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AALBORG UNIVERSITY
DENMARK

MSc International Business Economics

Master's thesis

Chief Executive Officer and cross-border takeovers: How the CEO's characteristics have an impact on the choice of purchasing a foreign company

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ABSTRACT

Drawing on the Upper echelons theory, on main international business models as well as on the relation between corporate governance and strategies, this thesis tries to explore if Chief Executive Officer's demographic traits, skills and knowledge are good predictors of a company's strategy implying a cross-border acquisition. Main executives are key figures within the governance of a company, and they are in charge of taking strategic decisions, among which choosing whether entering a foreign market or not. Therefore, understanding their cognitive frame and how they take decisions can be an advantage for board members, who are in charge of nominating the main executive. The best manager in terms of background, knowledge, experience and demographic traits can be outlined and elected.

This research uses an empirical study based on 3174 observations collected on a sample of the 52 Italian companies listed on the main stock exchange' s index between 2012 and 2016. Findings suggest that the international experience of the CEO, the level of education reached and the compensation earned by the main executive are positively correlated with a possible announcement of an international takeovers. moreover, younger CEOs are more active on international market and favour firms' purchases abroad, together with short-tenured executives. Unfortunately, no results are found concerning the influence of duality and gender.

The research broadens the international business literature by providing interesting insights about which characteristics the CEO should have if companies are willing to start an internationalization process through different takeovers. Board members are aware of traits and features that may improve the capacity of acquiring new businesses in foreign countries, even if the influence of some features is yet to be discovered and, therefore, possible subject of future research.

Keywords: CEO characteristics, Takeover, Acquisition, Market entry mode, Upper echelons, Corporate governance, Strategic decision

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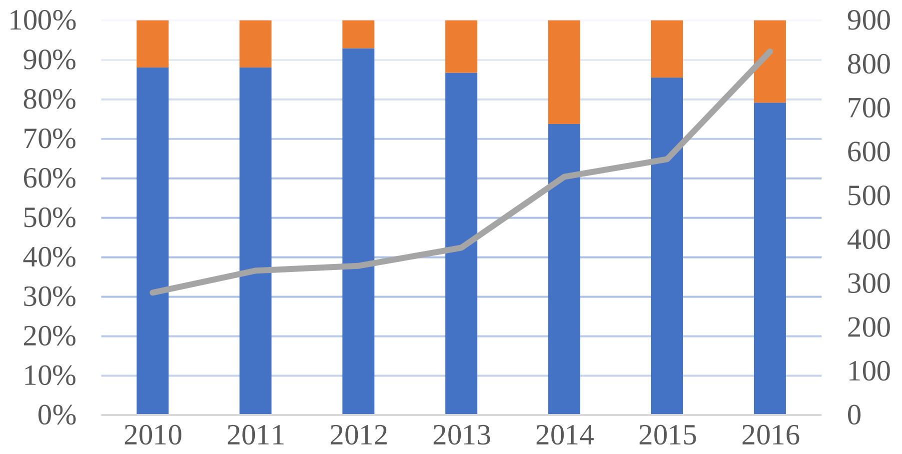
INTRODUCTION

The internationalization process of companies is one of the main topics in the business literature. First academic papers and articles date back to the 50's and, as time went by, the amount of theoretical studies and empirical analyses has incredibly increased. Many economic, political and cultural obstacles have been overpassed thanks to the liberalization of the main markets and the globalization process promoted by governments all around the world, with a consequent stimulation of investments also in foreign countries.

Mergers and acquisitions are two of the most popular investments made by companies abroad, as they are considered good strategic actions in order to diversify geographically the business areas, enter new markets, eliminate foreign competitors and benefit from synergies. These strategies are the most expensive in terms of capital invested and consequently present a high risk. Therefore, a failure can drastically compromise the acquirer's financial resources and make the company's shareholders lose wealth. Acquisition of a foreign company provides acquirer with a solid presence abroad, compared to other entry modes which require less financial resources and commitment, for instance joint ventures, export plans, licensing agreements and alliances.

