

Circular Migration and its Impacts in the Current Stage of Globalization

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ABSTRACT

In recent years, the concept of circular migration is increasingly getting into the center of attention among economic theorists as well as decision-makers in the field of international labor migration. In the current conditions of globalization, circular migration could solve some of the pitfalls encountered on the return migration. This paper outlines the genesis of the concept of circular migration and analyses the impacts of this phenomenon on the development of countries of origin. It also draws attention to the need of establishing mechanisms to ensure the circulating nature of migration movement. To do this, it is necessary to meet certain conditions. In this context, international cooperation on migration is a necessary condition for a “win-win-win” strategy as an important part of circular migration. The paper outlines the various forms of this cooperation.

KEYWORDS

Circular migration, development of countries of origin, international cooperation

ARTICLE HISTORY

Received 1 June 2016
Revised 19 September 2016
Accepted 22 October 2016

Introduction

Current demographic trend creates a growing gap between the economically developed and developing countries. According to the UN data, the population on Earth will increase from the current 6.5 billion to 9.1 billion by 2040. This growth will occur mainly in developing countries where the growth rate of the population is expected to be 6 times higher than it is in economically developed countries.

International Organization for Migration stresses in various documents that the demographic changes have a double impact on international labor migration. On one hand, the sharp population growth in conjunction with low rates of economic growth creates incentives for emigration; on the other hand, negative demographic trends and the ageing of population in economically developed countries are factors that force governments to reconsider their migration policies and the acceptance of immigrants.

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For what concerns countries of the European Union, they have to face the effects of population ageing in the near future. It is predicted that the workforce in Europe will decrease by 7.5 million (-2.2%) by 2020. Clearly, this decrease should be compensated somehow to prevent the reduction of the rate of economic growth.

Circular migration is becoming a relatively new phenomenon in the management of international labor migration. It leads to greater internationalization of the labor market. Circular migration takes different forms. Scientific studies usually distinguish spontaneous and organized circular migration (Ushakov & Zhmykhova, 2015) Circular migration is in principle associated with the seasonal migration. Insufficient attention is so far devoted to migration, organized in the framework of transnational corporations. It often occurs that young prospective managers who aspire to leadership positions are sent abroad. Regarding the migrants themselves, they have different motives for leaving their country. Some of them consider it as an opportunity to acquire new skills, improve their language skills. Others tend to gain some cultural competencies which they can use later or want to accelerate their career - ambitious young people can get senior management positions and acquire the necessary competencies abroad.

Literature Review

The concept of circular migration is not new. However, only in the last decade, it gets to the center of discussions about managing international labor migration.

First definitions of circular migration are already emerging in the mid-70s of the 20th century. It is necessary to mention a definition which appeared in the study of Bovenkerk: "The movement to and from between two places that includes more than one return to the place of origin" [Bovenkerk, 1974. 5]. This definition is quite simple, but it explains the essence of the phenomenon which consists in the repetition of movements of the work force. If there was only a movement from a country of origin to the host country and back it would not be circulated but so-called temporary migration.

Another definition of circular migration is suggested by G. Hugo. It places emphasis on the distinction between permanent and circulating migration. This distinguishing feature is an attachment to a migrant's country of origin and / or the host country. According to Hugo, the circulating migrants feel more attached to their country of origin, while permanent migrants feel more attached to the host country [Hugo, 1983].

A milestone in the genesis of the concept of circular migration was year 2005 when the Global Commission on International Migration (GCIM) stated in its report that "the original paradigm of the permanent establishment of migrants gradually releases to temporary and circular migration" [GCIM, 2005, p. 34]. Based on this finding, "the need to realize opportunities for growth which this significant change in migration patterns provides to the country of origin of migrants" is underlined (Ibid, p. 88). The report also includes recommendations that "States and international organizations should formulate policies aimed to maximize the effects of return of circulating migrants on the development" (Ibid, p.88). The host countries are recommended by the report to "encourage circular migration issue regulations which facilitate the transfer of migrants between the

country of origin and the host country" (Ibid, p. 34). While the report does not contain a precise definition of circular migration, it introduces into discussions a new element- the link between circulating migration and development. This fact can be seen as a qualitative shift in the definition of circular migration. Unlike the first two definitions which are more descriptive in nature, highlighting the pragmatic content of this concept, which includes the aim of managing the migration.

In the next period the genesis of the concept of circular migration was affected by the proposals of two institutions, namely the European Commission and the World Forum on Migration and Development.

