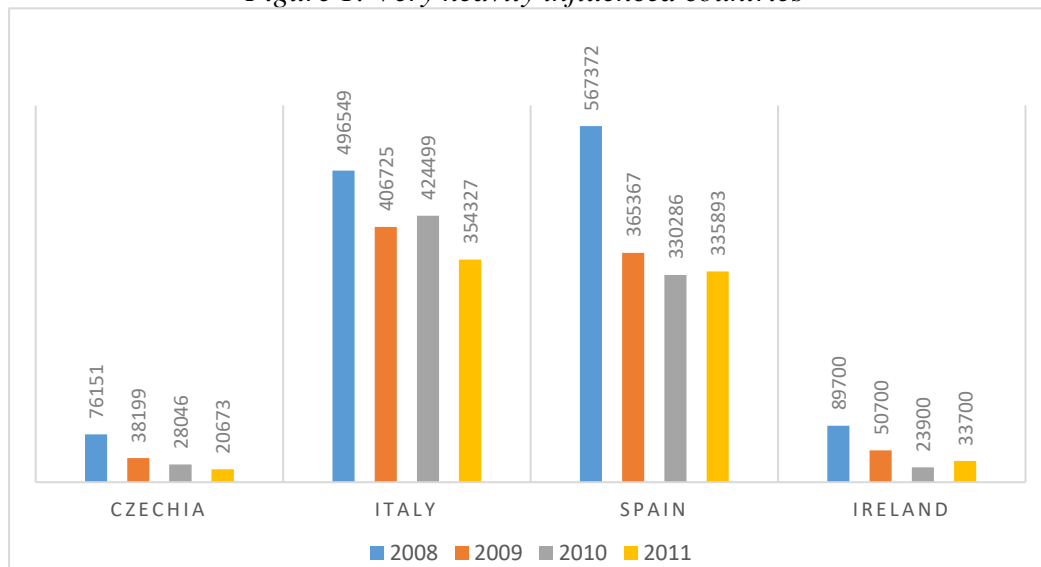
To understand the nature and duration of the impact of crises on the international flow of migrants it can be worthwhile to look through different historical cases. Castles (2009) states that the impact of recessions on international migration is complicated and sometimes can be unpredictable. Past experiences also show that the relationship between immigration and economic recession is not simple and easy to understand. Characteristics of the crises, behavior of different migrant communities and governments approaches during those crisis have been important on this relationship. But generally immigrants are vulnerable during economic recessions for various reason. In recent decades, economic cycles have been influential to determine the trends of migration flows in many OECD countries (OECD, 2000a). Economic downturns usually creates pressure on governments to adapt restrictive immigration policies (OECD, 2009). Immigrants are also more likely to concentrate in the industries that are more sensitive to economic crises. They are usually hired with more temporary contracts with less-skilled jobs, possibly face discriminative attitudes by the employers during recruitment and layoffs (OECD, 2009). Businesses that are owned by the immigrants have been more prone to encounter financial problems or even bankruptcy. The Great Depression caused the pace of international labor movement to decrease that had accelerated since 1918 (Koser, 2009). Castles (2009) also indicates the negative impact of the 1929-1932 crisis, but also claims restrictive policies that had been implemented during the WW1 were also partly responsible for the reduction of amount migrant during those years. During the Great Recession years (from 1928 to 1933) immigrants to Canada decreased from 166,783 to 14,382 (Koser, 2009). Koser (2009) indicates that 450,000 originally Mexican migrants had been forced to leave US from 1929 to 1937. As a result of the rising unemployment and xenophobia tens of thousands immigrants from Puerto Rico had to leave to their island as well. Significant amount of foreign nationals also faced deportation in France during those years, which had caused foreign population to decrease by half a million by 1936 (Koser, 2009). Castles (2009) states that the recession of 1970s in Europe also changed the environment for immigrants in Europe, as the "guest worker migration" was replaced by more permanent migration tendencies. Although some migrants from Spain and Portugal preferred to go back, the 1973 crisis in Europe did not cause the significant number of immigrants to flee their home countries (Sward, 2009). This was mainly because the origin countries for many migrants in Western Europe had also been influenced by the recessions and the welfare system was more efficient at destination countries than their countries of origin (Koser, 2009). The Oil Crisis of 1970s was also accompanied by the implementation of severe restrictions on the movement of labor, which continued to emerge during 1980s and 1990s. As a result of this illegal migration, human trafficking and migrant smuggling had developed. The impact of Asian financial crisis on migration had been relatively modest (Beets, Willekens, 2009). Koser (2009) also states that except for South Korea, Malaysia and Indonesia the Asian financial crisis did not significantly influence the overall level of migrants in the region countries. Russian financial crisis in 1998 caused the amount of migrants to decrease significantly. The departure of migrants had increased by 18 per cent after 4 months since the onset of financial crisis in Russia. Historical analysis reflects that in different periods and regions economic downturns had diverse influence on migration tendencies.