Cordeiro (2014) reports that mergers and acquisitions have occurred in a cyclical way along the 20th century, giving rise to different waves that have taken place since the 1890 until the first decade of the third millennium. After the financial crash begun in 2007 in the USA, global M&A transactions declined in terms of number of deals and total values, reaching the minimum number of acquisitions completed in 2008 and the minimum total value the next year. Effects of the crisis have been present until 2012, when M&A activities started rising again, reaching an overall transactions' value of 3.03 trillion € in 2016. The M&A trend in the Italian market followed the global one, with a drop due to the economic recession, and the number of operations, as well as the total value, increasing again from 2012. Concerning cross-border deals, the minimum overall amount invested for outward transactions was registered in 2012. A rise of the trend has been reported during the following years, with the value settling at 12.1 billion in 2016, after the 13.1 billion-peak in 2014, as witnessed in Figure 1 (KPMG Corporate Finance, 2016).



	2010	2011	2012	2013	2014	2015	2016
Value of outward transactions (in billion €)	2,4	3,33	1,85	4,12	13,1	8,15	12,1
Value of other transactions (in billion €)	17,6	24,67	24,15	26,88	36,9	47,86	45,9
Number of total transactions	279	329	340	381	543	583	829

Figure 1: *Italian M&A market (source: KPMG Corporate Finance)*

An important support in this "renaissance" of international outward M&As after 2012 also comes from Cassa Depositi e Prestiti Spa, a large investment bank mainly owned by the Italian Ministry of Economic and Finance. This financial institution took part in some transactions as a minor investor, helping the internationalization process of many domestic companies (Cassa Depositi e Prestiti, 2019) (KPMG Corporate Finance, 2016).

Generally, scholars use the term Corporate Governance to point out the system designing and controlling strategies and operations. One of the key figures of a firm's governance is the Chief Executive Officer. Under a strategic point of view, people in this position take responsibilities for plans and actions implying a high resource commitment, such as international takeovers (Kontes, 2010). Consequently, in order to obtain an overview about why organizations act in a certain way and implement determined types of strategy, an analysis of the experience, values and traits of the main actors affecting the strategic decisions should be carried out (Hambrick & Mason, 1984). As cited by Hambrick (2007, p. 1) *"If we want to understand why organizations do the things they do, or why they perform the way they do, we must consider the biases and dispositions of their most powerful actor"*. This is the core concept of the *Upper echelons theory*: behind every action undertaken by a company, there are human beings behaving with specific cognitive frames that can be outlined through the study of their backgrounds, compensations, tenures and demographic characteristics. Therefore, the aim of the dissertation is to outline the governance characteristics of the Italian companies listed on the main index of the Italian stock exchange in order to provide evidence of this correlation between main executives' features and propensity toward cross-border takeovers, with a special focus on the Chief Executive Officer.

In order to do so, the paper is divided into five main chapters, each one logically connected with the one preceding and the one following.