Question of circular migration has played an important role in the political agenda of the European Union since 2007, when the European Commission published its Communication on circulating migration and mobility partnerships between the European Union and the third countries [COM (2007) 248, 16 May 2007]. The Communication contains a proposal for the definition of that term: circulating a certain degree of legal mobility between two countries, in both directions "(Ibid, p.9).

This definition is quite different from its original version by the fact that it contains a certain political objective of promoting the legal circulation of migrants between the country of origin and the host country. In this communication of the European Commission other two goals can be found. The first goal is the adoption of a legal regime which favors circulation of migrants within the EU. The second one is the development of circular migration programs dedicated to potential migrants from the third countries.

Circular migration is presented as a mean of satisfying of the European labor markets' needs. At the same time the temporary nature of circular migration is emphasized. "Circular migration is increasingly becoming the key form of migration and if it is well managed it may facilitate the balancing of demand and supply of the labor at the international level and thus contribute to a more efficient redistribution of available resources and to economic growth. Nevertheless, circular migration causes some problems, as well: if it is poorly organized and poorly managed, then originally intended circular migration may quickly become permanent, which is contrary to the object in view "(Ibid, p. 8-9).

Within the genesis of the concept of circular migration it is necessary to mention the form adopted by the participants of the first World Forum on Migration and Development, held in July 2007 in Brussels. This definition specifies circular migration as "smooth movement between countries. These movements can be temporary or permanent. When this movement is voluntary and is associated with the labor market needs in the country of origin of migrants and the host country, then it can be beneficial for all parties involved "[GFMD 2008, p. 85].

Positive aspect of this definition is that, compared with the approach of the European Commission it pays particular attention to the rights and interests of migrants. Furthermore, it is also highlighted in connection with the development, which is here considered as a division of the expected benefits between the migrant, the country of origin and the host country.

However, the definition of the circular migration adopted by the participants of the World Forum on Migration and Development has one weakness: this definition includes not only "temporary stay" but also the

permanent stays. In fact, the term "permanent stay" goes beyond the concept of circular migration.

Naturally, the increased awareness of the circulating migration can be observed on campus or in scientific and research institutions. It is necessary to mention Dayton-Johnson and Xenogianiho. According to them, the system of circular migration should allow the entry of skilled but also unskilled workers for a short period. These authors believe that the observed consensus in the literature about the concept of circular migration is based on the fact that this system provides profits not only for migrants but also for the country of origin and the host country. This is what guarantees its success.

The approach of researchers from the Migration Policy Institute - K. Newland, D. and A. Aguniasa Terrazasa) is considered to be very constructive, as well. These authors tend to emphasize that circular migration implies the concepts of return and repetition: "Circular migration is distinct from temporary migration in that circular migration denotes a migrant's continuous engagement in both home and adopted countries; it usually involves both return and repetition "[Newland, Agunias, Terrazas, 2008]. The scope of the term becomes narrower and also more accurate. What is specific about this definition is that it emphasizes the involvement of migrants in the country of origin and in the host country. The authors are somehow returning to the theory of attachment which is developed by G. Hugo in the 80s. It is not a simple return because the idea of attachment is associated with a passive migrant while the idea is connected with migrants fully committed to the process of economic development. Newland and Agunias understand circular migration as a neutral phenomenon whose effects can be both positive and negative depending on the policies adopted by the host countries and countries of origin of migrants. Positive nature of circular migration is associated both with economic development and with the respect of the rights and interests of the migrants [Newland, Agunias, 2007].

We consider this understanding as a conceptual basis, which is suitable from the view of further development of the theory and from the view of management of circular migration.

Research Objective

Circular migration is considered to be a new tool (not the model) of a global governance of labor migration in the current phase of globalization. We understand it as a neutral phenomenon, but having a potential to achieve positive effects for all parties involved: both for the host countries which could solve its labor needs, as well as for countries of origin, which would win thanks to the transfer of funds and it is also beneficial for migrants facing would gain new possibilities for legal migration. These effects become appear only under certain conditions.

The aim of the article is to analyze the potential effects of circular migration on development of countries of origin and to define the necessary conditions for the circular migration to become a game of "win-win-win."

Key Results

Impact of circular migration for the development of countries of origin

The main argument in favor of circular migration is that there is a greater probability of staying in touch with the migrant's country of origin, as the migrant has intention to return. This has several implications for the country of origin of migrants. It is mostly the transfer of funds and the possibility of positive externalities associated with the return of migrant workers to their countries of origin.

