



University of Pennsylvania
ScholarlyCommons

Social Impact Research Experience (SIRE)

Wharton Undergraduate Research

2015

The Social Effects of the Spanish Brain Drain

Olivia Nelson
University of Pennsylvania

Follow this and additional works at: <https://repository.upenn.edu/sire>

 Part of the [Business Commons](#), and the [Social and Behavioral Sciences Commons](#)

Nelson, Olivia, "The Social Effects of the Spanish Brain Drain" (2015). *Social Impact Research Experience (SIRE)*. 35.

<https://repository.upenn.edu/sire/35>

This paper is posted at ScholarlyCommons. <https://repository.upenn.edu/sire/35>
For more information, please contact repository@pobox.upenn.edu.

The Social Effects of the Spanish Brain Drain

Abstract

This paper examines the social effects of the Spanish brain drain, or the migration of skilled and educated Spanish professionals to other nations, primarily for employment opportunities. The main findings, reached through a series of open-ended interviews, include the overlooked positive aspects of participating in the brain drain. Although there are short-term losses associated with a brain drain, there are also long-term gains as professionals, along with their earnings and skills, return to the nation. In many situations, these gains have the power to outweigh the losses, offering the idea that a brain drain may not be as detrimental as it seems.

Keywords

Spain, brain drain, unemployment, human capital, migration

Disciplines

Business | Social and Behavioral Sciences

The Social Effects of the Spanish Brain Drain

Olivia Nelson

Candidate for Bachelor of Science in Economics, 2017

The Wharton School of the University of Pennsylvania

nelsono@wharton.upenn.edu

Advisor: Ann Harrison

annah@wharton.upenn.edu

William H. Wurster Professor of Multinational Management

The Wharton School of the University of Pennsylvania

The author would like to acknowledge the Wharton School, the Social Impact Research Experience, and all of the participants who contributed to project's findings.

ABSTRACT

This paper examines the social effects of the Spanish brain drain, or the migration of skilled and educated Spanish professionals to other nations, primarily for employment opportunities. The main findings, reached through a series of open-ended interviews, include the overlooked positive aspects of participating in the brain drain. Although there are short-term losses associated with a brain drain, there are also long-term gains as professionals, along with their earnings and skills, return to the nation. In many situations, these gains have the power to outweigh the losses, offering the idea that a brain drain may not be as detrimental as it seems.

Keywords

Spain, brain drain, unemployment, human capital, migration

Disciplines

Social and Behavioral Sciences

INTRODUCTION

Culture

The Spanish culture is based on several hallmark values, including respect for authority and family (Erickson 2001), with the latter, perhaps, being the most important one. There is a strong connection to one's family, which manifests itself in a need to not only be emotionally close with one's family members, but also, physically close to them. In fact, whereas certain cultures experience growing apart from parents as they get older, the Spanish feel the need to have an even stronger relationship with aging family members. The significance that family holds plays into the decisions professionals make in regards to their careers. Overall, individuals would prefer to work and live near family. However, in a nation with low employment prospects, one cannot always do that. This puts many professionals in a difficult position, often feeling as though they have to sacrifice familial relations to find employment.

There is also emphasis placed on working hard, but equally enjoying oneself. A clear example of this can be seen from the typical Spanish workday, which includes *la siesta*, or a nap that workers take after having lunch. Since 2006, this tradition has been banned by the National Commission for Rationalization of Working Hours, which has jurisdiction over public sector employees. Those who proposed this ban argued that *la siesta* not only lowered labor productivity, but also extended the workday, resulting in less time with family and for sleep at night for Spanish employees (Ryan 2006). However, it seems as though the tradition might still be alive for those working in the private sector, showing the society's commitment to having time during the workday to decompress.

