

## Abstract:

Most OECD countries have implemented selection policies for immigrants favoring international students. At the same time, intensive debates persist over whether international students studying abroad and staying overseas exacerbate 'brain drain' in countries of origin. Existing research reveals that scholarships with compulsory return-service requirements increase the likelihood of international students to return, regardless of the funding source, thereby mitigating 'brain drain'. However, the impact of scholarships without compulsory service requirements (abbr. NCSR scholarship) remains largely overlooked. This study examines the Kokuhai Scholarship—a typical NCSR scholarship and the most important Japanese Government Scholarship—finding that its international student recipients are more likely to return to their home countries upon graduation. However, this propensity is evident only among students from countries with lower income levels than Japan, not among those from higher-income countries. These findings extend existing research on scholarships and return migration by shedding light on the migration decisions of NCSR scholarship recipients, suggesting that socioeconomic considerations—including the intertwined roles of the financial source of their preceding education and their prospective future income level in the chosen country—play a role. From a policy perspective, our results suggest that NCSR scholarships provided by the host countries do not necessarily worsen the 'brain drain' issue that concerns the sending countries. Yet, if the host countries aim to retain more international graduates, they need to rely on incentive measures beyond scholarships.