The fact that the circular migration is beneficial for transfer of funds to their countries of origin of migrants is one of the current hypothesis analysis. Empirical studies have shown that the seasonal and temporary migrants tend to save more and to send the savings to their country of origin. This is quite logical: workers who intend to return to their country of origin will have a greater tendency to transfer their funds than those who want to domicile abroad permanently. This confirms the validity of the hypothesis that by being allowed to repeat movement to and from the host country, the migrant keeps the attachment to the country of origin and the circular migration can play a role in stabilizing the remittance flows.

When examining the impact of circular migration flows to the volume of financial transfers to the countries of origin, we must take into account the diversity of forms that the circular migration can take because different forms have a different impact on the volume of transfers. Medium- and long-term circular migration, which allows the worker to accumulate substantial financial resources will undoubtedly have much greater effect than the seasonal migration which has indeed a positive effect on maintaining relationships of migrant with his country of origin but has only a minor effect in terms of the potentially saved and then transferred funds.

We do not have data about the amount of remittances flowing right out of the circulating form of migration. Facts about the development of the total volume of remittances, as shown in Table 1, however, undoubtedly suggest that this is a huge flow of funds.

Table 1. Estimates and projections for remittance flows to developing countries (Growth rate, percent)

	2012	2013	2014	2015	2016f	2017f
Developing countries	6.1	3.7	4.4	0.9	4.3	4.4
East Asia and Pacific	0.1	5.5	7.6	2.8	3.7	3.9
Europe and Central Asia	9.6	11.1	-6.3	-12.7	7.2	6.6
Latin America and Caribbean	1.1	1.2	5.8	2.3	3.9	3.9
Middle-East and North Africa	16.0	0.0	7.7	1.1	3.3	3.8
South Asia	11.2	2.5	4.5	3.7	4.7	4.7
Sub-Saharan Africa	1.6	0.9	2.2	0.9	3.4	3.8
World	4.1	4.5	4.7	0.4	4.1	4.3
Low-income countries	12.5	4.4	6.2	1.4	6.3	6.3
Middle-income	5.6	3.6	4.2	0.9	4.1	4.2
High income	-1.7	7.1	5.7	-1.0	3.4	4.0

Sources: World Bank staff calculations based on data from IMF Balance of Payments Statistics and data releases from central banks, national statistical agencies, and World Bank country desks. The dataset is available at www.worldbank.org/migration.



Factors determining the successful return of migrants

Different economic theories have different views on the return of migrants to their country of origin. Neoclassical economic theory examines international labor migration through the prism of differences in income in the country of origin of migrants and the host country and it considers the permanent establishment of the migrant in the host country as the main goal of the migrant. Return migration is therefore considered a sign of its failure [Cassarino, 2004, pp. 2-3].

In contrast, the new theories of international labor migration based on the assumption that the economic entity has its own individual strategy, which essentially envisages that he/she will return to his/her country of origin after a certain amount of savings.

Another approach, which appears to us in view of the current stage of globalization as the most adequate is based on transnational theory. Unlike previous approaches based on the assumption of sustainable return of migrants, the transnational approach does not understand the return to be the end of the migration cycle [Ammassari and Black, 2001, p. 18]. It offers a new paradigm of relations between individuals and public authorities, which is no longer based on moral and legal attachment of workers in a single state, but a possibility of a double, easygoing nationality.

Supporters of this approach therefore reject the idea of perfect integration or definitive establishment of migrants in the host country and maintain the position of the transnational nature of the modern workforce. Circular migration performs in this sense as a complement to the activities of the networks. Workers who (temporary) return to their country of origin may in fact play a key role in promoting new trade and financial relations.

In this context, a question which arises is: Which conditions must be met to enable that the return of migrants has a positive effect on the development of their country of origin? Ghosh relies on two main factors that determine such a return. The first factor is the attitude of returning migrant and its degree of readiness. The second factor is the economic, social and institutional situation in the country of origin [Ghosh, 2000, p. 181-226].

Many migrants base a company after their returning to their country of origin. However, they must have, first of all, accumulated a sufficient amount of capital (financial and human). Important factors from this perspective are the length of stay, type of activities carried out and the working conditions in the host country. The fact that the possible benefits of circular migration to their country of origin as much as possible, it is necessary that the country has an ability of sufficient absorption of migrants returning to their country have the opportunity to reintegrate into society at a level appropriate to their competencies and their knowledge .