Economy

Spain is the 29th most populated nation in the world, with 47,737,941 people. Its GDP was 1404.31 billion US dollars in 2014, accounting for 2.27% of the world's GDP.¹ Prior to the collapse of the housing boom in 2007, Spain's economy was one of the fastest growing in the European Union (Aguilar-Palacio, Carrera-Lasfuentes, and Rabanaque 2015). Since then, Spain's economy has suffered tremendously. The country has faced an alarmingly high unemployment rate, with the latest figure being stated as 21.18% for the third quarter of 2015.²

Youth Unemployment

Even more astounding is the youth unemployment rate at 47.7% in October 2015.³ The staggering youth unemployment numbers have received much attention in recent literature. Youth unemployment is typically defined as those between ages 15 and 24 who are available for and seeking employment. The source of long-term youth unemployment is often hard to pinpoint; however, one primary reason is a long-term trend of people staying in the education system longer (rather than joining the labor force; Russell and O'Connell 2001). Additionally other factors such as labor market regulation and educational signaling (Breen 2005) may affect youth unemployment rates from country to country.

¹ Data retrieved from Spain's Trading Economics Profile at <http://www.tradingeconomics.com/spain/gdp>

² Data also retrieved from Spain's Trading Economics Profile at <http://www.tradingeconomics.com/spain/unemployment-rate>

³ Data also retrieved from Spain's Trading Economics Profile at <http://www.tradingeconomics.com/spain/youth-unemployment-rate>

BRAIN DRAIN

Meaning

The term “brain drain” refers to the migration of highly skilled and educated professionals from one nation to another. In Spain, this trend has been occurring for the past several years. Brain drain, synonymous with human capital flight, is often seen to have negative effects on the source country, such as insufficient substitution between skilled and unskilled labor (Piketty 1997) and a decreased growth rate of the effective human capital (Haque and Kim 1995).

Statistics

Brain drains are most notably experienced in developing countries, with professionals leaving to work in developed nations. However, there are developed nations, such as Spain, that are experiencing an outflow of human capital to other developed countries. In fact, Europe is facing high intra-continent migration numbers. In 2013, there were 1.2 million immigrants who moved from one EU state to another (Eurostat 2015). Although this statistic is for immigrants overall (as opposed to those who moved solely for employment purposes), it easily depicts the amount of movement happening within the continent.

Since 2008, approximately 1.5% of the population, or 700,000 people, has left Spain (González-Ferrer 2013). Additionally, according to a report by the employment agency Randstad, by 2020, Spain will have lost 1.9 million highly skilled workers due to migration to other countries (USA Today). Clearly, this phenomenon is affecting a significant part of the population.

Methodology

This paper addresses the question: What are the social effects of the Spanish brain drain? These social effects have been examined from both the supply (Spain) and demand (other nations) sides of this migration. These findings were developed through one-on-one interviews conducted primarily in person, and in some occasions, via Skype. Questions were posed in an open-ended format and phrased to avoid any bias. For the professionals who had participated or who are participating in the brain drain themselves, questions such as “Please tell me about your experience moving to another country,” and “What were some of the factors you considered in deciding whether or not to move to another nation?” were asked. Overall, the point of the interview was to understand each individual’s main motives for and experience of moving to another country.

Additionally, interviews were conducted with industry professionals (including consultants, professors, and multinational corporation managers) in Great Britain, Spain, and Germany to learn about the effects of the brain drain from more of an industry standpoint.

Other Regions and Nations Experiencing a Brain Drain

Historically, developing nations have experienced a brain drain; professionals leave these countries to work in more advanced or “fully” developed countries. Some prominent examples include the sub-Saharan brain drain of health professionals, where many medical school graduates migrate to the United States and Canada to practice as physicians (Hagopian et al. 2004). Additionally, countries in Latin America and India are some of the highest sources of human capital migration to the United States (Adams 2003).

Common Causes

As previously mentioned, Spain has been plagued by high youth unemployment for the last several years. This is easily connected to the brain drain since many Spanish professionals cannot find opportunities for employment in Spain. As Marcos Contreras, a Spanish consultant who left Spain twice to work and live abroad, puts it, many Spanish professionals feel as though they are “overqualified but under-recognized” for roles in Spain.

Additionally, many professionals leave the country in search of jobs with much higher salaries, but many will end up settling for compensation that allows them to at least make ends meet, until other opportunities come along. As Pedro Goenaga, a managing director at an executive consulting firm in Madrid, mentions, at one point, many professionals left the country with hopes of finding a role that would offer two to three times their current salary. Nowadays, many will agree to take a role that offers one to one-and-a-half times the compensation, since the experience abroad has the potential to “make up” for the lower, expected salary.

