

St. Petersburg State University
Graduate School of Management
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**THE ROLE OF RETURNEES' PRESENCE IN SHAPING FIRM
PERFORMANCE, INNOVATIONS AND ABSORPTIVE CAPACITY**

Master's Thesis by the 2nd year student
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АННОТАЦИЯ

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Описание цели, задач и основных результатов	<p>Исследовательская цель: найти связь между наличием репатриантов и производительностью, инновационностью и поглощающей способностью компаний.</p> <p>Исследовательские вопросы: 1. Какие факторы влияют на решение репатриантов вернуться в родную страну? 2) Как наличие репатриантов влияет на производительность, инновационность и поглощающую способность компаний? 3) Каким образом управление талантливыми сотрудниками связывает наличие репатриантов, производительность, инновационность и поглощающую способность компаний?</p> <p>Основные результаты: 1) Факторы, которые больше всего влияют на решение репатриантов вернуться домой: карьерные амбиции, больше возможностей для самореализации, развитые поглощающие способности местных компаний, привлекательные факторы родной страны и желание развивать национальную экономику. 2) Само по себе наличие репатриантов не оказывает значительного влияния на производительность, инновационность и поглощающую способность компаний. Вместо этого, знания, которыми делятся репатрианты с коллегами, влияют на данные показатели. 3) Привлечение и развитие талантливых сотрудников модулирует отношение между наличием репатриантов и производительностью, инновационностью и поглощающей способностью компаний, в то время как сохранение талантливых сотрудников оказывает негативное влияние на данную связь.</p>
Ключевые слова	Репатрианты, производительность компании, инновационность, поглощающая способность, управление талантливыми сотрудниками

ABSTRACT

Master Student's Name	Telov Viacheslav
Master Thesis Title	The role of returnees' presence in shaping firm performance, innovations and absorptive capacity
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Description of the goal, tasks and main results	<p>Research goal: to identify the relationship between returnees' presence and firm performance, innovation activity and firm's absorptive capacity.</p> <p>Research questions: 1) What factors determine returnees' decisions to come back? 2) How does returnees' presence influence on firm performance, innovations, and absorptive capacity? 3) How TM practices shape the link between returnees' presence, firms' absorptive capacity, innovation activity and performance?</p> <p>Main results: 1) Work ambitions, more opportunities to realize human capital acquired abroad, developed absorptive capacities of local companies, pulling factor of home country and desire to contribute to national economy development are the most important factors determining returnees' decisions to come back. 2) Returnees' presence alone doesn't have a significant effect on firm performance, innovations, and absorptive capacity. Rather, knowledge that returnees share with their colleagues impacts on aforementioned indicators. 3) Talent attraction and development moderates the link between returnees' presence and firm performance, innovations, and absorptive capacity, while talent retention has a negative effect on this relationship.</p>
Keywords	Returnees, firm performance, innovations, absorptive capacity, talent management

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INTRODUCTION

Overseas returnees have recently become a subject of academic interest (Cerdin, Abdeljalil Diné, Brewster, 2013; Dietz, Joshi, Esses, Hamilton & Gabarrot, 2015; Crowley-Henry & Al Ariss, 2018). Scholars emphasize that effective management of trained returnees is essential because they have human capital (i.e. international experience, knowledge of foreign markets, ability to solve cross-cultural conflicts) needed for increasing firm productivity and innovativeness. Hence, these people constitute important strategic resources as they allow their firms to overcome competitors and to increase market share (Guo & Al Ariss, 2015; Zikic, 2015).

Research problem: while many studies discuss the role of returnees in developing national economies of their home countries, we still don't know how returnees' presence influences on firm performance, innovations, and absorptive capacity. Since these people acquire unique human capital which may become a competitive advantage for local companies, we assume that they have a positive effect on aforementioned indicators. Given that, we need to determine whether talent management shapes the effect of returnees' presence on firms' absorptive capacity, innovation activity and performance. And if there is a positive effect, what exact practices should be implemented to manage returnees.

Research goal: to identify the relationship between returnees' presence and firm performance, innovation activity and firm's absorptive capacity.

Research questions:

1. What factors determine returnees' decisions to come back?
2. How does returnees' presence influence on firm performance, innovations, and absorptive capacity?
3. How TM practices shape the link between returnees' presence, firms' absorptive capacity, innovation activity and performance?

Chapter 1. LITERATURE REVIEW

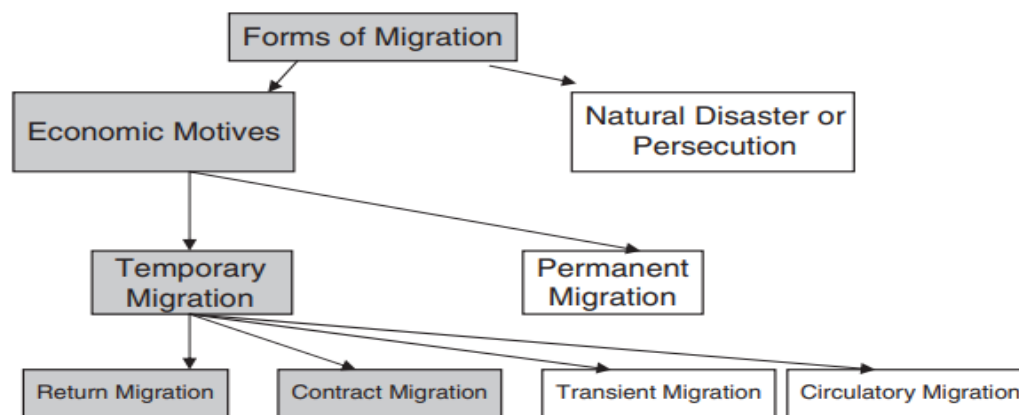
1.1. Return migration and returnees

1.1.1. Return migration

International talent mobility and “brain drain” phenomenon (which we define as migration of human capital from developing to developed economies) has been crucial for studying of international knowledge transfers in the last decades, since developing economies have been significantly suffering from outflows of highly skilled people (Kuznetsov, 2006).

According to Christian Dustman (2007), the international migration can be divided into two groups: migration based on economic motives and migration caused by natural disaster. Digging deeper, economic migration may be permanent and temporary migration, which, finally, splits into four types: contract, transient, circulatory, and return migration (see Figure 1).

Figure 1. Forms of migration (Dustmann & Weiss, 2007)



The Contract migration is a temporary migration that is based on a certain contract or living/working permission given to a migrant. In the modern world, it is frequently used in the Middle East (e.g. the UAE) or the Western Europe (i.e. Italian ski resorts) where companies offer foreigners contracts for several years. It may be also applied to the Russia, which regularly hosts lots of migrants, especially builders and workers, who come from the Middle Asia (Uzbekistan, Tadzhikistan, Kirgizstan, etc.).

The Transient migration is when expatriates move from one foreign country to another on their way to final destination. It was widely spread in the 1960s-1970s, when migrants from the Southern-Eastern Europe went to the Northern Europe countries. Nowadays it happens when refugees from Africa or the Middle East (Syria, Libya, etc.) go to the Western Europe through such states as Turkey, Spain, or Portugal.

The Circulatory migration is another type of temporary migration which is defined by regular human mobility between home and receiving countries. It happens, because in some regions of the world there is a high seasonal labor demand that can't be supplied by local workforce in a certain state. A good example of Circulatory migration is when an individual works in Italy in winter and then moves to Spain to work there in summer.

These three types constitute migration outflows from home countries. Scholars define them as “brain drain” – a term that describes a trend when educated or trained people migrate from developing (home countries) to developed economies (receiving countries), seeking for a job, wider access to new technologies, better quality of life, or political stability. It creates a situation with different potential outcomes. On one hand, developing countries suffer as they lose valuable human capital, which is crucial in economic, technological, and social development. On other hand, while working abroad, migrants usually send remittances to their families, thus, contributing to improvement and growth of national economies.

Nevertheless, in this work, we focus on the Return migration - which is a flow of migrants who decide to come back to their home country after studying or working abroad for an extended period of time (Renard, Malet, Coolsaet & Ginkel, 2018; Hu, Li & Jin, 2019; Ma, Zhu, Meng & Teng, 2019).

There are several factors that motivate migrants to return to their homeland from abroad. They can be divided into four groups. First, home country's pulling factors (i.e. governmental support, availability of new technologies, economic stability) (Biondo et al., 2012; Kenney et al., 2013; Kautto, 2019). Second, business opportunities in a home country (e.g. higher return to skills acquired in a foreign country, more developed absorptive capacities of firms) (Mayr & Peri, 2008; Kenney et al., 2013; Loschmann & Marchand, 2020). Third, personal or family-related motives (i.e. more career opportunities, ease of social integration, strong attachment to a home country) (Biondo et al., 2012; Wong, 2014). Fourth, dissatisfaction of living in a foreign country (e.g. inability to find employment respective to returnee's qualifications, feeling of exclusion, cultural differences between two countries) (Wong, 2014).

After coming back to their home countries, returnees have a potential to realize themselves in local firms as they bring new knowledge and capabilities acquired abroad, as a result, linking foreign resources and national institutions located at their homelands, and driving performance, innovation activity and increasing absorptive capacities of organizations they work for (Fu, Hou & Sanfilippo, 2017; Zhang, 2018; Ma, Zhu, Meng & Teng, 2019). Hence, companies benefit from

migration inflows, gaining highly-valued human capital, increased profits, and an opportunity to expand internationally (Frenkel, 2017; Li, 2020).

Given that, governments realize the need in attracting overseas specialists as they could bring new knowledge in implementing innovations, fighting against poverty, and driving national economies of their home countries (Chrysostome & Nkongolo-Bakenda, 2019). Since developing countries want to encourage migrants to return, they need to have a well-developed capacity to acquire new knowledge from expatriates (Wahba, 2015; Wei, Liu, Lu & Yang, 2017). It can be achieved through two stages: first, to develop internal infrastructure (diaspora institutions, technological clusters, governmental support) in accordance with migrants' needs; second, to build the linkages between home (developing) and host (developed) countries in order to encourage migrants to return. It will allow governments to share knowledge, thus, providing returnees with easy access to new technologies as even the strongest economies can't develop alone. They need to collaborate with other players (Liu, Xia, Lu & Lin, 2019). For this reason, special policies are developed, and diaspora engagement institutions are established. For instance, Russia and Brazil created special venture funds helping returnees entrepreneurs to set up their own business after returning, while Armenia was one of the first developing states which supported its diasporas through establishing institutions: they help via direct financial support or via consultation on various issues (i.e. labor questions, visa problems) (Cummings & Gamlen, 2019).

1.1.2. Evolution of studies on returnees

The growth of return migration as an academic topic began in the middle 1960s and became a self-sufficient field in the 1980s when discussions among scholars about a return phenomenon and its impact on countries of origin took place worldwide. These discussions, as a result, led to several academic works and conferences which attracted scientists around the globe (Gomez de Leon & Partida, 1986; Kubat, 1987). Furthermore, they significantly contributed to the development of academic literature on return migration, thus, increasing awareness of both receiving and sending countries about the effect returnees have on national economies and on improvement of entrepreneurial environment.

Apparently, since the number of scholars analyzing this topic was increasing, several approaches of understanding and investigating return migration were developed. As Mary Kritz wrote (1987), at some point it led to a conceptual problem of defining returnees as different academic groups developed their own definitions based on their views towards economic and immigrational policies. These definitions are presented in the table below.

Returnees are...	Author(s)
...people who return to their country of citizenship after staying in another country (whether short- or long-term) and who intend to remain in their home country.	(Latek, 2017)
...unsuccessful migrants who couldn't maximize their experience abroad.	(Todaro, 1969) – neoclassical economics
...successful migrants who met their goals in destination countries, thus, making returnees financial intermediaries and target earners.	(Stark and Taylor, 1991) – new economics of labor migration
...either successful or unsuccessful migrants who bring back their savings to home country. Their return expectations are usually adjusted and adapted to structural context at home.	(Cerase, 1974) – structural approach
...people who belong to a globally dispersed ethnic group (diaspora). Usually they experience successful migration.	(Portes et al., 1999) - transnationalism
...social actors who have values, projects, and own perception of return migration and who gather all the information regarding their countries of origin before returning.	(Knoke & Kuklinski, 1982) – social network theory

The neoclassical economics approach claims that returnees fail to meet their expectations for higher earnings as they can't estimate the wage and cost differentials between sending and receiving countries properly (Todaro, 1969). They also may return because they aren't rewarded for their qualifications abroad as they expected. As a result, returnees are seen as unsuccessful migrants, who seek for a better living in their homelands.

The new economics of labor migration approach, on the other side, asserts that returnees achieve their objectives abroad and that their return is a logical result of this success (Stark & Taylor, 1991). For instance, increasing financial and social status may be one of the main goals returnees wanted to achieve when migrating. They do it by sending part of their income to their family members. Considering that the wages in a foreign country are higher, returnees come back with accumulated amounts of savings, which they may invest in their own business.

The transnationalism theory sees returnees as migrants, who achieve their goals abroad by closely communicating and working with the members of their ethnic groups (diasporas) (Portes et

al., 1999). During this process, they acquire new capabilities and skills from other people. As a result, they come back to their countries of origin to realize this knowledge in local firms. Furthermore, according to transnationalists, returnees don't lose connection with their home countries, thus, preparing for re-integration and making this process easier.