Normally an initial change in the level of international migration due to the business cycles has been likely to disappear during previous cases. Crises of 20<sup>th</sup> century had not caused long-lasting impacts on the movement of labor.

### 3. CHANGES IN IMMIGRATION SINCE THE GLOBAL FINANCIAL CRISIS

The range of the impact of 2008-2009 financial crisis on international migration in various OECD countries has been different. Amount of immigration decreased in 25 OECD member countries (from 27 analyzed countries) during 2008-2009. This reduction in immigration levels during the economic recession had been much more severe in countries as Czech Republic, Ireland, Iceland and Spain. And in each of these countries amount of arrived migrants has been well below the pre-crisis period in every subsequent years till 2016. For instance, number of arrived immigrants in Czech Republic decreased by 25 per cent in 2008, again 50 per cent in 2009, and in 2016 number of arrived migrants has been 66 per cent lower than in 2007. In 2008 number of arrived migrants decreased by 38 per cent in Spain and further decreased by 35 per cent in 2009. In 2016 number of arrived migrants was 61 per cent lower than it was in 2007 in Spain. Amount of migration inflow in 2016 has been 48 per cent lower in Italy and 55 per cent lower in Ireland compared with 2007. Slovenia and Slovakia are also OECD countries that accepted lower amount of migrants in 2016 than pre-crisis period. In Slovakia number of arrived migrants had decreased every year between 2008 and 2014.