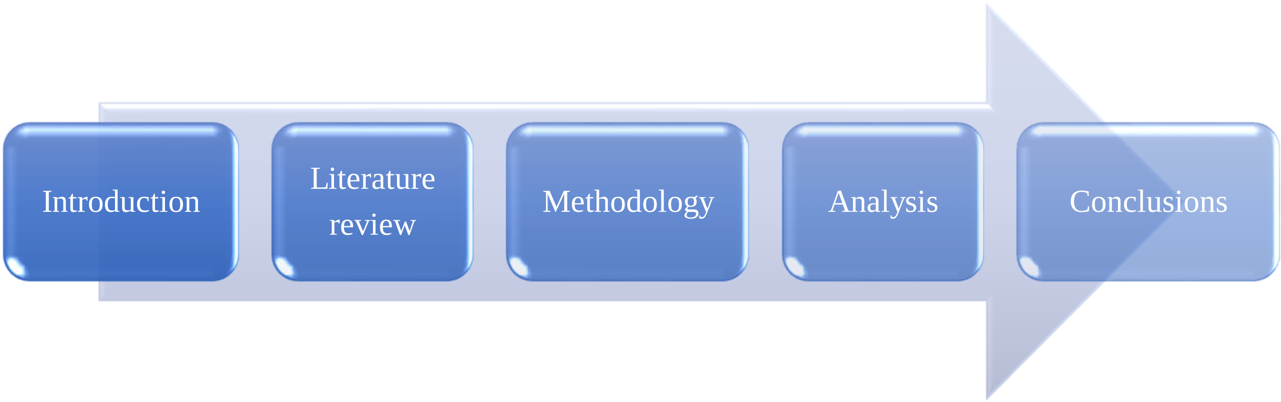


Figure 2: *Outline of the project*

After a brief introduction, the main research question is proposed, giving the first direction for the research. In order to obtain an overview of the theoretical background which sustains the entire thesis, a review of the main international business articles is needed. Within chapter 2, three main topics are considered: the relation between corporate governance and firm strategy, the internationalization process with its drivers and the Chief Executive Officer's main characteristics. By following Hahn Fox & Jennings (2014), in an empirical study Methodology chapter should come after the theoretical one, since the theoretical background and the empirical research coming from the literature review form "*the framework or legs upon which your methodology, results, and discussion section/implications rest upon*". The first methodological part concerns philosophical assumptions present at the basis of the investigation, followed by the explanation of how the literature review is conducted and how data are collected from the sample. This chapter provides the right indication to replicate the study and reach the same final results. Chapter 4 then deals with the descriptive analysis of the various observations. For every CEO's trait of the seven taken into account, a general overview is firstly presented and then observations are combined with those related to takeover deals. The executive's characteristics analysed are age, gender, international experience, educational level, tenure, duality and compensation. The following section includes the main conclusions the thesis reaches, which come along with the limitations and problems the researcher bump into during the investigation. Lastly, some starting point for possible future investigation are presented.

Taken into account these introductory factors, an examination of what there is behind these particular cross-border transactions is conducted through an empirical research, especially with regard to the inputs that lead Italian CEOs to take over companies' equity in a foreign country. Hence, the following research question is developed:

How do Italian Chief Executive Officer's personal traits influence the cross-border acquisition processes?

Literature review chapter provides the reader with a better and deeper understanding of the main features attributable to main executives. Therefore, more specific hypotheses associated with these traits are provided. These are later analysed and verified to clearly understand how the international acquisition deals are affected by CEOs' characteristics.

LITERATURE REVIEW

2.1. CORPORATE GOVERNANCE AND FIRM STRATEGY

An introduction concerning the corporate governance of companies is needed in order to set the basis of the research. Moreover, the linkage with firm strategies is highlighted, with special regard to internationalization.

First of all, it is of great importance to define what corporate governance is. The most neutral definition is the one provided by the Organization for Economic Cooperation and Development: *"Corporate governance is the system by which business corporations are directed and controlled"* and it *"…involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined"* (OECD, 2015).

Studies regarding various forms of governance have been spreading since the 90's. A small part of the literature refers to different models, where the influence of public and financial institutions, as well as the role played by the market, shape functions and tasks of CEO and firms' executives. There is a plurality of configurations of governance, but the literature mainly identifies the Anglo-Saxon model and the German (also called Rhenian) model, the former is based on a liberal market economy, while the latter is built upon a coordinated market economy (Crouch, 2005).

Majocchi & Strange (2012) point out the main differences between countries adopting the Anglo-Saxon model, where the shareholder base is usually large and includes public and private institutions, and countries where the German model is predominant, where financial institutions own the majority of different companies. On the one hand, in the Anglo-Saxon governance form the equity is really fragmented and shareholders with strong voting rights are therefore not common. Vitols (2001) underlines how corporate CEO's interests are aligned with shareholders' and this results in the profitability and increase of stock price, reason why the management of the enterprise is characterized by a CEO-dominated system.