Question of accumulation of the human capital in the host country and its use in the country of origin is rather complex. Certainly, there are numerous cases in which migrants can use their return competencies which they acquired in the host country. However, migrants are often employed in positions below their qualification and gradually lose the skills which they acquired, before their departure (a phenomenon called deskilling).

In addition to the problem of acquisition of new competencies in the host country, the issue of their transfer to the country of origin raises. This becomes especially problematic in case of incompatibility between economic structures in the country of origin of migrants and in the host country.

This short presentation of circulating factors of economic reintegration of migrants reveals this form of migration can be beneficial for the country of origin. It does not therefore necessarily need to be a zero-sum game in which the host countries win and the countries of origin lose.

It is undisputed that the circular migration promotes maintaining of relations both with the country of origin and the host country, essentially facilitates the reintegration of migrants during his temporary return. However, certain conditions need to be fulfilled for attending positive effects of circular migration in the country of origin. First of all, it is essential that the residence time abroad is long enough to allow accumulation of the financial capital and to guarantee the free movement of people during this time. In other words, the legal regime of the circular migration should be sufficiently flexible for attending personal goals of migrants.

Mechanisms which ensure a circulating character of migration

Under current conditions, it appears to be difficult, if not unrealistic, to focus on a definitive policy of repatriation. This is particularly the case of highly skilled labor. In order for these policies to be successful, it would have to be ensured that wages in the migrant's country of origin of the migrants were motivative enough and also that there would be research facilities which would enable to returning migrants to use the skills acquired abroad. In this context, therefore, policies stimulating temporary migration appear more adequate. Several empirical researches suggest that migrants are likely to prefer circular migration associated with the possibility of securing a return to an advanced region prior to the permanent establishment [Dayton-Johnson and Xenogiani, 2007]. It is therefore necessary to introduce such a mechanism to ensure the circulating nature of migration movement.

Unfortunately, it is clear that the existing temporary migration systems exhibit a number of shortages. In case of highly skilled labor, it may happen that the institutions of the host country won't accept to loose their creative workers, even if it is only temporarily. On the other hand, it is clear that migrants (whether skilled or unskilled) will not be willing to leave the host country if they do not have confidence that they will be able to return later.

Which form should therefore have future policy for mobility? Obviously, because of the significant differences that exist between countries, it is impossible to formulate a clear recommendation on the fact how their government should proceed. What is certain is that they should seek the suppression of all barriers in the area of the circulating mobility.

In this respect, several authors have proposed the introduction of a visa with a possibility of re-entry to the host countries and a mechanism allowing the transfer of social security contributions (pension and social security) to the countries of origin.

Optimal functioning of the circular migration also implies that there should be a cooperation between sending and receiving countries. This can take different forms. An example is the agreement allowing to obtain temporary work



visa for specific missions in key sectors of the economy (health sector, information technology). Here, too, there may be some barriers to international agreements which may impact. These include, for example, difficulties in integrating health personnel into the host country, which may be vastly different from the system of the country of origin of migrants.

Another possible form of international cooperation in the area of migration could be investing in skills, which are transferable and usable internationally [Poutvaara, 2005]. Development of such a cooperation is conditional upon both the nature of the tertiary education and also the fact that governments are encouraged to integrate this positive externality in its educational policy. There is no doubt that the fulfillment of these conditions creates the preconditions that the know-how spreads faster, which would create positive effects for the company on a global level.

Conclusions

- We consider the circular migration to be a form of the labor migration, which is relevant with regard to the current challenges. Nevertheless, its importance cannot be overestimated. This is not a new model of global governance of the labor migration. Rather, it is a tool which must be used in a complementary manner, i.e. along with the existing migration policies.
- Circular migration is a neutral phenomenon, in the sense that its effects may be both positive and negative. But this form of mobility holds great potential benefits for all parties involved: both for migrants and for the country of origin and for the host country, as well.
- As between countries, there are significant differences, it is impossible to formulate a single "receipt" by which governments should follow when drawing up their policy of migration. However, we can affirm that the positive effects resulting from the circular migration will take effect only under certain conditions:
 - Suppression of barriers to the circulating mobility
 - Existence of close cooperation in the area of migration policy between host countries and countries of origin.

Disclosure statement

No potential conflict of interest was reported by the authors.

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Acknowledgements

The article is an outcome of the still-ongoing VEGA project no. 1/0014/16 "International migration of high- skilled workers in the context of globalization process and creation of knowledge economy

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