Unlike theories described above, the structural approach defines returnees as migrants, who, regardless their success abroad, come back to their countries of origin seeking for a higher level of life. It means that home country's pulling factors and foreign country's pushing factors are crucial for returnees when making a decision to immigrate (Cerese, 1974). They include economic or political stability, more access to innovative technologies, inability to adapt to foreign society, and the overall perception of migration ("it's better to live at home, so I will come back in few months or years").

The social network theory argues that returnees are "carriers" of tangible and intangible resources acquired in foreign countries. These people retain the connections with members of their diaspora abroad, which allows them to integrate into a foreign community and to acquire new knowledge (Knoke & Kuklinski, 1982). They also don't lose links with their families and do verify economic and social environment in their home countries on a regular basis.

In this work, we will analyze overseas returnees through human capital theory, that sees them as nationals of developing countries who study or work in developed economies for an extended period of time¹ to accumulate human capital and then return to their home countries (Dustmann & Weiss, 2007; Obukhova & Wang, 2012; Li, Zhang & Li, 2012; Renard, Malet, Coolsaet & Ginkel, 2018). Hence, an individual should meet 2 requirements to become a subject of our research: first, living abroad (working or studying); second, returning to Russia and being employed by a Russian company or by a Russian office of a multinational enterprise.

Human capital is defined as activities that impact on individual's future financial and physic income by increasing his or her resources, which are knowledge, capabilities, or unique information (Becker, 1994). From business perspective, human capital is a key element in improving firm's financial assets and employees, that is needed to sustain competitive advantage and to drive productivity (Schultz, 1993). Within an organization, human capital may be increased through special activities (e.g. trainings, lectures, other forms of education) towards broadening employees' social assets, knowledge, skills, and values, as a result, boosting employees' satisfaction and desire

¹ 3 or more months.

to work, leading to firm performance growth. By increasing its productivity, a company also enhances its competitiveness.

Returnees have high level of human capital due to their work in developed countries, that offer technologies, management, economies, and development of higher quality than developing countries do. Thus, this human capital allows overseas returnees to acquire skills and competencies, which, in turn, may enable companies, operating in developing economies, to achieve better results and to be more competitive on the market. While staying abroad, returnees also gain social networks and knowledge about foreign markets, which is another benefit for firms, especially if they want to expand their operations abroad (Ma, Zhu, Meng & Teng, 2019; Li, 2020).

Since now we understand who returnees are and how the return migration phenomenon may be described, we should identify what impact overseas returnees have on firm performance, innovations, and absorptive capacity. In the next section of this chapter, each dimension will be described separately.

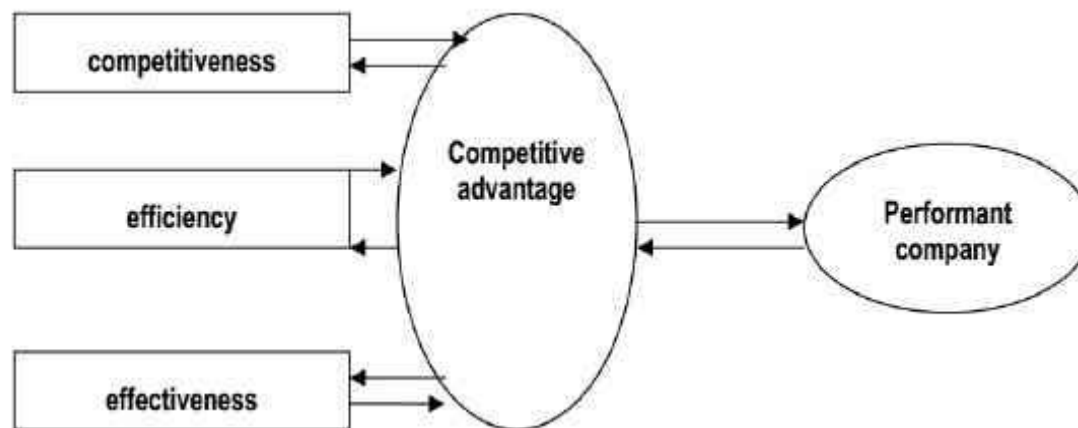
RQ1. What factors determine returnees' decisions to come back?

1.2. Effect of returnees' presence in companies

1.2.1. Effect of returnees on firm performance

Firm performance is perceived as a certain organizational activity that drives competitiveness, effectiveness and efficiency of a particular company and its initial operations (see Figure 2) (Verboncu & Zalman, 2005). It means that firm performance is a core tool of executing business strategy and achieving stated objectives.

Figure 2. Factors that drive organizational performance (Verboncu & Zalman, 2005)



According to several scholars, returnees, compared with local workforce, are usually more successful than locals in terms of fostering performance of a company they work for or business

they run (Cui, 2015; Liu, Han, Liu & Lu, 2017; Liu, Xia, Lu & Lin, 2019). This success is based on the fact that while living abroad, returnees accumulate social and human capital – including established networks and acquired knowledge – which is unique to their home countries (Ma, Zhu, Meng & Teng, 2019; Li, 2020). These people also know international languages (for instance, English) and think more globally, thus, making it easier to work for transnational companies by themselves. All of that may be defined as their competitive advantage over their local contemporaries.

Moreover, returnees are seen as drivers of company's international expansion as they acquire necessary international experience, know how to react to various business and technological trends, and are familiar with foreign markets and cultures, making this knowledge intangible resource of a company (Filatochev et al., 2009; Fu, Hou & Sanfilippo, 2017; Kureková & Žilinčíková, 2018; Li, 2020). Moving to business research, a survey conducted in Asian companies stated that 4 out of 5 local employers wanted to recruit people who have studied or worked abroad². Among the most prevalent reasons for such an eagerness were ability to work in cross-cultural teams, commercial experience abroad and different perspective on business.

There are also scholars, however, who claim that overseas returnees are as effective as locals, since they may have lack of social networks in the home country, insufficient understanding of the market, gap with the local culture, or the ideas they have and the knowledge they acquire abroad may not be in line with market demand and local institutions (Chen, 2008; Obukhova, 2012; Obukhova & Wang, 2012). All of these difficulties occur, because an expatriate spends time abroad, thus, “burning the bridges” with his or her home countries. As a result, educated returnees can't fully realize their potential, that's why companies have to develop special mentorship programs, which would help returnees to reintegrate to local communities.

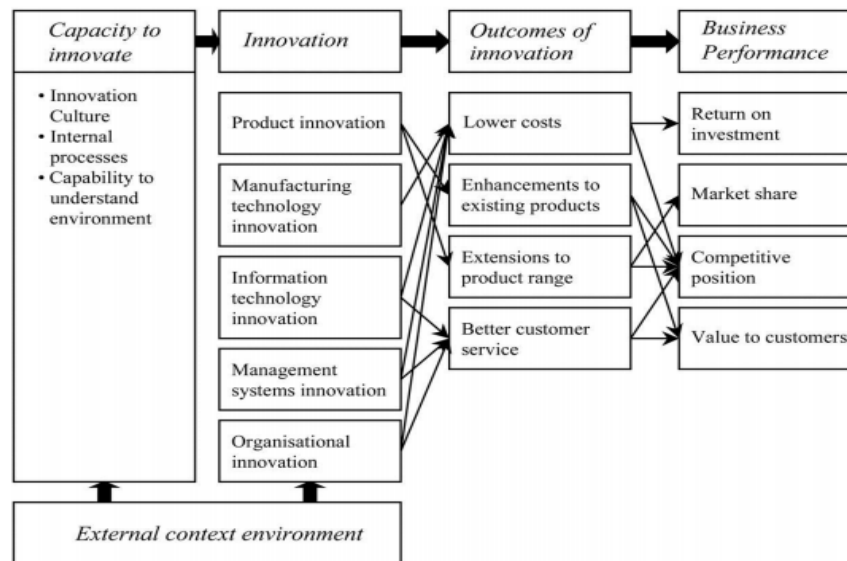
1.2.2. Effect of returnees on innovations

The second element of analyzed chain is innovation that is defined as a major factor of company's success and productivity growth (Hamelink & Opdenakker, 2019; Lee, Lee & Garrett, 2019; Doğan & Doğan, 2020). It means that innovation is closely tied with firm performance (Rukundo, 2017; Chen, 2017; Canh et al., 2019). For instance, such outcomes of innovation activity as lower costs, better customer service, extensions of the product range lead to increased return on

² Over 4 in 5 employers willing to hire overseas: report. Retrieved from <https://sbr.com.sg/hr-education/news/over-4-in-5-employers-willing-hire-overseas-returnees-report>.

investment, value for customers and market share, respectively. Neely with colleagues (2001) developed a framework that grouped all possible outcomes together (see Figure 3).

Figure 3. Links between types of innovation and outcome of innovation (Neely et al., 2001)



Furthermore, there is a moderating effect of innovations on firm performance. External context environment (e.g. rapid market changes or business uncertainty) may impact on a company, boosting its innovation activity and productivity. If a certain market is stable, its actors won't desire to change. If the competition is low, leading players won't innovate. In such conditions innovations will not be useful as market is not ready to change (Hargadon & Douglas, 2001).

Nevertheless, most scholars don't pay enough attention to variables that fill the gap between firm performance and innovation. One of the variables that should be taken into account is overseas returnees. By using their international experience and unique knowledge, they drive innovations, thus, increasing customer satisfaction and revenues of companies they work for. It was proved by several researchers.

Some of them are seeking to find the relationship between returnees presence within the companies' management teams and their initial innovation performance. For instance, Siping Luo and Mary E. Lovely (2013) made a conclusion that returnees had a positive impact on certain Chinese companies' patenting and R&D activity and on the number of innovations these companies implement, because they acquire more human capital and think wider than local employees. Others examine how returnees influence on the innovation performance of small and medium enterprises (SMEs) (Lin, Lu, Liu & Choi, 2014). Particularly, Daomi Lin and Jianguyong Liu in their work made a conclusion that companies with returnee CEOs were not more innovative than the ones without returnee CEOs. Nevertheless, according to the authors, returnee CEOs have a positive effect on

SME's innovation performance since they share acquired abroad human capital with their colleagues.

Moreover, directors with an international experience are believed to learn new management and professional skills and to share new knowledge with their colleagues more effectively than local ones (Song & Wen, 2016; Zhang, Kong & Wu, 2018). They also have a positive business mind and passionate desire to develop, which both motivate their subordinate (Zhang & Wu, 2016). As the pace of knowledge transfers increases and workers are encouraged to share ideas and information with each other, innovation consciousness and organizational learning grows significantly, which makes a company more innovative and competitive on the market (Zhang & Chen, 2013).

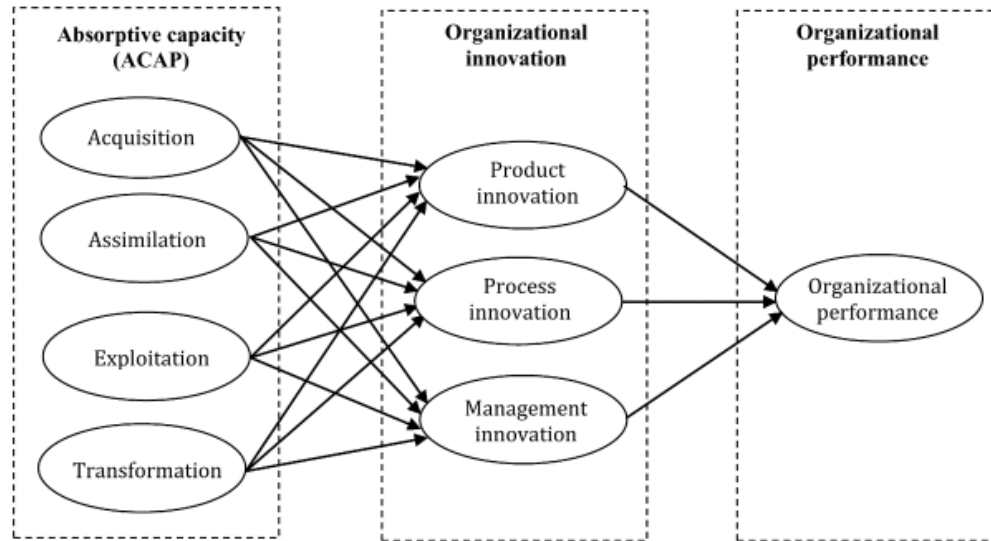
Hao et al. (2019) found that Chinese executive returnees had a positive effect on boosting green innovation performance of local manufacturing companies, since they acquire superior green innovation management skills from their international experience (Dai & Liu, 2009). They also pay more attention to environment protection as they are aware of global environmental problems.

Finally, overseas returnees' international networks allow companies to access wider market information and diverse access to new technologies, which, as a result, improve firms' innovation capabilities and performance (Liu, Lu, Filatochev, Buck & Wright, 2010; Fu, Hou & Sanfilippo, 2017; Li, 2020).