Common Receiving Regions

London (United Kingdom)

According to a 2012 Barómetro study, the United Kingdom was the third most popular nation amongst Spanish citizens who had lived abroad for at least three months. Within the United Kingdom, London has always been a major destination for immigrants. In 2013, London was home to approximately 37% of all foreign-born citizens in the UK, clearly showcasing the city’s attractiveness to people from other nations (Rienzo and Vargas-Silva 2014).

As Naomi Castelló puts it, there are more possibilities in London; it is a city of “movement,” with endless opportunities to explore, both professionally and non-professionally. Naomi currently works as a project manager intern in London, but was born and raised in

Barcelona. She finished her Master's in Psychology at the University of Barcelona in 2014 and shortly after, moved to London. Since moving from Spain, Naomi admits that she appreciates it even more, and has hopes to return home after gaining more experience.

San Francisco (United States)

Since many professionals in the technology industry also migrate for better employment opportunities, it is understandable that San Francisco is an attractive “receiving” area.

Additionally, the entrepreneurial spirit that San Francisco offers has made it a popular choice for Europeans in general, including Spanish professionals. Carles Guerrero, a Barcelona native, moved to San Francisco and spent eight months there as a business consultant for a trade and investment office. He worked on facilitating the introduction and integration of international companies into the Silicon Valley ecosystem, allowing him to work in a role that was compatible with his own entrepreneurial spirit. Aside from this, he cited the “different way of doing business” and openness to failure, as long as you learn from it, as positive differences in culture between the Spanish professional environment and that of Silicon Valley.

Munich (Germany)

Germany is certainly recognized as an economic powerhouse not only in the Eurozone, but also, worldwide. Germany is proven to be one of the most innovative and forward-thinking nations in the world, according to Bloomberg's Innovation Index (Coy 2015). This reputation is sustained by the talent in German engineering, much of which is recruited from other nations. According to data from the Federal Statistical Office of Germany, in 2012, the number of Spanish migrants to Germany increased by 37.1% in comparison to the previous year (Nedeljkovic 2014).

Provisional data from the Instituto Nacional de Estadística for 2014 estimated that 9.7% of all Spanish emigrants relocated to Germany. Michael Dreimann, former consultant and present co-founder of bathroom remodeling company, Banovo, mentions that Germany does put for the its best efforts to attract immigrants. For instance, large companies will offer great relocation benefits and the government itself offers German classes to help immigrants become quickly accustomed to their new surroundings. Furthermore, Germany's aging population makes room for the large wave of immigrants that go to the country, year after year. Since most of the professionals participating in the Spanish brain drain are under the age of 34, the inflow of young professionals balances out the aging population. Overall, Germany's population is "shrinking," as its population fell by 1.5 million people and could drop to 69 million by 2050, also according to the Federal Statistical Office of Germany.

Advantages and Disadvantages of Relocating

There are many cited advantages of relocating to another nation. Learning different skills and working with other professionals from other places only adds to one's competencies and capabilities. From an economic standpoint, the cost of living in a new location might be less, allowing for more income to be saved or spent as one wishes. Another benefit is being immersed in another culture, and often, another language. As Carles mentioned, living and working abroad also allows you to compare different systems, such as healthcare systems, market systems, and governments as a whole, to the systems in your native country.

On the other hand, for many, moving to another country comes with a lot of apprehension and anxiety. As Fernando Freire, a CFO of a small, Spanish digital privacy company explains, too many Spanish professionals are afraid to leave the country and gain other experiences.

As mentioned, for those raised in the Spanish culture, leaving family is a very difficult thing to do. On a broader scale, the change in culture itself can be something that takes a while to get used to. Understandably, after experiencing one culture for one's entire life, it can be extremely difficult to adjust to other customs, beliefs and norms—especially as a young adult who is moving abroad alone, which is often the case with these professionals.

FINDINGS

Unrealized Benefits for Spain

Although human capital flights are known for being detrimental to a nation's economy and society, there might actually be positives associated with this migration outflow. Overall, even though the situation might seem to be a “drain” at first, in the long-run, it can end up being a gain to the source nation.

