Minimising Brain Drain – The Pros and Cons

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**Recommended Citation**

Perna, L. W., Orosz, K., & Jumakulov, Z. (2014). Minimising Brain Drain – The Pros and Cons. *University World News*, (343), Retrieved from [https://repository.upenn.edu/gse_pubs/356](https://repository.upenn.edu/gse_pubs/356)


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Minimising brain drain – The pros and cons
Laura W Perna, Kata Orosz and Zakir Jumakulov 14 November 2014 Issue No:343

One approach that governments around the world use to build their nation’s human capital is to offer subsidies that enable students in the home country to study at post-secondary education institutions in other nations. This approach is particularly popular in nations that are, using the definition of the World Economic Forum, transitioning from an efficiency-driven to an innovation-driven economy.

Many nations in this transitional stage sponsor at least one international scholarship programme.

Examples include the Science without Borders programme of Brazil, the Bolashak scholars programme of the Republic of Kazakhstan, Mexico’s Consejo Nacional De Ciencia y Tecnologia – CONACYT – Scholarships, the Turkish Government Scholarship programme and the National Development Scholarships of Barbados.

National governments that sponsor international scholarship programmes assume that attending a higher education institution outside the home nation creates benefits that are different from those created by attending a domestic institution.

By enabling students to attend high quality educational offerings in other nations, a government-sponsored international scholarship programme may generate numerous benefits not only for individual participants but also for the home nation more generally.

The extent to which a nation realises the societal benefits of international study depends on whether scholarship recipients return to live and work in the home nation after they complete the educational programme.

Creating mechanisms to minimise brain drain may be especially important in countries with transitioning economies, as these nations may be likely to both benefit from the human capital created through foreign study, as well as be likely to have scholarship recipients who are inclined to remain in the host nation after completing their educational programme.

Return home

Some countries have attempted to reduce brain drain by requiring scholarship recipients to return to the home nation after programme completion.

In our examination of the characteristics of 183 government-sponsored international scholarship programmes worldwide, we found that virtually all Fulbright scholarship programmes have this
Foreign recipients of Fulbright scholarships – a subset of international scholarship programmes that are co-sponsored by the United States federal government and the national governments of partnering nations, and that fund the recipient to study or conduct research in the US – are ineligible to apply for work or immigrant visas to the US without first returning to their home nation for two years after completing their programme.

Our examination of the characteristics of government-sponsored international scholarship programmes also revealed that about 25% of all non-Fulbright programmes require recipients to return to the home nation after programme completion.

The implications of a post-completion requirement for individual scholarship recipients and the home nation more generally likely depend on what exactly the home nation requires from the recipient.

Our recent study of Kazakhstan’s Bolashak scholars programme sheds light on the pros and cons of one nation’s approach.

Among other requirements, the Bolashak programme requires that, after programme completion, scholarship recipients return and work for an employer located in Kazakhstan in a position relevant to their major field for five years.

In 2012 the government modified this requirement so that now Bolashak recipients must also be employed when they apply for the scholarship and then must work for the same employer for five years upon their return to Kazakhstan.

Scholarship recipients have to send proof of employment from their Kazakhstani employer to the agency administering the scholarship programme every six months until the five-year commitment is fulfilled.

In the case of non-return or non-compliance with employment requirements, recipients must repay the government the full amount of the scholarship received. Students who cannot repay risk losing the collateral they (or their guarantors) must pledge in order to receive the scholarship; the collateral is typically the home of the recipient’s family.

Given these requirements, it is not surprising that few Bolashak recipients are reported not to return to work in Kazakhstan.

**The drawbacks**

While these requirements minimise brain drain, they also appear to have several other consequences.

First, the need to demonstrate collateral likely limits participation in the programme to those with
financial means – including individuals who could afford to study abroad even without the programme.

In our exploration, we also found that at least some individuals self-select out of the programme because of the return-and-work requirement.

Second, requiring scholarship recipients to return and work in select fields or for select employers likely reduces labour market efficiency and contributes to skills mismatch and subsequent skills decay.

Some individuals would likely realise higher income and other economic and non-economic benefits if they could be employed in a wider range of fields or by a broader set of employers in Kazakhstan or other nations.

Kazakhstani employers may be constrained by the policy as well since they are mandated to employ an individual for five years regardless of the current need for the Bolashak recipient’s expertise or skills.

Minimising brain drain is certainly important to maximising the societal benefits of a government’s investment in an international scholarship programme and is a particularly important goal for governments in nations with transitioning economies.

Nonetheless, the benefits of any governmental approach designed to limit brain drain must be weighed against the potential costs and negative consequences of the adopted approach.

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