1.2.3. Effect of returnees on firms' absorptive capacity

Absorptive capacity (AC) has recently gained a significant attention by management theory (Apriliyanti & Alon, 2017; Zeng, Glaister & Darwish, 2019; D'Angelo, Ganotakis & Love, 2020). AC is defined as a company's ability to acquire, process, and use knowledge from external resources. The research on this topic has formed an opinion that effective management of internal knowledge transfer is among core elements of value creation in companies, thus, making knowledge management one of the key competitive advantages, that builds a link between innovation activity and firm performance (see Figure 4) (Ali, Kan & Sarstedt, 2016; Zou, Ertug & George, 2018).

Figure 4. Absorptive capacity as a link between innovation and firm performance (Ali, Kan & Sarstedt, 2016)



Returnees influence on each dimension of absorptive capacity. As it was mentioned above, they acquire human capital that includes international experience, foreign social networks and unique prior knowledge and competences. They also gather relevant information from local and foreign sources within and beyond industry their company operate in. Then they analyze, process and interpret this information to find something that may be important for the group work and for completing work assignments. After that, returnees share new insights with their colleagues in order to increase work efficiency. By combining existing and new knowledge and applying it in practice, returnees allow their companies to identify new markets, to broaden range of products. Hence, firms may increase their regional presence, enhance their innovation activity, acquire larger market share, or start international expansion. Nonetheless, in order to gain the maximum value from returnees and their human capital, a company should create a safe working environment, encourage all employees (particularly, returnees) to absorb new information and to share it with each other, and actively involve skilled returnees in different stages of innovation activity (i.e. R&D, brainstorming).

1.2.4. Knowledge-sharing from returnees

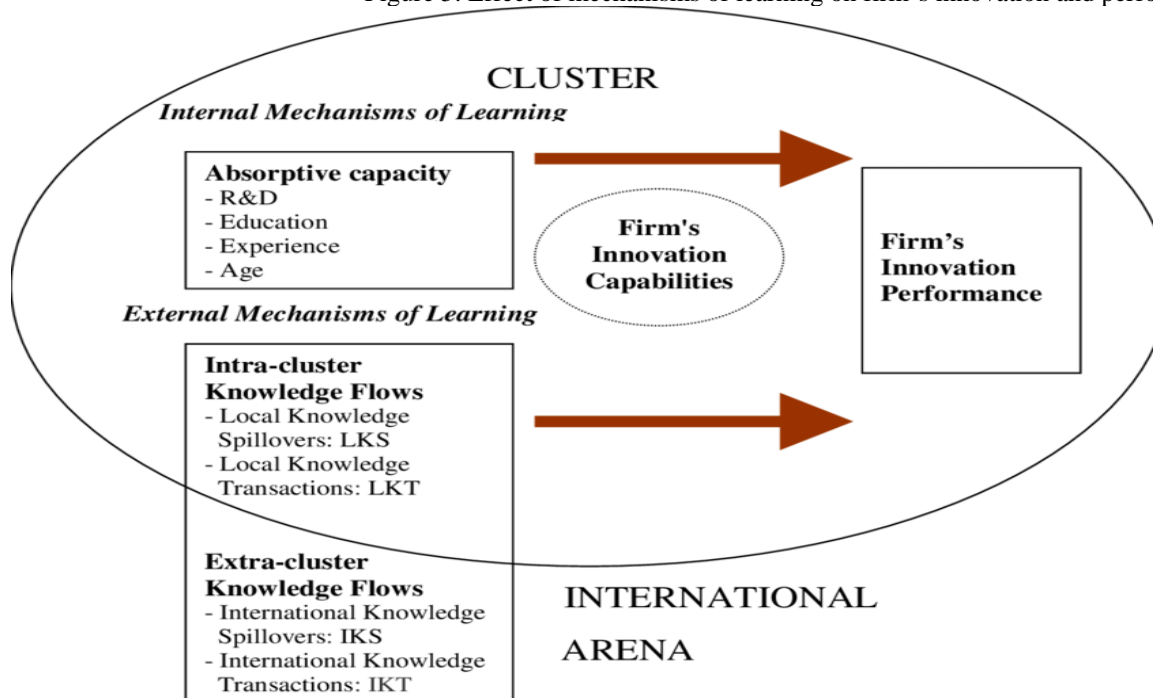
Firms don't often acquire information and knowledge which are necessary to drive innovation activity and to increase absorptive capacity. For this reason, they seek for external resources of knowledge from other companies of the same industry or from talented employees (Gaur, Ma & Ge, 2019; Khan, Lew & Marinova, 2019). It's a particular case of companies from emerging economies, since they usually lack the relevant knowledge and creative ideas (Matusik, Heeley & Amorós, 2019; Zeng, Glaister & Darwish, 2019). Being the bridges between foreign

markets and local institutions, overseas returnees may potentially become a new channel of knowledge transfers (Tzeng, 2018).

The process of transferring knowledge is known as knowledge spillover and it occurs when people with different backgrounds share their skills and ideas on a certain topic. According to scholars, knowledge spillovers are main factors enhancing company’s economic growth and innovation activity (Zhu, He & Luo, 2019; Audretsch & Belitski, 2020). Moreover, under globalization conditions, international human mobility (incl. engineers, specialists and entrepreneurs) significantly impacts on development of national economies and on global knowledge transfer flows (Madsen et al., 2003; Saxenian, 2006).

Researchers divide knowledge spillovers into local and international ones (see Figure 5). Local spillover is a process when local people share their knowledge with each other. This process of transferring knowledge is important for the local companies as they tend to copy technologies and business practices of each other (Zhu & He & Luo, 2019). That’s why local knowledge spillovers are considered major drivers of regional market growth and innovations by management scholars (Kesidou & Romijn, 2014; Grillitsch & Nilsson, 2017; Ramadani, Abazi-Alili & Dana et al., 2017). In most developing countries, however, locals may be limited by the information and resources they have, that doesn’t allow local companies to compete with the international players that enter and operate on the market (Luintel & Khan, 2017; Matusik, Heeley & Amorós, 2019).

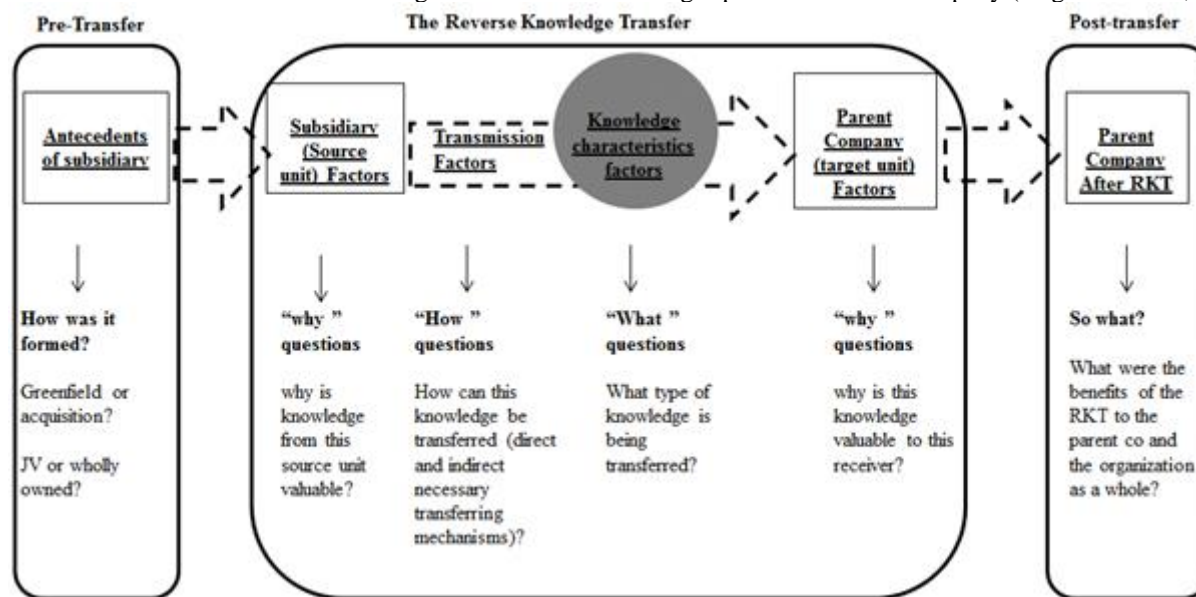
Figure 5. Effect of mechanisms of learning on firm’s innovation and performance



International knowledge transfers, on other hand, have more impact on both local and multinational firms' innovations than do local spillovers, meaning that companies, which hire returnees, tend to overcome their competitors. It happens, because returnee employees share acquired abroad knowledge, capabilities, and international experience with their colleagues, enabling a company to develop and implement more innovative practices, technologies and products, thus, increasing its competitiveness on local and regional markets (Tzeng, 2018; Gaur, Ma & Ge, 2019).

Knowledge spillovers may also be internal knowledge transferring process within one company. Usually firm's headquarters generate knowledge and spread it among its subsidiaries (Vlajcic, Marzi, Caputo & Dabic, 2019). It allows a company to manage its knowledge flows in a centralized and effective way. Nevertheless, subsidiaries should be given enough autonomy to develop their own knowledge as it will allow multinational enterprises to utilize their strategic resources abroad and to increase their international presence (Nadayama, 2019). Effective knowledge management increases firm's absorptive capacity, that, in turn, creates competitive advantage and boosts its innovation and productivity (see Figure 6) (Kogut & Mello, 2017). Since firms depend on their human resources with relevant knowledge and since these human resources share their knowledge, we may assert that human capital plays a significant role in forming corporate culture and achieving business objectives. It makes returnees even more valuable for organizations as they acquire unique human capital, that is important to increase regional presence and to expand internationally.

Figure 6. Reverse knowledge spillover within a company (Kogut & Mello, 2017)



Given that, companies implement special activities to attract and develop talented returnees as it will potentially allow them to increase their share on a local market, or to expand internationally.

RQ2. How does returnees' presence influence on firm performance, innovations, and absorptive capacity?

1.3. TM practices for returnees

1.3.1. Defining talent management

Talent management (TM) is defined as set of practices that include systematic and constant attraction, development and retention of talented employees who are highly valued by modern business as they can contribute to its strategic sustainable development (Scullion, Collings & Caligiuri, 2010; Latukha & Veselova, 2019; Meyers, Woerkom, Paauwe & Dries, 2020). TM concept has received a significant attention from scholars as they want to prove a positive relationship between talented employees' presence and firm performance and innovation activity growth (Vaiman, Haslberger & Vance, 2015; Collings, Mellahi & Cascio, 2019). Particularly, talented employees are defined as people who acquire human capital that is needed to achieve certain business objectives and to increase market share, meaning that effective TM allows organizations to create competitive advantage from their human resources (Dries, 2013; Jooss, Burbach & Ruël, 2019; Gallardo-Gallardo, Thunnissen & Scullion, 2020).

Furthermore, global atmosphere of uncertainty and rapidly changing business world dictate that companies should pay more attention to managing talents than it used to be two decades ago (Claus, 2019; Reiche, Lee & Allen, 2019). According to survey conducted by PwC (2017), more than 75% of CEOs claimed that lack of relevant capabilities and skills were a key threat to organizational growth, that's why firms should develop and apply special practices to identify, hire and protect their talented employees (Sparrow & Makram, 2015; Vaiman, Collings & Scullion, 2017; Bhalla, Caye, Lovich & Tollman, 2018).

Scholars (Mcdonnell, Collings, Mellahi & Schuler, 2017; Gallardo-Gallardo, Thunnissen & Scullion, 2020) emphasize that talented employees should have constantly developed set of unique skills and knowledge (Gagné, 2000; Crowley-Henry & Al Ariss, 2018); potential and desire to learn and to acquire leadership capabilities (Tansley, Turner, Carley, Harris, Sempik & Stewart, 2007); creative way of thinking, ability to solve the problems non-standardly (Ulrich & Smallwood, 2012),

hardworking mentality, high commitment to given tasks (Ulrich, 2007; Dries, 2013; McKinsey, 2017).

Given theoretical background on TM, we may state that this concept plays a crucial role in increasing firm's absorptive capacity, since its dimensions – knowledge acquisition, assimilation, transformation and exploitation - are closely tied with organizational and individual competences that, in turn, are performed exclusively by top employees (Latukha, Selivanovskikh & Mitskevich, 2019; Latukha & Veselova, 2019). This relationship may also be described by the fact that talents efficiently use information from internal and external sources and are more involved in knowledge-related activities. Therefore, they create more opportunities for knowledge acquisition, transformation, and exploitation within a company, thus, significantly increasing its absorptive capacity.

It leads us to a conclusion that talented employees are key drivers of firm performance, innovativeness, and absorptive capacity, who acquire unique human capital and create extra value for their companies. Thus, well-developed TM system is expected to shape the effect of talents on aforementioned indicators.

1.3.2. Returnees and talent management

Overseas returnees are people who have studied or worked abroad for an extended period of time, then returned to their home country and got employed by a local company or a local office of a multinational enterprise (Li, Zhang & Li, 2012; Renard, Malet, Coolsaet & Ginkel, 2018). These people are proven to have a high level of human capital, since they usually migrate from developing to developed countries, that offer wider access to technologies, higher quality of development, economies, and management (Ma, Zhu, Meng & Teng, 2019). They also acquire more social capital – that is knowledge of foreign markets and cultures, practices that are implemented in foreign firms, social networks abroad – than local employees do (Li, 2020).