Figure 1: Very heavily influenced countries

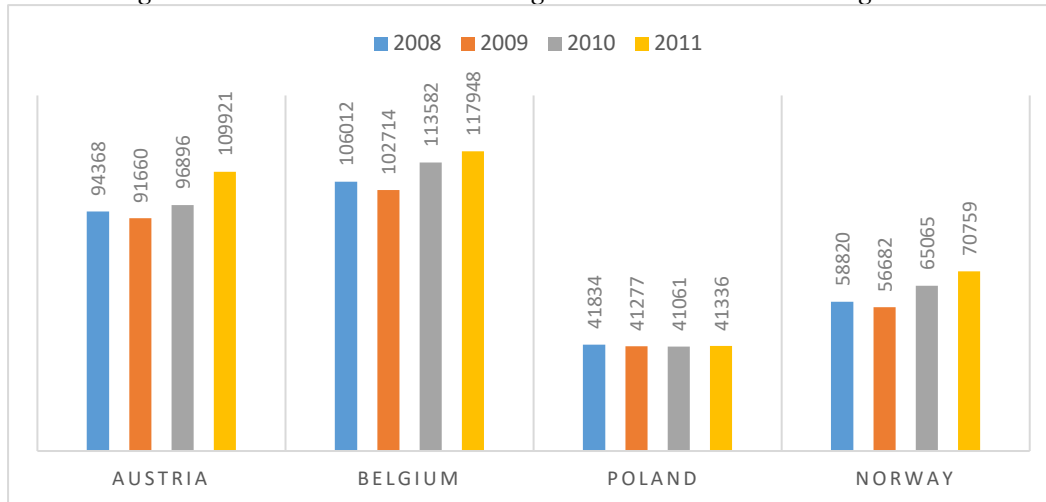


Data: OECD

There were not observed any reduction of the number of arrived migrants in Australia, Canada, Estonia, Germany, Greece, Israel, Mexico, Netherlands, Sweden and USA during 2008-2009. But the amount of migration inflow has started to decrease in each of these countries in following years, except in Germany, Netherlands, Israel. In this countries amount of migration arrival mainly started to decrease in 2010 or 2011. Germany and Netherlands (except in 2012) are the two countries where migrant arrival increased annually since the onset of global financial crisis until 2015. Britain, Austria, Belgium, Poland, Norway, France were the countries that the impact of crisis on immigration levels had been modest. Immigration level started to increase in 2010 and by 2016 all these countries received more immigrants than before the crisis. Although the number of arrived immigrants decreased in 2008 and 2009 in Chile, more immigrants were accepted in following years (except 2014) until 2016. But in Austria amount of migrant arrival has increased consistently from 2010 to 2015.



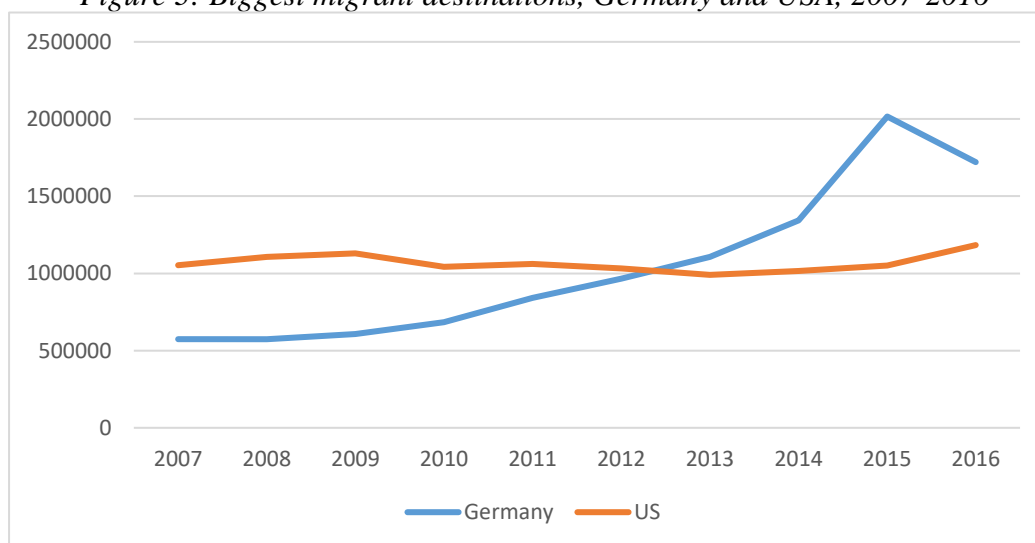
Figure 2. Countries with mild migration contraction during the GFC



Data: OECD

As it mentioned above, the effect of 2008-2009 global crisis on the amount of immigration has been observed with different duration and scale in OECD area. Negative effect of the recession on the immigration in countries as Czech Republic, Iceland, Ireland, Portugal, Spain, Italy, Slovakia, Slovenia has been much more durable than the countries as France, Denmark, Japan, South Korea, Switzerland. In the latter group of countries, including Luxembourg, New Zealand, Finland, migration arrivals recovered rapidly after the crisis and almost in every country surpassed the pre-crisis level. It should be noted that, although the yearly OECD average of immigration arrival fall during the crisis years, then it quickly started to increase and by 2014 average amount of migration arrival outnumbered the pre-crisis level. Perhaps year-by-year rise of migration in post-crisis period to Germany and Netherlands has contributed on quick recover of OECD average. Rapid development of immigration level since 2009 caused Germany to surpass US and become the biggest migrant receiving country. Mild impact of GFC on the general economy, continuous reduction of unemployment rate during 2009-2016, attitudes of political leadership and destabilization in Middle East can be considered among the factors that explain dramatic increase of immigration in Germany.

Figure 3: Biggest migrant destinations, Germany and USA, 2007-2016



Data: OECD