On the other hand, when considering the German model, the concentration of shares is higher, resulting in a lower number of stockowners. Where legislation allows financial institutions to hold stocks, many shareholders are banks and insurance companies, as well as investment funds. Moreover, firms rely more on self-financing procedures to fund their own corporate operations, instead of being subsidized by the stock market (Majocchi & Strange, 2012). Within the German model, a double-tier board system is identified as composed of a supervisory organ along with one in charge of the day-to-day management of the firm, where the power of the single components are equalized and not concentrated on a single person like in the Anglo-Saxon model (Vitols, 2001).

According to the definition, and even as confirmed by academics such as Datta et al., (2009), corporate governance affects directly firms' strategies, by approving the goals the company has to reach and how to achieve these. In this process of decision-making, Menz (2012) and Lo & Fu (2016) consider also another party which is the top management team, here defined as the group of senior executives specialized in one of the core areas of the organization, and that is strictly influenced by the CEO when developing strategies for companies.

A very important type of action plan that corporations have been implementing more and more during the last decades is the internationalization strategy, with a special regard to cross-border takeovers, due to globalization and the consequent liberalization of markets, characterized by physical knocking down of tolls, like in Europe, and the stipulation of trade agreements among different countries and trade areas all around the world. Moreover, technological development, together with new regulations and policies, led to a M&A wave never registered before (Kiymaz, 2004). Bureau Van Dijk (2019) owns one of the largest databases regarding M&A, drafting reports with regard to the main countries and trade areas on earth. These data sets confirm M&A phenomenon has been increasing consistently, both in terms of number of deals and in terms of total value. In 2018 the total value of transactions completed was more than 5300 billion of USD, spread over almost 100.000

deals all around the globe. There was a consistent increase of this type of transactions, which were very popular before the financial crash in 2008. Since then, there's been one large M&A wave starting in 2013 and reaching its peak in 2015, a 3-year period where transactions tripled their value (Bureau Van Dijk, 2019). These statistics are suggestive indicators of how much these transactions are becoming more frequent and influencing in business and economics world, especially nowadays when the globalization is wide spread.

2.2. INTERNATIONALIZATION AND TAKEOVERS

Internationalization is an important key for the growth of companies, especially for those operating in limited markets. Many theories have been developed along the past decades aiming at creating fundamentals for internationalization strategies and helping firms in pondering the selection of either expanding into new markets or adopting a wait-and-see strategy (Clarke & Liesch, 2017). Many scholars, such as Pukall & Calabrò (2014) and Konig (2003), put a lot of effort into revisiting the models regularly, in order to include new aspects and make these theories more suitable to the nowadays fast-changing reality where companies operate.

2.2.1. Theories

One of the cornerstones is the *Uppsala model* firstly developed by Johanson & Vahlne (1977), which focuses on the risk management when going abroad and it claims that companies should relocate their operations abroad gradually, by following different steps. Companies should simply export from the home country as it implies low risk and low investment, then move through the establishment of alliances and joint ventures, before finally reaching equity entry modes, riskier and more expensive since characterised by Foreign Direct Investment initiatives, such as acquisitions and greenfield investments.

This important model has been enriched more and more over the last few decades. The main differentiation can be found in the various objects of research considered, as Pukall & Calabrò (2014) and Santangelo & Meyer (2014) implement the theory to family-owned firms and companies from emerging markets. Other scholars model a more modern theory by adding technology improvements which have been developing as fast as never before. For instance, Coviello et al. (2017) consider digitization firms have to deal with if they are willing to move their operations abroad, regardless of the internationalization level. Moreover, an augmented version of the Uppsala model poses itself as an alternative to other pillars of international business research, such as the Eclectic paradigm. As a matter of fact, original authors, Johanson & Vahlne (2017), improve the forty years old theory by reconsidering the change variables, recognized as crucial elements of the analysis.