It means that returnees may potentially contribute to enhancing firm performance and innovation activity and to increasing of absorptive capacity of organizations that operate in a local market. Hence, they may be perceived as talents by local employers. And in order to utilize talented returnees' knowledge, a firm should manage them properly through TM practices.

Attraction

Attraction of returnees plays a crucial role in achieving certain business objectives (e.g. increasing market share or expanding internationally). Nonetheless, a company should establish a set of practices to attract top returnees. First of all, a company should determine a concrete target

group of overseas returnees based on countries they lived in or number of years they spent working or studying abroad. Then it should build a strong employer brand to attract these people (McDonnell, Collings, Mellahi & Schuler, 2017). It may be achieved through increasing its influence in social media, collaborating with national institutions that implement special policies to attract migrants, and participating in events and conferences on international migration (Claus, 2019). Furthermore, a firm should meet returnees' short-term and long-term expectations, understanding that their motivation may differ from that of local employees (Crowley-Henry & Al Ariss, 2018). And since high salaries are usually taken for granted by talented employees, it's more important to provide them with unique and challenging tasks. According to McKinsey (2017), the more complicated a task, the more effort a talented employee will put in it. The final option is to engage returnee employees in recruiting process as they can use their social networks to find the best talents (e.g. their group mates from foreign university or colleagues from their ex-work). These practices will make an organization attractive for overseas returnees, increase satisfaction of its talented employees, and expand its scope of potential candidates from local to foreign markets.

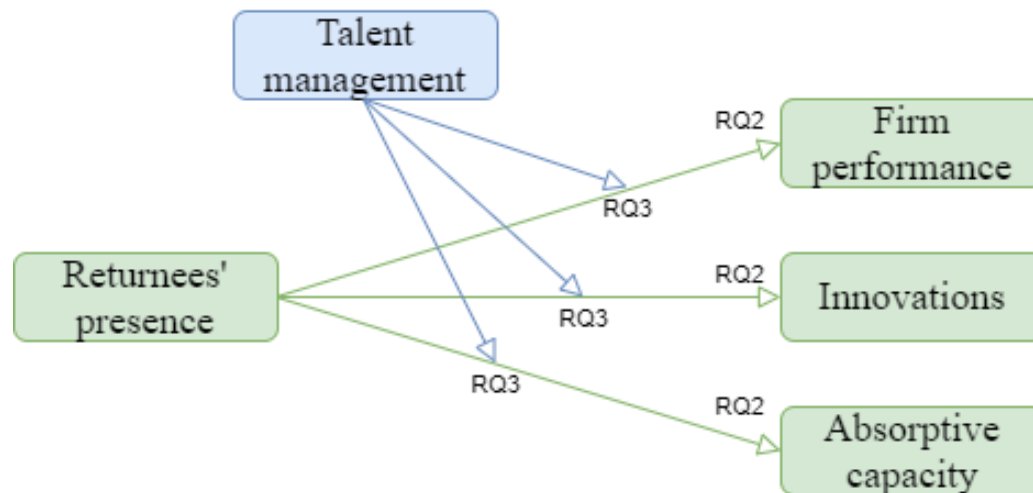
Development

From their arrival to a company, overseas returnees should see that their management is interested in their development. Therefore, they should be provided with a wide support from mentors who will help them to familiarize with its staff, corporate culture, initial operations, and adapt to life in a home country if needed (Dokko & Jiang, 2017). Mentors should also give constant feedbacks to returnees as it will boost their commitment and desire to grow (Vecchi, 2019). Moreover, the management should give returnees access to free unique learning and development programs that would allow them to improve their competencies and knowledge (Gallardo-Gallardo, Thunnissen & Scullion, 2020). It will broaden career opportunities for overseas returnees and make them company's competitive advantage in a long run (Crowley-Henry & Al Ariss, 2018). For this reason, an organization should apply flexible or horizontal career paths with various advancement opportunities towards talented employees, so they can plan their careers for the future. Finally, returnees should be encouraged to share their ideas with other employees and be engaged in R&D and other innovation activities (McDonnell, Collings, Mellahi & Schuler, 2017; Claus, 2019). Therefore, they will be not only giving their knowledge, but also they will be receiving new capabilities from their colleagues. Effective returnees development and knowledge management will significantly enhance company's absorptive capacity, thus, becoming a competitive advantage and driving its performance and innovativeness.

Retention

The final step is to retain talented returnees. Particularly, they should feel themselves a part of something that has a global or regional influence, since talented employees always push higher and higher. For this reason, an organization should create a corporate culture with values that other companies don't offer (Claus, 2019). It will increase employees' satisfaction and loyalty. Furthermore, the management should involve returnees to working process and provide them with enough autonomy in decision-making (Vecchi, 2019). It will have two effects: first, they will be aware of responsibility on their shoulders; second, they will see that their management trusts them. Finally, a firm should develop a fair rewarding system that will directly correspond with returnees' workload. These retention practices will significantly increase talented employees' motivation and satisfaction, that, in turn, will allow a company to increase its local presence or to expand to foreign markets (Dokko & Jiang, 2017).

RQ3. How TM practices shape the link between returnees' presence, firms' absorptive capacity, innovation activity and performance?



Chapter 2. RESEARCH METHODOLOGY

In this chapter we describe and justify the Russian context and the methodology that were applied for this research. The data collection process is explained, and the sample is provided. Furthermore, this chapter includes the questionnaire primary description and the variables that were used during the data analysis.

The main goal of this study is to examine the relationship between returnees' presence and firm performance and innovative activity of the companies they work for, and to identify talent management practices that allow organizations to facilitate knowledge from returnees. The empirical study is quantitative, cross sectional and was conducted one-phase.

2.1. The Russian context

Investigation of Russian returnees and their effect on firm performance, innovation activity, and absorptive capacity of Russian companies has a huge potential, since skilled people tend to migrate from Russia to developed economies, seeking for recognition, new knowledge, more career opportunities, and higher quality of life (Iontsev, Zimova & Subbotin, 2017). The Russian government is aware of this problem and, thus, puts its efforts to develop national economy, create a favorable business environment and establish special programs towards educated migrants attraction. Furthermore, given political instability, economic sanctions, competition with foreign companies, and aging skilled workforce, Russian companies have recently focused on acquisition of external knowledge, in order to build internal knowledge flows (Latukha & Veselova, 2019). Effective knowledge management will enhance Russian economy and, therefore, encourage Russian migrants to return, since they will have more opportunities to realize their valuable human capital acquired abroad.

Besides, TM concept and its practices are not widely spread among Russian companies, because they are managed in a conservative Soviet way, that is typically a vertical hierarchy with CEOs who have all power and authority in their hands (Björkman, Fey & Park, 2007). Scholars believe that Russian managers may switch to a more dynamic approach of business management (Latukha & Veselova, 2019), which will have a positive effect on firm performance and absorptive capacity as implementation of TM practices will allow local organizations to attract more talented employees, especially – educated and trained returnees. Nevertheless, ideological rejection of business and management education in the Soviet Union led to a situation, where Russian managers lack leadership skills and fundamental business knowledge and skills (Holden & Vaiman, 2013). It creates an opportunity to analyze the relationship between attraction, development and retention of

overseas returnees and their role in enhancing firm performance, innovations, and absorptive capacity.

2.2. Setting and data

To test our research questions, we chose a sample of small, medium, and large firms operating in Russia. Two main criterion of selection process were returnees' presence and talent management practices execution. Since both conditions are not widely spread among Russian companies, in the beginning we formed a rough list of companies, which could utilize TM practices in their management systems, and potentially have returnee employees. After examining firms' websites, databases, and social media (Facebook, VKontakte, LinkedIn), we erased non-relevant companies from our sample. Residual firms were divided into several groups (clusters) based on the number of returnees that work for them: 1-5 returnees (small range); 6-15 and 16-30 returnees (medium range); 31-more returnees (large range), since we had to determine from what range returnees had a significant effect on innovation activity and productivity.

To find more insights, we split respondents into 2 groups. The first one consists of returnee employees. We contacted them personally. We analyzed them to answer on the RQ1. The second group is represented by companies in accordance with the following criteria: a managerial position (particularly, working in HR department), knowledge in talent management and access to its activities within organizations. We contacted them via phone, email, or social networks. This group was analyzed to answer on the RQ2 and RQ3. All respondents were local by origin, that is, native Russians. First of all, we described in detail the purpose of our research, obtained their confirmation of participation, and asked to choose their preferable way to answer our questions: to fill an electric form of the questionnaire or to complete an online survey. Regardless of the option, range of questions in both questionnaires was identical. Data collection was conducted in Russia and resulted in 95 responses from returnees and 80 responses from HR departments of companies, that operate in the Russian market. This data was appropriate for the further analysis.

Sample 1. Returnees

Table 1. Profile of respondents (returnees)

Characteristics	Frequency	Percentage (% out of total 95)
<i>Gender</i>		
Male	49	51.58
Female	46	48.42
<i>Age group</i>		
Less than 24 years	28	29.47
24-28	38	40
29-33	21	22.11
More than 34 years	8	8.42

<i>Education</i>		
General education	5	5.26
Bachelor's degree	39	41.05
Master's/Specialist degree	50	52.63
Candidate of science	1	1.05
<i>Management level</i>		
Specialist	53	55.79
First-line manager	25	26.32
Middle manager	10	10.53
Top manager	7	7.37
<i>Years on current position</i>		
Less than 1 year	50	52.63
1-3 years	36	37.89
4-6 years	7	7.37
More than 6 years	2	2.11
<i>Total work experience in Russia</i>		
Less than 1 year	10	10.53
1-2 years	49	51.58
3-5 years	27	28.42
6-10 years	8	8.42
More than 10 years	1	1.05

Our first sample has almost equal distribution in terms of gender, having 3 more male respondents than female ones. At the same time, we responded returnees of different generations, that allowed us to get more insights on our questions. Most of our respondents have at least 1 higher education, meaning that they have acquired enough human capital to be competitive on the labor market. Hence, most of them are either specialists, or first-line managers with less than 3 years working on current position and with less than 6 years of total work experience in companies that operate in the Russian market.

Table 2. International experience of returnees

Characteristics	Frequency	Percentage (% out of total 95)
<i>Foreign region</i>		
North America	25	26.32
Europe	57	60.00
Latin America	2	2.11
Asia/Oceania	11	11.58
<i>Period spent abroad</i>		
Less than 4 months	4	4.21
4-6 months	56	58.95
7-12 months	22	23.16
More than 1 year	13	13.68
<i>Adaptation period</i>		
Less than 4 months	61	64.21
4-6 months	22	23.16
7-12 months	7	7.37
More than 1 year	5	5.26

Majority of surveyed returnees worked or studied in developed countries of North America and Europe, while 11 chose the Asian/Oceanian direction (China, Japan, South Korea, and Indonesia) and only 2 lived in Latin America (Chile and Brazil). Each respondent spent at least 4 months abroad, that makes all of them relevant for our research. Finally, it took most of them less than 6 months to adapt to Russia after returning from foreign countries, meaning that Russian challenges they faced were not significant.

Sample 2. HR managers/employees

Table 3. Profile of respondents (companies)

Characteristics	Frequency	Percentage (% out of total 80)
<i>Type of company</i>		
Russian company	62	77.5%
International company	18	18.57%
<i>Number of employees</i>		
1-50	25	31.25%
51-500	35	43.75%
501-1000	11	13.75%
1000 and more	9	11.25%
<i>Number of returnees</i>		
1-5	62	77.5%
6-15	15	18.75%
16-30	3	3.75%
<i>Industry</i>		
Fast moving consumer goods	9	11.25%
Metallurgy	2	0.25%
Mechanical engineering	12	15%
Fuel and energy complex	2	0.25%
Chemical and petrochemical industry	4	0.5%
Agro-industrial complex	1	0.125%
Services sector (restaurants, hotels, etc.)	9	11.25%
Consulting	5	6.25%
Insurance	7	8.75%
Wholesale	2	0.25%
Public service	2	0.25%
Banks	2	0.25%
IT industry	2	0.25%
Construction	1	0.125%
Scientific-research sector	8	1%
Medicine and pharmaceutical industry	10	12.5%
Transport and logistics	2	0.25%
<i>Age of company</i>		
1-5 years	8	10%
6-10 years	23	28.75%

11-20 years	19	23.75%
20 and more years	30	37.5%
<i>Activity scope</i>		
International	33	41.25%
National	27	33.75%
Regional	20	25%
<i>TM implementation</i>		
Yes	60	75%
No	20	25%
<i>TM type</i>		
Exclusive	43	53.75%
Inclusive	37	46.25%

Our second sample consisted of Russian companies and Russian offices of international companies. Most of our respondents work for small or medium companies with number employees ranging from 1 to 500, while large companies with more than 501 companies have a smaller presence in our data. Moreover, most surveyed companies have from 1 to 15 returnees working for them. Mechanical engineering, medical and pharmaceutical industry, fast moving consumer goods and services sector represent the largest part of our respondents. We also covered companies of several age groups and, thus, of different development stages, that allowed us to make better conclusions. Furthermore, most respondents have either international or national activity scope, meaning that they need returnees for improving their positions on foreign and local markets. Finally, the majority of our respondents implement talent management practices, while the distribution of exclusive (only most effective or intellectual people are perceived as talents) and inclusive (each employee is perceived as a talent) approach is almost equal, that supports a theoretical debate on this topic between TM scholars.

