



Policy Brief # PB-93-2024

November 18th, 2024

Brain Drain in Pakistan

**Hamna Tanveer
Research Intern**



Brain Drain in Pakistan

by

Hamna Tanveer

Introduction

Brain Drain defined as the mass exodus of intelligent and Migrant workers or professionals from a country. People's mobility has very significant repercussions on economy, society, and politics throughout the source and recipient nations. It has been around for hundreds of years but has been exacerbated further by globalization, rising access and transport, as well as the widening chasm between the first world and the third world.

High unemployment, political instability and economic problems are closely affiliated with brain drain for Pakistan. the rate of unemployment in Pakistan in 2022 was 6.9% in 2022, literally, more than 800,000 Pakistanis are extending their services in foreign countries per year. This policy brief discusses the brain drain issue in the context of Pakistan and understands its effects on the economy; its potential causes, current status, and measures that can be taken by the respective government to restrict the brain drain and promote economic development.

Background

Unemployment and brain drain are two major problems of Pakistan that bring the nation's progressive development into question and put further strain on the country's already dwindling workforce. The main reasons that lead highly skilled workers to seeking

employment from better-off countries are financial risk, unemployment, and sociopolitical risk. According to Kousar et al. (2020), the leading causes of brain drain are unemployment coupled with poor financial revenues as boosted by the push and pull factors familiar to many developing countries. Skilled people, especially from the technology sector, engineering, and business fields, are employed globally to earn more, get pleasant working conditions, and job security.

The Pakistan Bureau of emigration and overseas employment revealed that more than 832000 Pakistani left the country in 2022, which is the third biggest year for Pakistanis to leave their home country. Such migration continued till 2023 and around 900000 Pakistanis migrated from their home country. Worryingly a survey by the Pakistan Institute of Development Economics revealed 62 percent of the youth wishes to migrate in order to help their careers and improve the standards of living.

Social and Economic Impact of Brain Drain

The movement of skilled human capital has the following implications for the economic growth of Pakistan. Loss of human capital hinders the development of innovation and therefore reduces the capacity for getting the best out of the country's educational investment especially when it comes to technical education. Ngoma and Ismail (2013) have also noted that though the money that brought skilled workers' families help to reduce this loss to an extent, the lack of human capital slows growth and productivity.

According to research done by Haque (2005) suggests that shortage of skilled manpower and declining productivity are more painful for the countries belonging to low human capital such as Pakistan. The wages that are offered to professionals within their domestic country are lower than the salaries offered to them to work as professionals in other countries and these instances push many of them to accept to live permanently in different countries rather than be moving from one country to another intermittently.

Beine et al. (2008) have argued that developing countries that have low human capital and high emigration rates are most hit by brain drain and this is actually a major economic loss. Though, Pakistani government has also been active to produce more number of graduates for the demand of jobs but there is a job cards deficit situation in

the current job market and the particular public sector is not only incompetent but also lacks enough power and means to retain the educated persons.

Policy Recommendations

In order to reduce brain drain and consequently develop a solid human capital, Pakistan needs to develop a comprehensive human capital policy that will encompass economic, educational and social policies. Key recommendations include:

1. Promote improved possibilities for employment and demand for employment.

- *Invest in Key Sectors:* The employment potential of industries through investments means that encouraging investment in sectors such as technology, healthcare, renewable energy will lead to a healthy economy. Such concentration may help Pakistan create competitive good employment generating activities that provide value addition to global standards.
- *Support Startups and Entrepreneurship:* The government has a vast lever to encourage the job creation process through taxation incentives, funding, and rewards for startups, especially in the sectors that begin to gain popularity, such as fintech, e-commerce, renewable technologies. This will lead to development of more high-skill jobs which should ensure that skilled people stay in Pakistan.
- *Public-Private Collaboration:* Government and Private sectors should come in partnership so as to enhance Creativity and development of employments. One benefit of creating the public-private partnerships is the increasing the provision of investment in the local necessities for example in health care, education or other facilities which are fundamental requirements to the growth of the country.

2. Revamp Processes of Delivering Education and Skills Building

- *Align Educational Programs with Market Demand:* How relevant curricula can be made to meet challenges in the job market is for curriculum to be aligned to industry standards. This needs constant engagement between the academia,

industrialists, and policy makers to make sure that graduates produced in the market are fit for purpose.

- *Expand Technical and Vocational Training:* Expanding a technical and vocation education, in particular sectors such as information technologies, construction and renewable power will equip youth with skill sets that correlates with the modern job market opportunities. Training programs and apprenticing that have received accreditation from the relevant standards then offers local jobs that can be easily availed and pursued.
- *Increase Scholarships and Grants:* Awarding the scholarships in areas of training that needs to be developed within the country can encourage students to study within the country. The scholarship with requirements for the graduates to serve within Pakistan for a further number of years upon their completion of the course can also assist in retaining professional workforce in the country.