Economic

As José Luis Del Prim, a Madrid-based principal consultant at a global firm, explains, many professionals who leave the source country plan to come back some day. Additionally, because of their close connections with family and friends that they have had to leave behind, many professionals who participate in the brain drain feel obligated to share their gains with those back home. As most interviewees mentioned, they send a portion of their earnings back home to help support their family and friends, also known as remittance payments. This money coming into the nation strongly benefits the economy, since family members have more to spend and use to take care of day-to-day financial responsibilities. In fact, in 2013, Spain became a net recipient (i.e. more remittance payments coming in than being sent out) for the first time in ten years, with a balance of 28 million euros, according to statistics from the Bank of Spain (El País). This is an example of a major economic benefit of the Spanish brain drain.

According to Mol et. al (2009), cosmopolitanism, or the willingness to experience different cultures, is a plus for when hiring. Many roles involve global competency, causing managers to look for professionals, like those participating in the brain drain, who seek opportunities to immerse themselves in other cultures and experience other parts of the world.

Additionally, when professionals do make it back from abroad, they bring countless new skills and competencies with them. This international experience is seen as extremely valuable, no matter where they end up going. This not only increases the amount of human capital when they return, but also increases the quality of it.

Cultural

As for cultural benefits, it is widely known that gaining exposure to other cultures besides your own is a huge positive. Not only does it provide more experiences to draw on, but also, it increases one's capabilities and cultural sensitivity. Exposure to different ways of life, increasing understanding and knowledge of other places besides that in which they grew up. Those who are exposed to other cultures end up with a higher level of cultural intelligence than those who have not been exposed to other cultures. Along those lines, for those who have been abroad, the more cultures they are exposed to, the higher level of cultural intelligence they will have (Crowne 2013).

Additionally, culture was the biggest factor that contributed to the creation of a "feeling of community" amongst European citizens (European Commission 2015). Language competencies are also an added bonus of going abroad. As newlyweds Miguel and Ana Naranjo Gomez explain, having experience with learning another language can make the transition even easier when it is time to go abroad; the ability to speak one or two other languages can prove to be a huge asset.

Opportunity Ahead

Although the term “brain drain” has a primarily negative connotation, this phenomenon is seen as more of a positive experience by those who are leaving the country. As president and founder of a Spanish tax consultancy agency, Adolfo Castilla, puts it, “Being intelligent is not enough. You have to go to other places to find the infrastructure to utilize this intelligence.” In other words, the experiences in which one gets to utilize his skills, expertise, or intelligence are essential, and working abroad is one of those experiences, or infrastructures.

Furthermore, most young professionals find the idea of starting a life somewhere else somewhat nerve-racking, but even more so, exciting. Rather than solely looking at employment opportunities abroad as ways to be torn away from one’s home nation, these opportunities are seen as positive—the chance to be exposed to a new culture, the chance to meet new people, and the chance to learn new skills.

According to a 2011 Flash Eurobarometer survey, 53% of young Europeans said they would like to work in another European country, but financial issues are the main obstacle. Thus, many professionals will immediately consider an opportunity abroad if relocation expenses are covered or subsidized. This speaks to the fact that many professionals are actually looking for ways to gain experience abroad, especially since this opportunities are seen as “once-in-a-lifetime.”

LIMITATIONS AND FUTURE RESEARCH

This research is limited by the fact that there were no objective measures used to assist in the analysis. Thus, the information presented is self-reported, and is based on experiences, which vary from person to person. Additionally, if objective/more technical are to be used, the sample size would have to be much larger to provide information that can be used to generalize.

As for future research, one idea is a longitudinal-type study that examines the implication of when professionals actually do return to Spain. Given that all of the participants in this study indicated their interest in returning to Spain in the future, it seems to be a common goal for people participating in the brain drain. Thus, it would be useful to see the implications of this return, and if the “brain drain” does indeed turn into a “brain gain” in the future.

CONCLUSION

Ultimately, the Spanish brain drain is often painted in a negative light, especially when said to be a direct effect of Spain’s high youth unemployment rate. While low job prospects is very much a reason for professionals to look abroad for employment, it is not the only reason to go abroad. For many, there is something exciting about the idea of starting a new life in another place, and learning as much as possible about other parts of the world and its people.