Table 4. Management level of returnees and foreign countries they lived in

Characteristics	Frequency	Percentage (% out of total 110)
<i>Management level of returnees</i>		
Specialist	40	36.36%
Junior manager	12	10.91%
Middle manager	30	27.27%
Top manager	28	25.46%
<i>Foreign regions</i>		
Scandinavian countries	12	10.91%
Central Europe	32	29.09%
Eastern Europe	14	12.73%
CIS countries	22	20%
Northern America/Australia	12	10.91%
Asia	18	16.36%

There are 110 returnees working for companies we managed to survey. They range from specialists to top managers, that allowed us to make better conclusions, since these people have different level of power and decision-making within their firms. Hence, they have different effects on firm performance, innovativeness, and absorptive capacity of companies they work for. Besides, most returnees studied or worked in Central Europe, CIS countries and Asia, that have both developed and developing countries.

2.3. Questionnaire description

There are two questionnaires: the first is for companies (HR departments), while the second one is for returnees. The first questionnaire is six-pages long and includes 106 questions, that are divided into six parts: first, respondents' and firms' profiles, including their key characteristics; second, TM approaches and factors stimulating the need to manage returnees; third, TM practices (attraction, retention and development) towards returnee employees; the fourth part addresses absorptive capacity of a company (knowledge acquisition, assimilation, transformation and exploitation); the fifth part contained questions on firm performance; finally, the sixth part is dedicated to innovation activity.

The second questionnaire is four-page long and contains 76 questions, which are split into three parts: first, respondents' profile; the second part includes questions on factors that determined returnees' decisions to come back to their home countries, on challenges they faced while re-integrating to local communities, and on effect their foreign experience had on their position on labor markets; the third part is needed to identify TM practices that attract overseas returnees.

2.4. Variables and measures

2.4.1. Reasons to return/to employ returnees

To identify key factors affecting returnees' decision to come back to their home countries, we gathered data from several relevant sources (Biondo et al., 2012; Kenney et al., 2013; Wong, 2014; Kautto, 2019), thus, creating a 19-item scale, where each item was measure with a 7-point Likert scale. Chosen factors range from host country's pushing factors (low quality of life, lack of technological development) to home country's pulling factors (wider access to technologies, desire to develop national economies) and career opportunities (realize respondent's human capital).

2.4.2. Talent management

To capture TM variable, we adopted an originally developed 25-item scale, measuring each item with a 7-point Likert scale. We developed our scale based on a comprehensive literature

review, which allowed us to determine the most widely spread TM practices – attraction, retention, and development – that constituted a background for a TM system.

2.4.3. Absorptive capacity

To measure AC variable, we used a scale created by Flatten et al. (2011). Its first version consisted of 36 items, which were formed on a basis of a profound review of scales from previous research. Then, excluding items according to exploratory and confirmatory factors analysis, Flatten and colleagues retained 14 items, which were measured with a 7-point Likert scale. We refined their scale and adopted it to our context.

2.4.4. Firm performance

To examine firm performance, we used a 5-item Khandwalla scale (Khandwalla, 1977). We asked respondents to evaluate their firm performance based on such indicators as market share growth, sales growth, average return on investment, average profit, and average profit growth. All indicators were measured over the past 3 years and compared with other companies of the same industry.

2.4.5. Innovation activity

To measure Innovation activity variable, we adopted a 9-item scale which was developed by Jiménez-Jiménez & Sanz-Valle (2008). They divide innovation activity into 3 groups: product innovation (number of new products/services introduced, pioneer disposition to introduce new products/services and R&D expenditure in new products/services); process innovation (number of changes in the process introduced, pioneer disposition to introduce new process and efforts on innovation in terms of hours/person, teams and training involved in innovation); administrative innovation (novelty of the management systems, search of new management systems by directives and pioneer disposition to introduce new management systems). Each item is was measured with a 7-point Likert scale.

Chapter 3. RESULTS AND DISCUSSION

RQ1. What factors determine returnees' decisions to come back?

Sample 1. Returnees

Table 5. Descriptive statistics of factors that determined returnees' decision to come back

Variable	Mean	Standard deviation	Min	Max
Home country's attractiveness	4.137	1.692	1	7
Home country's actions and policies	2.726	1.512	1	7
Economic and political stability	3.884	1.918	1	7
Entrepreneurial opportunities	3.537	1.918	1	7
Higher return to human capital offered by local companies	4.621	1.835	1	7
More developed absorptive capacities of local companies	4.4	1.62	1	7
Work ambitions	5.274	1.56	1	7
Desire to contribute to development of home country	4.274	1.771	1	7
Strong attachment to home country	4.095	1.811	1	7
Ease of social integration in home country	3.789	1.786	1	7
Family-related issues	4.295	1.656	1	7
Job dissatisfaction in foreign country	2.853	1.436	1	7
Inability to find employment respective to expertise	4.021	2.063	1	7
Inability to realize knowledge abroad	3.347	1.906	1	7
Low quality of life in foreign country	2.274	1.447	1	7
Document-related issues	3.063	1.873	1	7
Feeling of exclusion in foreign country	2.4	1.49	1	7
Cultural differences	3.084	1.674	1	7

We determined key factors that had the strongest effect on returnees' decisions to come back to their home country. The most significant one was work ambitions since returnees realize that their skills and knowledge may be applicable at home-country companies. Hence, given that they worked or studied in developed economies where levels of income and costs are higher than in developing ones, they expect to have higher salaries and decent recognition of human capital acquired abroad. Home country's pulling factors (e.g. easier access to funds for research, availability of technologies, etc.) are also important for returnees, meaning that home countries should create conditions that will help local companies to grow and to increase their absorptive capacities. This, in turn, will attract overseas returnees since firms will be able to meet their expectation. Effective knowledge management will allow companies to become more competitive, increasing their innovations and, thus, contributing to economic development of home country. Moreover, these factors were stated in literature we analyzed, meaning that our analysis proved those hypotheses and statements (Mayr & Peri, 2008; Biondo et al., 2012; Kenney et al., 2013; Wong, 2014; Kautto, 2019) We also found out that returnees' human capital acquired abroad, international work experience and social networks in foreign countries are main factors that make overseas returnees more attractive over

local candidates. It proves that companies see these people as key drivers of their international expansion (Kureková & Žilinčíková, 2018; Li, 2020).

Table 6. Descriptive statistics of returnees' international experience

Variable	Mean	Standard deviation	Min	Max
<i>International experience</i>				
Acquired abroad human capital is your competitive advantage in home country	5.411	1.207	1	7
Acquired abroad human capital is unavailable in home country	3.737	1.652	1	7
Your international experience had a positive effect on your employment	5.221	1.552	1	7
Your international experience had a positive effect on promotion to your current position	3.958	1.707	1	7
<i>Returnees' competitive advantage over local employees</i>				
Foreign experience	4.105	1.801	1	7
Certain foreign working/studying experience	4.747	1.72	1	7
Human capital acquired abroad (incl. social capital)	5.042	1.725	1	7
Knowledge of foreign language(s)	5.379	1.496	1	7
Knowledge of foreign culture(s)	3.632	1.963	1	7
Ability to solve cross-cultural conflicts	4.316	1.931	1	7
Ethnicity	2.411	1.741	1	7
Expertise level	5.495	1.32	1	7
Your lower financial cost compared to other candidates	2.558	1.507	1	7
No other candidates applied to this job	1.874	1.46	1	7

Most respondents understand that knowledge, skills, and capabilities they acquired abroad and their international experience significantly impacted on their current employment, since local companies are aware of need to attract overseas returnees, understanding all potential benefits and values they can bring. Furthermore, our respondents think that their expertise (incl. previous professional experience), knowledge of foreign language(s) and human capital are their competitive advantages over local employees. At the same time, they consider that ethnicity and lower financial cost have the least effect on their employers, because they are all Russians (so this parameter doesn't distinct them from others) and they usually require higher wages than local candidates do.

Table 7. Descriptive statistics of returnees' challenges in home country

Variable	Mean	Standard deviation	Min	Max
Poor technological development	3.074	1.77	1	7
Difference between the cultures of foreign and home countries	3.147	1.688	1	7
Lack of support from the company's top management	3.211	1.85	1	7
Inadequate amount of remuneration for your expertise	4.095	1.805	1	7
Insufficient level of responsibility on current position	3.642	1.694	1	7
Lack of opportunities to realize your potential or to learn	3.716	1.826	1	7

new skills				
Toxic working environment	2.989	1.976	1	7
Strict governmental regulations	3.084	2.004	1	7

After working in foreign companies and earning high wages, returnees come back to their home country and are not satisfied with amount of remuneration they get in local companies. It's logical, because, for instance, in USA and Europe levels of incomes and costs of living are higher than in Russia, that's why this problem is inevitable. Among other challenges that our respondents highlighted are lack of development opportunities from their employers and insufficient level of responsibility on current position. It leads us to a conclusion that organizations should develop fair rewarding systems, provide returnees with enough autonomy for decision-making and with tools to develop (i.e. mentors, trainings, internships in other offices of a company).

Table 8. Descriptive statistics of TM practices towards returnees

Variable	Mean	Standard deviation	Min	Max
<i>Attraction</i>				
Returnees attraction is of high priority to the company	3.305	1.787	1	7
There is a lack of returnee employees within our organization	2.642	1.682	1	7
We have difficulties attracting returnees	2.842	1.858	1	7
We can predict both short- and long-term requirements of returnee employees	4.021	1.874	1	7
Our company has a strong employer brand	5.337	1.796	1	7
Salary of returnees is competitive compared with the locals	4.368	1.757	1	7
Returnees are given unique and more interesting tasks to complete	3.674	1.882	1	7
Hiring is not based on objectivity	3.305	1.805	1	7
Our company offers interesting job with possibilities to complete challenging assignments	5.084	1.718	1	7
Attraction (average)	3.842	1.13	1	7
<i>Development</i>				
Returnees development is important to the company	3.779	1.788	1	7
Management takes care of returnee employees, perceiving them as a firm's competitive advantage	4.295	1.978	1	7
Returnees are provided with a wide support by mentors	4.2	1.938	1	7
Our company provides returnees with access to unique learning and development programs	4.526	1.956	1	7
Our organization does not provide enough financial assistance to returnee employees to upgrade their skills	3.158	1.639	1	7
Our company has a distinct mentoring system for fresh-hired returnees	3.979	1.786	1	7
There are various career advancement opportunities within our company	5.337	1.648	1	7
Our organization actively engages returnees in R&D and other innovation activities	4.305	1.714	1	7
Development (average)	4.197	1.312	1	7

<i>Retention</i>				
Returnees retention is of high priority to the company	3.905	1.88	1	7
Our company is successful at retaining returnees	4.095	1.936	1	7
Our returnee employees are encouraged to share their ideas	4.8	1.784	1	7
Our returnee employees are not fully engaged in the working process	3.442	1.724	1	7
Our returnees are given enough autonomy for decision-making	4.832	1.648	1	7
Remuneration of returnees differs from that of local employees	4.137	1.987	1	7
Returnee employees are recognized and appraised more frequent than locals	4	1.798	1	7
Our organization has difficulties creating a secure and safe workplace	3.568	1.82	1	7
Retention (average)	4.097	1.345	1	7

According to our survey, the most important attraction practice is to build a strong employer brand. To do that, a company should develop a clear corporate culture, participate in relevant events, promote itself on career platforms and treat its human resources as competitive advantage. It will have a positive effect on employees' satisfaction and loyalty. A firm should also meet returnees' short-term (high salary, challenging assignments) and long-term (various career opportunities) requirements.

As for development, our respondents highly value access to different educational programs provided by their employers, and an opportunity to be involved in R&D and other innovation activities, since they want to realize their human capital and to gain new knowledge. Moreover, they expect a wide support from their management through mentoring system which may help returnees to adapt to new colleagues, rules, and corporate culture.

To retain overseas returnees, firms should give them enough autonomy, because they want to feel that their employer trusts them. Returnees should also be provided with opportunities to share their ideas as they can contribute to group work, thus, increasing company's performance and absorptive capacity. Finally, companies should develop remuneration system based on returnees' human capital and expertise, since they expect high return to their knowledge, especially after living in developed economies.

By adding average variables to each group of TM practices, we managed to identify that development group is considered the most significant by our respondents, meaning that companies should focus on this set of activities, while not overlooking importance of creating favorable internal work environment and using various approaches and channels to attract skilled and educated returnees.

Sample 2. HR managers/employees

Table 9. Descriptive statistics of TM strategy implemented by surveyed companies

Variable	Mean	Standard deviation	Min	Max
Our management understands the need in managing returnees as their international experience may drive firm performance and innovation activity	5.571	1.347	1	7
Our company has a clear strategy of managing returnees	4.2	1.877	1	7

Most surveyed companies understand the importance of returnees management. However, only half has developed a clear strategy to manage people who have unique knowledge and capabilities acquired abroad.