3. Create a Supportive Work Environment and Living Environment

- *Implement Work-Life Balance Policies:* Employers especially those in the private sector should be encouraged to implement policies on work and family; workers' compensation/ remuneration; and career development. They are critical in job satisfaction and in minimizing the European aspirations among the people.
- *Enhance Safety and Security:* Subject to the company's national conditions, it is possible to say that boosting security at the national level and providing stability in the sociopolitical sphere are the major prerequisites for retaining talent. According to key players, insecurity leads to migration, therefore, reducing such threats through government policy contributes to decreasing brain drain.
- *Provide Adequate Healthcare and Infrastructure:* Healthcare facilities and other essential public structures' construction can enhance living standards in urban and rural settings while promoting skilled employment and life development in Pakistan to attract people to establish their career and families. If this Keen interest is to be maintained, Pakistan needs to strengthen its ties with the Pakistani diaspora.

4. Improve on Relationship with Pakistan Americans

- *Encourage Expatriate Investments:* It becomes desirable for Pakistan to build opportunities for overseas investments and joint ventures for its expatriate community. This could be balanced by incentives for investment in the enumerated areas of priority and ways and means through which overseas Pakistanis can invest in the nation's economy.
- *Develop Exchange and Collaboration Programs:* To increase the level of recognition the cooperation between foreign communities and natives, it can be useful to arrange more cooperation, knowledge sharing between them. These programs may also define partnership on projects of national interest including technology transfer, research and development or education and outreach projects among others.
- *Leverage Remittances for Development:* They do however, need not guide the remitting cash to productive use instead, since they do have positive impacts on the economy and so forth in the short run. Money remittance uses a financial tool that harness and appropriate the utilisation of the funds for physical infrastructural developments, local establishments, and community projects to generate employment and foster economic development.

Conclusion

In Pakistan, brain drain is still a big problem, and about one million professionals left the country in 2023. While such remittance still has short term positive impacts, the drain of human capital is a major detriment to capacity development. Brain drain cannot be solved without a long-term outlook together with short-term economic initiatives for retaining talent.

In order to be able to continue to attract, develop and maintain its valuable human asset, Pakistan needs to develop the right policies for skilled workers through reforms in education, labor market and sociopolitical climate. It is necessary to adopt long-term strategies having to do with great educational initiatives, new jobs, and favorable working

conditions that would prevent the people with high IQs from leaving the country in order to construct an economic base for the country. It is forgotten that the timely enforcement of these recommendations is crucial for the country's sustainable development and the future.

In other words, political stability, competitive labor market and improved education offers Pakistan a chance for building a balanced economy where talented individuals have good reasons to contribute to their homeland's development.

References

- Abbas, A., & Guriro, S. (n.d.). *Brain Drain of Bussines and IT Graduates in Pakistan*. journal of bussiness administraton and Management sciences(JOBAMS). DOI: <https://doi.org/10.58921/jobams.2.2.8>
- Farooq, S. (2022, March 16). (PDF) *Brain Drain from Pakistan: An Empirical Analysis*. ResearchGate. Retrieved November 8, 2024, from https://www.researchgate.net/publication/327565488_Brain_Drain_from_Pakistan_An_Empirical_Analysis
- Glavan, B. (n.d.). *Brain Drain: A management or a property problem*. American Journal of Economic and Sociology. DOI: 10.1111/j.1536-7150.2008.00575.x
- Globalization, Brain Drain, and Development*. (n.d.). American Economic Association. Retrieved November 8, 2024, from <https://www.aeaweb.org/articles?id=10.1257/jel.50.3.681>
- Haque, N. U. (n.d.). *Brain drain or human captital flight*. Pakistan Institute of Development Economics.
- Kalsoom, A. (2015, December 27). (PDF) *Two-Fold Aspect of Brain Drain in Pakistan: An Empirical Investigation*. ResearchGate. Retrieved November 8, 2024, from https://www.researchgate.net/publication/288344523_Two-Fold_Aspect_of_Brain_Drain_in_Pakistan_An_Empirical_Investigation
- Macroeconomic Determinants of Brain Drain in the Era of Glob*. (n.d.). IDEAS/RePEc. Retrieved November 8, 2024, from <https://ideas.repec.org/a/aui/lassij/v4y2020i2p24-41id104.html>
- Mohsin, M. (2023, March 7). *Pakistanis are leaving our country in droves due to inflation and job losses – who can blame them? | Moni Mohsin*. The Guardian. Retrieved November 8, 2024, from <https://www.theguardian.com/commentisfree/2023/mar/07/pakistanis-leaving-country-inflation-job-losses-crisis>
- Mountford, A., & Rapoport, H. (n.d.). The brain drain and the world distribution of income. *Journal of development economics*. <https://doi.org/10.1016/j.jdeveco.2009.11.005>

tomic, C. H., & Taylor, K. (n.d.). *Youth unemployment, the brain drain and education policy in croatia: A call for joining forces and fpr new vission*. Sage journal. <https://doi.org/10.1177/1478210317751267>