Additionally, although there may be short-term losses, such as an imbalance of labor in the source country, they will most likely be offset by long-term gains both on the sending and the receiving ends, such as the quality of human capital.

In today’s time, the economy is largely viewed as global. That is, the economic success of one nation is seen as dependent on the success of other nations’ economies. Thus, there is a lot to be gained from professionals acquiring experience in other parts of the world. Overall, this enrichment of human quality benefits society and our global economy, producing well-versed and well-rounded leaders of industries across the globe.

References

- Adams, Jr., R. 2003. International migration, remittances and the brain drain: A study of 24 labor-exporting countries. *World Bank Policy Research Working Paper 3069*.
- Aguilar-Palacio, I., P. Carrera-Lasfuentes, and M. J. Rabanaque. 2015. Youth unemployment and economic recession in Spain: Influence on health and lifestyles in young people (16–24 years old). *International Journal of Public Health*, 60 (4): 427-435.
- Breen, R. 2005. Explaining cross-national variation in youth unemployment: Market and institutional factors. *European Sociological Review* 21 (2): 125-134.
- Central Intelligence Agency. The World Factbook. <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html>.
- Centro de Investigaciones Sociológicas. 2012. Barómetro de febrero. *Estudio 2.932*.
- Coy, P. 2015. The Bloomberg innovation index. *Bloomberg*.
<http://www.bloomberg.com/graphics/2015-innovative-countries/>
- Crowne, K. A. Cultural exposure, emotional intelligence, and cultural intelligence: An exploratory study. *International Journal of Cross Cultural Management* 13 (1): 5-22.
- Erickson, H. 2001. *Before You Go: A Preparation Guide for Short-term Mission Trips*. Orlando, FL: Deeper Roots Publications.
- European Commission. 2011. Youth on the move. *Flash Eurobarometer 319b*.
- European Commission. 2015. Standard Eurobarometer 83: European citizenship.
- Eurostat. 2015. Migration and migrant population statistics. *Eurostat: Statistics Explained*.
- Federal Statistical Office of Germany. 2006. Germany's population by 2050. Results of the 11th coordinated population Project. *Destatis*.
- González-Ferrer, A. 2013. La nueva emigración española. *ZoomPolítico del Laboratorio de Fundación Alternativas*.
- Hagopian, A., M.J. Thompson, M. Fordyce, K.E. Johnson, and L.G. Hart. 2004. The migration of physicians from sub-Saharan Africa to the United States of America: Measures of the African brain drain. *Human Resources for Health*, 2 (1): 17-27.
- Haque, N. U., and S. Kim. 1995. "Human capital flight": Impact of migration on income and growth. *International Monetary Fund Staff Papers*, 42 (3): 577-607.

Instituto Nacional de Estadística. 2014. Population figures at 1 January 2014. Migration statistics 2013.

Kassam A. 2013. Spain experiencing brain drain as weak economy lingers. *USA Today*. (Oct 26).

Mars, A. 2013. Spain becomes net recipient of remittances for first time in a decade. *EL PAÍS* (Oct 2).

Mol, S.T., M.P. Born, M.E. Willemsen, H.T. van der Molen, and E. Derous. 2009. When selection ratios are high: predicting the expatriation willingness of prospective domestic entry-level job applicants. *Human Performance*, 22 (1): 1-22.

Nedeljkovic, V. 2014. Brain drain in the European Union: Facts & figures. *Bridging Democracy, Rethink Education Working Paper 4*.

Piketty, T. 1997. Immigration et justice sociale. *Revue Économique* 48 (5): 1291-1309.

Rienzo, C., and C. Vargas-Silva. 2014. Migrants in the UK: An overview. *Centre on Migration, Policy and Society at the University of Oxford*.

Russell, H., and P.J. O'Connell. 2001. Getting a job in Europe: The transition from unemployment to work among young people in nine European countries. *Work, Employment & Society*, 15 (1): 1-24.

Ryan, C. 2006. The impact of the European Union on Spain. *Digital Commons at Salve Regina University*, 1-21.

Spain-Economic Indicators. 2015. *Trading Economics*.