Table 10. Descriptive statistics of factors that drive the need to manage returnees

Variable	Mean	Standard deviation	Min	Max
Returnees' international experience	4.943	1.483	1	7
Strong industry competition	4.886	1.537	1	7
Cross-cultural conflicts within an organization	2.829	1.753	1	7
Current economic climate	3.671	1.7	1	7
Need to drive firm performance	5.171	1.65	1	7
Need for innovations	5.4	1.654	1	7
Customer service improvement	4.829	1.454	1	7
Need to execute strategies	5.286	1.515	1	7
Cost of human capital	5.143	1.572	1	7
New technologies	5.343	1.559	1	7
Increase of staff's qualification	5.414	1.565	1	7
Group work practices improvement	4.871	1.676	1	7
Crisis within a company	3.371	1.67	1	7
Knowledge of foreign markets	5.114	1.565	1	7
Knowledge of foreign cultures	4.7	1.821	1	7

Companies realize that by sharing their human capital overseas returnees can significantly contribute to enhancing firm performance and innovation activity, executing strategies, improving customer service, bringing new technologies and increasing current employees' qualification. Returnees are also perceived as a valuable resource because they have international experience, lots of information about foreign markets. Hence, it makes returnees a competitive advantage since they enable companies to overcome competitors in a local market and to successfully expand internationally.

Table 11. Descriptive statistics of TM practices towards returnees implemented by surveyed companies

Variable	Mean	Standard deviation	Min	Max
<i>Attraction</i>				
Returnees attraction is of high priority to the company	2.9	1.495	1	7

There are several returnee employees within our organization	4.943	1.658	1	7
We don't have difficulties attracting returnees	5.143	1.747	1	7
We can predict both short and long term requirements of returnee employees	4.529	1.595	1	7
Our company has a strong employer brand	4.686	1.766	1	7
Salary of returnees is competitive compared with the locals	3.543	1.742	1	7
Returnees are given unique and more interesting tasks to complete	4	1.753	1	7
Hiring is based on objectivity	5.2	1.638	1	7
Our company offers interesting job with possibilities to complete challenging assignments	5.557	1.358	1	7
Attraction (average)	4.5	.736	1	7
<i>Development</i>				
Returnees development is very important to the company	4.443	1.575	1	7
Management takes care of returnee employees, perceiving them as a firm's competitive advantage	4.3	1.497	1	7
Returnees are provided with a wide support by mentors	4.386	1.772	1	7
Our company provides returnees with access to unique learning and development programs	4.129	1.926	1	7
Our organization provides enough financial assistance to returnee employees to upgrade their skills	4.657	1.744	1	7
Our company has a distinct mentoring system for fresh-hired returnees	2.814	1.812	1	7
There are various career advancement opportunities within our company	4.2	1.877	1	7
Our organization actively engages returnees in R&D and other innovation activities	4.329	2.055	1	7
Development (average)	4.157	1.174	1	7
<i>Retention</i>				
Returnees retention is of high priority to the company	4.143	1.82	1	7
Our company is successful at retaining returnees	4.686	1.681	1	7
Our returnee employees are encouraged to share their ideas	5.586	1.409	1	7
Our returnee employees are fully engaged in the working process	5.057	1.97	1	7
Our returnees are given enough autonomy for decision-making	4.771	1.643	1	7
Remuneration of returnees differs from that of local employees	3.071	1.988	1	7
Returnee employees are recognized and appraised more frequent than locals	2.786	1.825	1	7
Our organization doesn't have difficulties creating a secure and safe workplace	6.057	1.382	1	7
Retention (average)	4.52	1.02	1	7
Talent management (general)	4.397	.845	1	7

Though we found out that nearly half of surveyed companies don't have a comprehensive strategy to attract, develop and retain returnees, they still implement practices towards talented

employees. Firms understand short-term and long-term expectations of returnees, offering interesting assignments and building a strong employer brand to show that there many internal opportunities to develop. However, companies don't pay more money to returnees than to local employees as they don't want to create atmosphere of discrimination.

As for development, we can see that organizations provide returnees with opportunities (trainings, courses, etc.) to increase their expertise and with financial assistance that supports their growth. Moreover, companies engage returnees into R&D and other innovation activities because these people can contribute to developing new products or improving design and features of existing ones. Finally, firms offer various career advancement opportunities that are highly valued by overseas returnees since they can better plan their career paths.

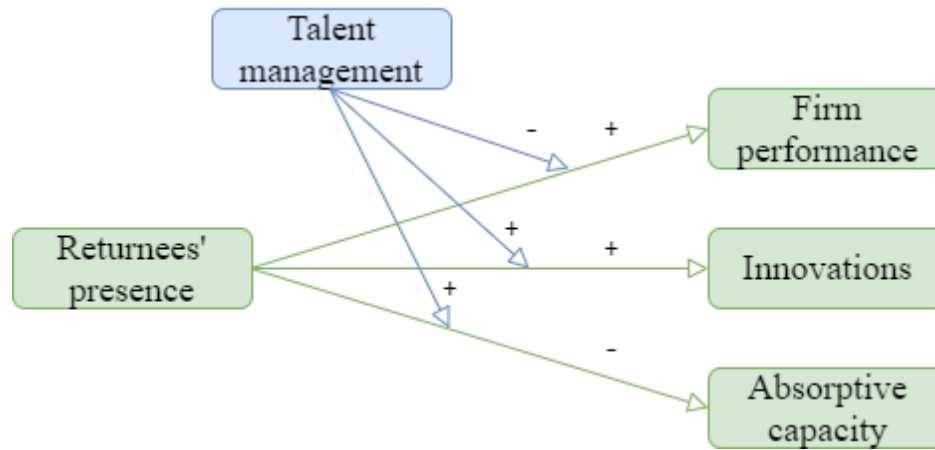
Finally, to retain returnees, surveyed companies create a safe and secure workplace, where returnees can share their ideas, knowledge, and skills with their colleagues, thus, improving group work and increasing absorptive capacity. Returnees are also fully engaged in the working process and provided with an autonomy in decision-making, that allows us to state that firms trust their employees.

Similar to the first sample analysis, we added average variables to each TM group. By doing so, we identified that development was of the least importance for surveyed companies, that contradicts with our findings from the first sample. At the same time, our respondents pay more attention to attract and retain overseas returnees, which is logical, since these people acquire valuable human capital that enables companies to expand their market share and to execute international strategies.

RQ2. How does returnees' presence influence on firm performance, innovations, and absorptive capacity?

We divided our analysis into 4 clusters: the conceptual model, moderating effect of knowledge-sharing on the conceptual model, moderating effect of number of returnees and their management level on the conceptual model, and direct effect of TM practices towards returnees on firm performance, innovations, and absorptive capacity.

Model 1



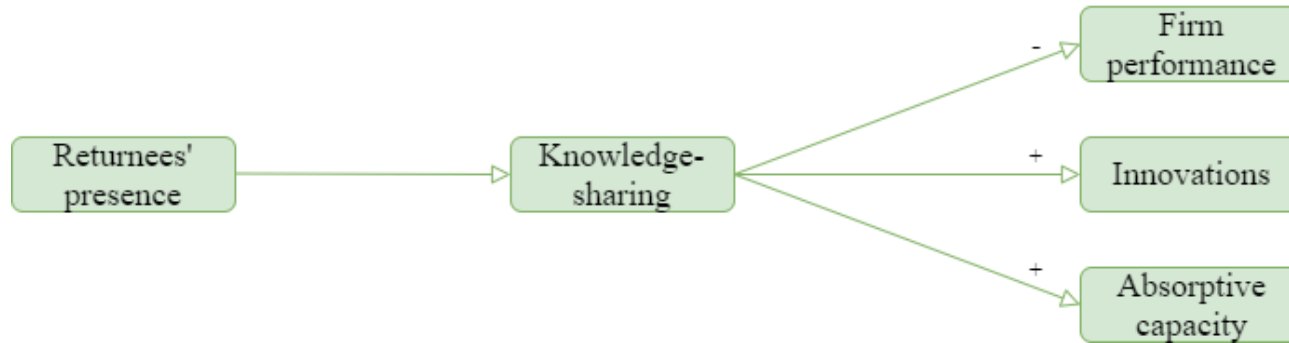
Variables	Firm performance	Innovations	Absorptive capacity
Returnees' presence	0.423** (0.211)	0.410* (0.207)	0.0536 (0.193)
Talent management	0.0916 (0.105)	0.284*** (0.103)	0.383*** (0.0965)
Age of company	-0.0751 (0.105)	-0.0204 (0.103)	-0.0932 (0.0967)
Industry	-0.0337 (0.0203)	-0.0205 (0.0199)	0.0432** (0.0186)
Type of talent management	-0.418** (0.205)	-0.380* (0.201)	-0.256 (0.188)
Constant	0.273 (0.469)	-0.0562 (0.460)	0.0651 (0.430)
Observations	80	80	80
R-squared	0.199	0.259	0.283

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Our conceptual model examined the relationship between returnees' presence and firm performance, innovation activity, and absorptive capacity. We found out that returnees' presence positively enhances firm performance and innovations but has no significant effect on absorptive capacity. Moreover, TM system shapes the link between returnees, innovativeness, and AC, but doesn't have a significant effect on returnees' impact on firm performance. It should be mentioned that R-squared is rather low in all cases because of sample limitation and narrowness of our research topic. The analysis of this model led us to a conclusion that TM practices alone can't moderate the relationship between returnees and aforementioned indicators, that's why we added a new variable into our analysis – knowledge-sharing from returnees.

Model 2

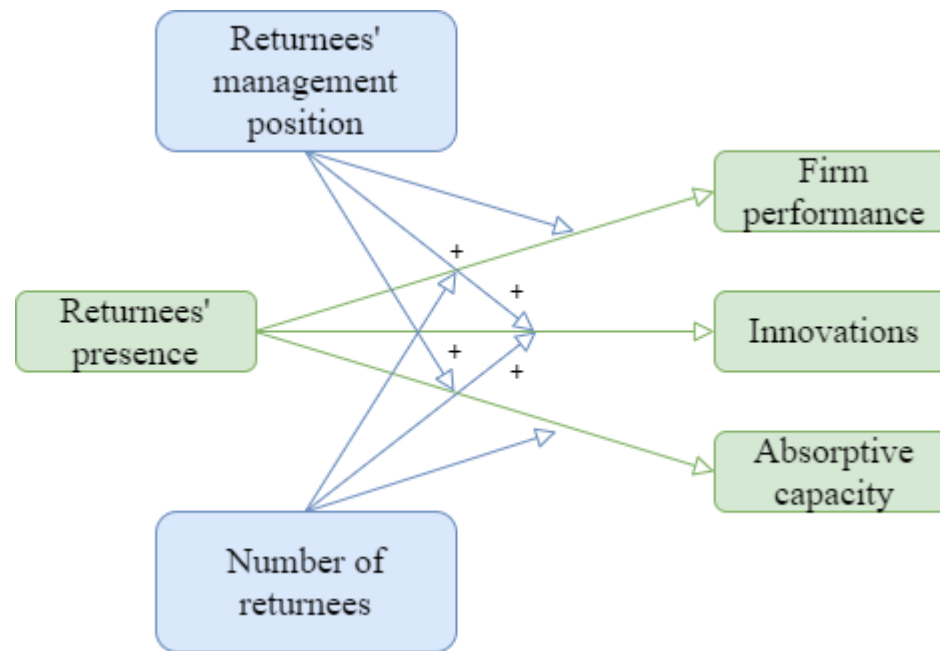


Variables	Firm performance	Innovations	Absorptive capacity
Knowledge-sharing	0.000425 (0.113)	0.124* (0.110)	0.534*** (0.106)
Returnees' presence	0.422 (0.213)	0.402* (0.207)	-0.0805 (0.199)
Age of company	-0.0750 (0.106)	-0.0153 (0.103)	0.0138 (0.0993)
Industry	-0.0337 (0.0205)	-0.0215 (0.0199)	0.0425** (0.0191)
Type of talent management	-0.418** (0.207)	-0.378* (0.201)	-0.00490 (0.193)
Constant	0.273 (0.472)	-0.0582 (0.459)	-0.311 (0.441)
Observations	80	80	80
R-squared	0.199	0.274	0.380

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

The second model proves that returnees' presence doesn't have a significant effect on firm performance, innovations, and absorptive capacity by itself. Rather, knowledge from returnees enhances these indicators (especially absorptive capacity), that makes our conceptual model more complete. It also correlates with scholars who claim that companies increase their AC via effective knowledge management (Kogut & Mello, 2017).

Model 3



Variables	Firm performance	Innovations	Absorptive capacity
Returnees' management position	-0.0774 (0.0859)	0.0146* (0.0831)	0.0233* (0.0802)
Number of returnees	0.438** (0.214)	0.539** (0.226)	0.0260 (0.218)
Knowledge-sharing	-0.00608 (0.114)	0.105 (0.111)	0.520*** (0.107)
Age of company	-0.0840 (0.107)	0.0681 (0.116)	0.0814 (0.112)
Industry	-0.0373* (0.0209)	-0.0243 (0.0203)	0.0409** (0.0196)
Number of employees		-0.200 (0.130)	-0.159 (0.126)
Constant	0.509 (0.541)	-0.160 (0.524)	-0.428 (0.506)
Observations	80	80	80
R-squared	0.209	0.301	0.397

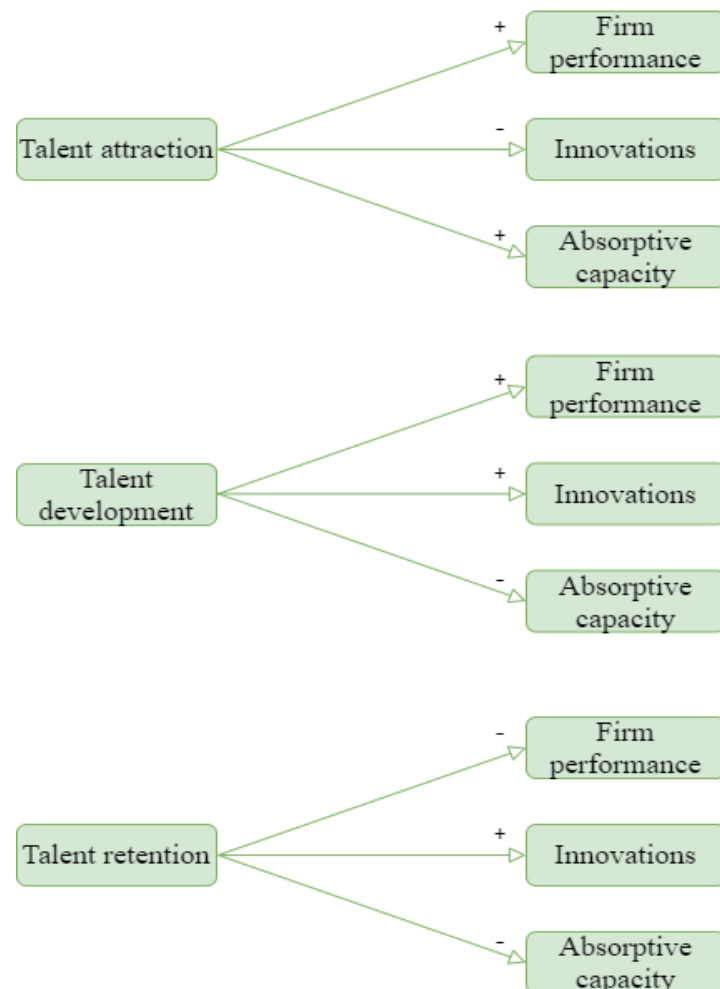
Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

In the third model we excluded talent management and added a number of returnees and their management level to see how these variables will impact on the relationship between returnees'

presence and firm performance, innovations, and absorptive capacity. We found out that the more returnees a company has, the higher their effect on its performance and innovativeness as these people bring new knowledge that is unique for a local market. It is supported by literature we analyzed before (Liu, Xia, Lu & Lin, 2019, Li, 2020). We may also claim that returnees' management position has a positive (but not significant) effect on innovations and absorptive capacity. It is also logical, because the higher position returnees have, the more access and authority in decision-making they acquire. Hence, they have more opportunities to contribute to product, process, or administration innovation. Finally, it should be mentioned that a company decreases its innovativeness and absorptive capacity by increasing a number of employees, since it becomes harder to effectively manage knowledge.

RQ3. How TM practices shape the link between returnees' presence, firms' absorptive capacity, innovation activity and performance?

Model 4



Variables	Firm performance	Innovations	Absorptive capacity
Returnees' presence	0.392* (0.231)	0.446** (0.186)	0.0354 (0.216)
Talent attraction	0.205* (0.137)	0.154 (0.116)	0.244* (0.128)
Talent development	0.220* (0.154)	0.636*** (0.127)	0.145 (0.144)
Talent retention	-0.276 (0.170)	-0.401*** (0.141)	0.0666 (0.159)
Age of company	-0.0888 (0.119)	0.0125 (0.0977)	-0.107 (0.111)
Industry	-0.0288 (0.0206)	-0.000780 (0.0183)	0.0459** (0.0192)
Type of talent management	-0.445** (0.205)	-0.485*** (0.169)	-0.264 (0.192)
Number of employees	-0.0634 (0.133)	-0.155 (0.112)	0.000145 (0.125)
Constant	0.465 (0.479)	-0.0247 (0.406)	0.124 (0.449)
Observations	80	80	80
R-squared	0.245	0.561	0.295

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Our final model addresses the RQ3 as it examines the relationship between TM practices and firm performance, innovations, and absorptive capacity. We found that talent development has the strongest effect on innovations and firm performance, while talent retention negatively impacts on these indicators. Keeping in mind the fact that surveyed companies perceive talent retention practices as the most important ones, we may claim that they should switch their focus to talent development. According to our survey, it is highly valuable by overseas returnees since these people strive to increase their expertise and broaden their knowledge. Finally, talent attraction enhances firm performance and absorptive capacity through bringing new knowledge and skills in a company.

CONCLUSION

Theoretical contribution

We determined key factors that had the strongest effect on returnees' decisions to come back to their home country: work ambitions, expected higher return to returnees' human capital and absorptive capacity in local companies, home country's pulling factors and returnees' desire to contribute to its national economy. These factors intersect with those we found in the literature (Mayr & Peri, 2008; Biondo et al., 2012; Kenney et al., 2013; Wong, 2014; Kautto, 2019).

Returnees' human capital acquired abroad, international work experience and social networks in foreign countries are their most significant competitive advantages over local employees. It proves that companies see overseas returnees as key drivers of their international expansion (Kureková & Žilinčíková, 2018; Li, 2020).

According to our returnee respondents, the most important TM practices that companies should implement to attract, develop, and retain returnees are access to training and education programs, engagement in R&D and other innovation activities, various career advancement opportunities and strong employer brand that takes care of its talented employees. From the companies' perspective, talent retention is a TM group most our respondents focus on. However, during the analysis of gathered data, we found out that this group of practices had a negative effect on firm performance and innovations, meaning that firms should switch their focus to talent development, which is highly valued by overseas returnees. It broadens existing research on this topic since scholars usually analyze the relationship between returnees and TM and don't focus on distinct TM practices.

Furthermore, returnees' presence doesn't have a significant effect on firm performance, innovations, and absorptive capacity by itself. Instead, knowledge and skills that overseas returnees share with their colleagues play a crucial role in shaping aforementioned indicators. It may be explained by a fact that overseas returnees complete difficult tasks, improve group work and acquire international experience and knowledge of foreign markets, which is essential for companies that want to expand internationally. Moreover, returnees share their ideas, while being involved into R&D and other innovation activities, hence, impacting on existing products' design or developing new products. Finally, returnees help their management to manage internal knowledge transfers more efficiently, thus, increasing absorptive capacity of companies they work for. It broadens

existing research on returnees and their effect on aforementioned indicators, especially in the Russian context.

Managerial implications

Research question	Findings	Managerial implications
RQ1. What factors determine returnees' decisions to come back?	Work ambitions, more opportunities to realize human capital acquired abroad, developed absorptive capacities of local companies, pulling factor of home country and desire to contribute to national economy development are the most important factors determining returnees' decisions to come back.	Home countries should create favorable conditions (i.e. governmental support programs) to help local companies to grow and increase their absorptive capacities. Hence, it will attract overseas returnees as they seek to realize their knowledge and expertise.
RQ2. How does returnees' presence influence on firm performance, innovations, and absorptive capacity?	Returnees' presence doesn't have a significant effect on firm performance, innovations, and absorptive capacity by itself. Rather, set of knowledge and skills that returnees share with their colleagues impacts on aforementioned indicators.	Firms should encourage overseas returnees to share their ideas and human capital with their colleagues. By doing so, returnees will improve customer service, group work and internal knowledge transfers, and also allow companies to expand internationally or to increase their share in a local market.
RQ3. How TM practices shape the link between returnees' presence, firm' absorptive capacity, innovation activity and performance?	Talent attraction and development moderates the link between returnees' presence and firm performance, innovations, and absorptive capacity, while talent retention has a negative effect on this relationship.	Companies should switch their focus from talent retention to talent development as overseas returnees highly value this group of TM practices. Furthermore, management should involve returnees in R&D and other innovation activities, since these people can share their ideas which will drive companies' overall

		<p>innovativeness. Finally, returnees should be provided with enough autonomy in decision-making because they will feel that their management trusts them, hence, remaining loyal to their current employer.</p>
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Based on conducted empirical research we developed 4 clusters of models. First, returnees' presence enhances firm performance and innovations, while talent management plays a moderating role in links between returnees, innovations, and absorptive capacity. Second, returnees impact on innovations and absorptive capacity not by just working for a company, but by sharing their knowledge and expertise with their colleagues. Third, a number of returnees has a positive effect on firm performance and innovations, while returnees' management position enhances innovations and absorptive capacity. Fourth, talent attraction for returnees impacts on firm performance and absorptive capacity, talent development practices drive innovations and absorptive capacity, while talent retention has a negative effect on innovations.

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APPENDIX

1. Questionnaire for returnees

I. General information

Respondent's profile:	Please fill in or select appropriate response
1. Name	
2. Company	
3. Your position	
4. Management level	
5. Years on current position	
6. Country of origin	
7. Age	
8. Gender: Male/Female	

II. Returnees

Returnees: Please choose certain periods of time regarding following statements.		Period of time						
1	How long have you been working in your home country (in total)?	<1 yr. 1-2 yrs. 3-5 yrs. 6-10 yrs. >10 yrs.						
2	How long have you been studying/working in a foreign country?	<2 months 2-6 months 6-12 months >1 yr.						
3	How much time did it take to adapt to your home country after staying abroad for an extended period of time?	<2 months 2-6 months 6-12 months >1 yr.						
Factors affecting returnees' willingness to return to the home country: Please rate the importance of the following factors affecting your decision to return to your home country.		1 = Not important			7 = Most important			
1	Home country's attractiveness (availability of new technologies, easier access to funds of research, more developed infrastructure).	1	2	3	4	5	6	7
2	My home country's actions and policies towards attraction of emigrated citizens.	1	2	3	4	5	6	7
3	Increased political and economic stability in home country.	1	2	3	4	5	6	7
4	Entrepreneurial opportunities in my home country.	1	2	3	4	5	6	7
5	Organizations in my home country offer higher return to skills acquired in the host country (including wage differentials).	1	2	3	4	5	6	7
6	More developed absorptive capacities in companies located in my home country.	1	2	3	4	5	6	7
7	Work ambitions (more career opportunities for me or for my partner, recognition for time spent studying/working abroad).	1	2	3	4	5	6	7
8	Desire to contribute to a home country's economic development.	1	2	3	4	5	6	7
9	Strong attachment to my home country (understanding that staying abroad was	1	2	3	4	5	6	7

	temporary, emotional attachment to the home country).	
10	Ease of social integration in my home country.	1 2 3 4 5 6 7
11	Family-related reasons.	1 2 3 4 5 6 7
12	Job dissatisfaction in a host country.	1 2 3 4 5 6 7
13	I couldn't find employment abroad respective to my qualifications and deserved wage due to migrant status.	1 2 3 4 5 6 7
14	Inability to realize my knowledge and skills in a foreign country.	1 2 3 4 5 6 7
15	Low quality of life in a foreign country (insufficient economic development or government support).	1 2 3 4 5 6 7
16	Issues occurred while living abroad (problems with visa, failure to be employed abroad).	1 2 3 4 5 6 7
17	Feeling of exclusion, prejudice, and social discrimination when living in a host country.	1 2 3 4 5 6 7
18	Cultural differences between the foreign country and my home country that were difficult to accept.	1 2 3 4 5 6 7
Effect of international experience: Please rate your agreement with each of the following statements.		1 = Strongly disagree 7 = Strongly agree
1	While staying abroad, you acquired unique knowledge/skills that became your competitive advantage when you came back to your home country.	1 2 3 4 5 6 7
2	Those skills/abilities acquired abroad are not available in your home country.	1 2 3 4 5 6 7
3	Your international experience had a positive effect on getting your current job.	1 2 3 4 5 6 7
4	Your international experience was among the key reasons you were promoted to the higher position within the company you work for.	1 2 3 4 5 6 7
Reasons why your employer hired you: Please rate which capabilities/skills had the most influence on your current employer.		1 = Not important 7 = Most important
1	Experience of living abroad for an extended period of time	1 2 3 4 5 6 7
2	Certain educational/working experience in a foreign country	1 2 3 4 5 6 7
3	Set of unique skills acquired while staying abroad	1 2 3 4 5 6 7
4	Knowledge of foreign languages	1 2 3 4 5 6 7
5	Knowledge of foreign culture	1 2 3 4 5 6 7
6	Ability to solve cross-cultural problems	1 2 3 4 5 6 7
7	Ethnicity	1 2 3 4 5 6 7
8	Level of qualification (education, previous	1 2 3 4 5 6 7

	professional experience, etc.)	
9	Lower financial cost for my current employer (other candidates required higher wage)	1 2 3 4 5 6 7
10	No other candidates applied for this position	1 2 3 4 5 6 7
Challenges: Please rate the most challenging problems you faced while working on a current position after you had returned to the home country.		1 = Not difficult 7 = Most difficult
1	Poor technological development	1 2 3 4 5 6 7
2	Difference between the cultures of foreign and home countries	1 2 3 4 5 6 7
3	Lack of support from the company's top management	1 2 3 4 5 6 7
4	Inadequate amount of remuneration for your expertise (incl. wages, social packages, etc.)	1 2 3 4 5 6 7
5	Insufficient level of responsibility on current position	1 2 3 4 5 6 7
6	Lack of opportunities to realize your potential or to learn new skills	1 2 3 4 5 6 7
7	Toxic working environment	1 2 3 4 5 6 7
8	Strict governmental regulations	1 2 3 4 5 6 7

III. Talent management practices for returnees

Attraction: Please rate the importance of following practices affecting your decision to be employed by a home country firm.		1 = Not important	7 = Most important
1	Returnees attraction is of high priority to the company.	1 2 3 4 5 6 7	
2	There is a lack of returnee employees within our organization.	1 2 3 4 5 6 7	
3	We have difficulties attracting returnees.	1 2 3 4 5 6 7	
4	We can predict both short and long term requirements of returnee employees.	1 2 3 4 5 6 7	
5	Our company has a strong employer brand.	1 2 3 4 5 6 7	
6	Salary of returnees is competitive compared with the locals.	1 2 3 4 5 6 7	
7	Returnees are given unique and more interesting tasks to complete.	1 2 3 4 5 6 7	
8	Hiring is not based on objectivity.	1 2 3 4 5 6 7	
9	Our company offers interesting job with possibilities to complete challenging assignments.	1 2 3 4 5 6 7	
Development: Please rate the importance of following practices affecting your decision to be employed by a home country firm.		1 = Not important	7 = Most important
1	Returnees development is very important to the company.	1 2 3 4 5 6 7	

2	Management takes care of returnee employees, perceiving them as a firm's competitive advantage.	1	2	3	4	5	6	7
3	Returnees are provided with a wide support by mentors.	1	2	3	4	5	6	7
4	Our company provides returnees with access to unique learning and development programs.	1	2	3	4	5	6	7
5	Our organization does not provide enough financial assistance to returnee employees to upgrade their skills.	1	2	3	4	5	6	7
6	Our company has a distinct mentoring system for fresh-hired returnees.	1	2	3	4	5	6	7
7	There are various career advancement opportunities within our company.	1	2	3	4	5	6	7
8	Our organization actively engages returnees in R&D and other innovation activities.	1	2	3	4	5	6	7
Retention: Please rate the importance of following practices affecting your decision to be employed by a home country firm.		1 = Not important			7 = Most important			
1	Returnees retention is of high priority to the company.	1	2	3	4	5	6	7
2	Our company is successful at retaining returnees.	1	2	3	4	5	6	7
3	Our returnee employees are encouraged to share their ideas.	1	2	3	4	5	6	7
4	Our returnee employees are not fully engaged in the working process.	1	2	3	4	5	6	7
5	Our returnees are given enough autonomy for decision-making.	1	2	3	4	5	6	7
6	Remuneration of returnees differs from that of local employees.	1	2	3	4	5	6	7
7	Returnee employees are recognized and appraised more frequent than locals.	1	2	3	4	5	6	7
8	Our organization has difficulties creating a secure and safe workplace.	1	2	3	4	5	6	7

2. Questionnaire for HR managers/employees

I. General information

Respondent's profile:	Please fill in or select appropriate response
9. Your position	
10. Management level	
11. Years on current position	
12. Country of origin	
13. Age	
14. Gender: Male/Female	

Company's profile:	Please fill in or select appropriate response
15. Name	

16.Industry	
17.Headquarters location (country)	
18.Number of employees	
19.Number of returnees	
20.Age (year of foundation)	
21.Geographic scope of operations (Global/regional/domestic)	

II. Talent management for returnees

General TM: Please rate your agreement with each of the following statements		1= Strongly disagree							7= Strongly agree
1	Our management understands the need in managing returnees as their international experience may drive firm performance and innovation activity.	1	2	3	4	5	6	7	
2	Our company has a clean strategy of managing returnees.	1	2	3	4	5	6	7	
Necessity of returnee management (factors): To what degree do the following factors drive the need to manage returnees in your company today		1=Small degree			7= High degree				
1	Returnees' international experience	1	2	3	4	5	6	7	
2	Strong industry competition	1	2	3	4	5	6	7	
3	Cross-cultural conflicts within an organization	1	2	3	4	5	6	7	
4	Current economic climate	1	2	3	4	5	6	7	
5	Need to drive firm performance	1	2	3	4	5	6	7	
6	Need for innovations	1	2	3	4	5	6	7	
7	Customer service improvement	1	2	3	4	5	6	7	
8	Need to execute strategies	1	2	3	4	5	6	7	
9	Cost of human capital	1	2	3	4	5	6	7	
10	New technologies	1	2	3	4	5	6	7	
11	Increase of staff's qualification	1	2	3	4	5	6	7	
12	Group work practices improvement	1	2	3	4	5	6	7	
13	Crisis within a company	1	2	3	4	5	6	7	
14	Knowledge of foreign markets	1	2	3	4	5	6	7	
15	Knowledge of foreign cultures	1	2	3	4	5	6	7	

Talent management practices for returnees									
TM Attraction: Please rate your agreement with each of the following statements.		1=Strongly disagree							7= Strongly agree
1	Returnees attraction is of high priority to the company.	1	2	3	4	5	6	7	
2	There is a lack of returnee employees within our organization.	1	2	3	4	5	6	7	
3	We have difficulties attracting returnees.	1	2	3	4	5	6	7	
4	We can predict both short and long term requirements of returnee employees.	1	2	3	4	5	6	7	
5	Our company has a strong employer brand.	1	2	3	4	5	6	7	

6	Salary of returnees is competitive compared with the locals.	1	2	3	4	5	6	7
7	Returnees are given unique and more interesting tasks to complete.	1	2	3	4	5	6	7
8	Hiring is not based on objectivity.	1	2	3	4	5	6	7
9	Our company offers interesting job with possibilities to complete challenging assignments.	1	2	3	4	5	6	7
TM_Development: Please rate your agreement with each of the following statements.		1=Strongly disagree			7= Strongly agree			
1	Returnees development is very important to the company.	1	2	3	4	5	6	7
2	Management takes care of returnee employees, perceiving them as a firm's competitive advantage.	1	2	3	4	5	6	7
3	Returnees are provided with a wide support by mentors.	1	2	3	4	5	6	7
4	Our company provides returnees with access to unique learning and development programs.	1	2	3	4	5	6	7
5	Our organization does not provide enough financial assistance to returnee employees to upgrade their skills.	1	2	3	4	5	6	7
6	Our company has a distinct mentoring system for fresh-hired returnees.	1	2	3	4	5	6	7
7	There are various career advancement opportunities within our company.	1	2	3	4	5	6	7
8	Our organization actively engages returnees in R&D and other innovation activities.	1	2	3	4	5	6	7
TM_Retention: Please rate your agreement with each of the following statements.		1=Strongly disagree			7= Strongly agree			
1	Returnees retention is of high priority to the company.	1	2	3	4	5	6	7
2	Our company is successful at retaining returnees.	1	2	3	4	5	6	7
3	Our returnee employees are encouraged to share their ideas.	1	2	3	4	5	6	7
4	Our returnee employees are not fully engaged in the working process.	1	2	3	4	5	6	7
5	Our returnees are given enough autonomy for decision-making.	1	2	3	4	5	6	7
6	Remuneration of returnees differs from that of local employees.	1	2	3	4	5	6	7
7	Returnee employees are recognized and appraised more frequent than locals.	1	2	3	4	5	6	7
8	Our organization has difficulties creating a secure and safe workplace.	1	2	3	4	5	6	7

III. Firm performance, innovations and absorptive capacity

Absorptive capacity		
	AC: Please specify to what extent you agree with the statements about the use of external resources to obtain information (e.g., personal networks, consultants, seminars, internet, database, professional journals, academic publications, market research, regulations, and laws concerning environment/ technique/ health/security) by your company.	1=Strongly disagree 7= Strongly agree
1	The search for relevant information concerning our industry is every-day business in our company.	1 2 3 4 5 6 7
2	Our management motivates the employees to use information sources within our industry.	1 2 3 4 5 6 7
3	Our management expects that the employees deal with information beyond our industry.	1 2 3 4 5 6 7
4	In our company ideas and concepts are communicated cross-departmental.	1 2 3 4 5 6 7
5	Our management emphasizes cross-departmental support to solve problems.	1 2 3 4 5 6 7
6	In our company there is a quick information flow, e.g., if a business unit obtains important information it communicates this information promptly to all other business units or departments.	1 2 3 4 5 6 7
7	Our management demands periodical cross-departmental meetings to interchange new developments, problems, and achievements.	1 2 3 4 5 6 7
8	Our employees have the ability to structure and to use collected knowledge.	1 2 3 4 5 6 7
9	Our employees are used to absorb new knowledge as well as to prepare it for further purposes and to make it available.	1 2 3 4 5 6 7
10	Our employees successfully link existing knowledge with new insights.	1 2 3 4 5 6 7
11	Our employees are able to apply new knowledge in their practical work.	1 2 3 4 5 6 7
12	Our management supports the development of prototypes.	1 2 3 4 5 6 7
13	Our company regularly reconsiders technologies and adapts them accordant to new knowledge.	1 2 3 4 5 6 7
14	Our company has the ability to work more effective by adopting new technologies.	1 2 3 4 5 6 7

Returns and innovations			
Involvement returnees: Please rate your agreement with each of the following statements.		1=Strongly disagree	7= Strongly agree
1	Utilization of the external knowledge (market conditions, customers, competitors, etc.) from returnees is evaluated in our company.	1	2 3 4 5 6 7
2	Functionality of internal processes, where returnees are involved, is evaluated by our company.	1	2 3 4 5 6 7
3	Action plans for returnees are developed by our company.	1	2 3 4 5 6 7
4	Leadership practices, focusing-on-returnees, are under constant development and improvement.	1	2 3 4 5 6 7
5	Employees are encouraged to share their ideas with returnees that might be helpful for achieving the company's objectives.	1	2 3 4 5 6 7
6	Employees' (incl. returnees') work wellbeing is evaluated in our company.	1	2 3 4 5 6 7
7	Employees' (incl. returnees') expertise is measured on a constant basis.	1	2 3 4 5 6 7
Knowledge sharing returnees: Please rate your agreement with each of the following statements.		1=Strongly disagree	7= Strongly agree
1	Our returnees readily pass along information that may be helpful to the work of the group.	1	2 3 4 5 6 7
2	Our returnees keep others in the work group informed of emerging developments that may increase their work effectiveness.	1	2 3 4 5 6 7
3	Our returnees actively seek helpful information to share with the group.	1	2 3 4 5 6 7
4	Our returnees share information that he/she has when it can be beneficial to others in the work group.	1	2 3 4 5 6 7
5	Our returnees readily share their expertise to help resolve work group problems.	1	2 3 4 5 6 7
6	Our returnees willingly aid others in the group whose work efforts could benefit from their expertise.	1	2 3 4 5 6 7
7	Our returnees offer innovative ideas in their area of expertise that can benefit the group work.	1	2 3 4 5 6 7
8	Our returnees frequently share their expertise by making helpful suggestions that benefit the work group.	1	2 3 4 5 6 7
Innovation Capability: Please rate your agreement with each of the following statements.		1=Strongly disagree	7= Strongly agree
1	Our firm has a corporate culture and a management that support and encourage innovation.	1	2 3 4 5 6 7
2	At our firm, knowledge from returnees is used to optimize product development activities.	1	2 3 4 5 6 7
3	Our firm is able to reflect changes at market	1	2 3 4 5 6 7

	conditions (such as changes from customer wants, competitors' products, etc.) to own products and processes as soon as possible.	
4	Returnees are encouraged to participate in activities such as product development, innovation process improvement and new ideas production.	1 2 3 4 5 6 7
5	Our firm may easily adapt to the changing business environment since it makes improvements at its products according to the market demand.	1 2 3 4 5 6 7

Firm_Performance			
Performance: Please rate your firm performance relative to your primary industry's average.		1=Well below industry average	7= Well above industry average
1	Market share growth over the past three years	1 2 3 4 5 6 7	
2	Sales growth over the past three years	1 2 3 4 5 6 7	
3	Average return on investment over the past three years	1 2 3 4 5 6 7	
4	Average profit over the past three years	1 2 3 4 5 6 7	
5	Average profit growth over the past three years	1 2 3 4 5 6 7	

Innovation_Activity			
Product innovation: Please rate the following indicators regarding your company relative to your primary industry's average.		1=Well below industry average	7=Well above industry average
1	Number of new products/services introduced.	1 2 3 4 5 6 7	
2	Pioneer disposition to introduce new products/services.	1 2 3 4 5 6 7	
3	R&D expenditure in new products/services.	1 2 3 4 5 6 7	
Process innovation: Please rate the following indicators regarding your company relative to your primary industry's average.		1=Well below industry average	7=Well above industry average
1	Number of changes in the process introduced.	1 2 3 4 5 6 7	
2	Pioneer disposition to introduce new process.	1 2 3 4 5 6 7	
3	Efforts on innovation in terms of hours/person, teams and training involved in innovation.	1 2 3 4 5 6 7	
Administrative innovation: Please rate the following indicators regarding your company relative to your primary industry's average.		1=Well below industry average	7=Well above industry average
1	Novelty of the management systems.	1 2 3 4 5 6 7	
2	Search of new management systems by directives.	1 2 3 4 5 6 7	

3	Pioneer disposition to introduce new management systems.	1 2 3 4 5 6 7
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