An empirical study by Olejnik and Swoboda (2012) supports the theory and finds evidence for the internationalization path of SMEs, along with findings from Chen et al. (2019) regarding revisited Uppsala model tested on more modern firms like the ibusiness ones. Almodovar and Rugman (2015) also report the insidership-outsidership level data and conclusions in order to enrich the Uppsala model with other internationalization theories, such as Resource-based view.

Another pillar of internationalization is the *Eclectic paradigm*, also named OLI framework, through which Dunning (1977) points out the advantages MNEs usually leverage on, identified in ownership, location and internalization. When going abroad, firms benefit from possessing specific know-how and capabilities difficult to imitate by competitors, from geographical location, from obtaining internalization profits by minimizing costs within imperfect economies (Buckley & Tian, 2017). While Dunning & Lundan (2008) simply improve the model by adding the influence of country and firm specific institutions, others try to give a more practical explanation of this framework, coming up with econometric formulas for calculating the maximum levels of these three factors, especially the location and ownership ones (Konig, 2003) (Buckley & Hashai, 2009).

Konig (2003) also tested his advanced framework with an empirical experiment. Lundan & Hagedoorn (2001) study the impact of the model over different entry modes and sectors, as Kaur et al. (2016) and Mat Isa et al. (2017) do in emerging markets like India and Malaysia.

A mention of the *Internalization theory* is worthy when studying internationalization theories. Researchers posit that this theory gives rise to the concept of international firms like MNEs. In case of market imperfections, companies can overcome them by creating an internal market within the organization. Buckley & Tian (2017) also underline another important aspect of this model since it gives the explanation for the origin of multinational enterprises. Indeed, by internalizing across national borders, MNEs can be generated.

Matysiak and Bausch (2012) obtain findings in line with the internalization theory, as multinational enterprises benefit from FSAs and CSAs for improving performance. This theory gives also meaning to the formation of international new ventures and joint ventures, as highlighted respectively by Verbeke et al. (2014) and Beamish & Banks (1987).

A stream of research identifies the cross-border takeovers as a mean of acquisitions of knowledge and capabilities which are embedded in the activities of the target firms. Indeed, according to Penrose (1959) and her *Resource-based view theory*, organizations are seen as a bundle of different resources. If those are rare, valuable and inimitable, they may be posed at the base of a sustained competitive advantage. Consistent with this theory, the board of a company is seen as a source of intangible assets that allows the firm to gain a unique advantage over competitors, for instance executives' know-how and experience.

This theoretical model is a basic pillar for internationalization processes of different firms, with the possibility for the theory to get empirically applied to different entry modes, such as exporting, franchising and M&As (Torrens et al., 2014) (Ghantous & Das, 2018) (Chalencon et al., 2017).

According to international business scholarship, moving the operation abroad is risky and the bidder has to deal with the *liability of foreignness*, the entire set of problems deriving from the unfamiliarity with foreign economies. These issues rise mainly due to historical and cultural discrepancies between the home country and the host one. The cultural diversification is nowadays considered the factor negatively affecting the most the success of internationalization strategies (Wall

Street Journal, 2013). The internationalizing firm has to adapt to the local national habits and values. Acquiring a company or establishing a joint venture with another organization is even more complicated. Gesteland (2012) and Duncan & Mtar (2006) identify a double cultural layer to overcome, represented not only by the national culture, but even by the organizational culture, defined as the set of assumptions about how to conduct the business and the management practices. Despite its intangible essence, different scholars analyse the cultural features and come up with various indicators that can be measured, for instance Power distance and Uncertainty avoidance, in order to find out whether the two countries where the firms operate are aligned in terms of culture (Hofstede, 2011) (Panda, 2013). Concerning the corporate culture, if the company is willing to reach the post transaction synergies, a target with a good strategic fit is more likely to lead towards a successful deal. The strategic fit is defined as the *"Extent to which diversification into another field harmonizes with plans for growth in terms of costs and product mix"* (Kurian, 2013, p. 260).

To sum up, operating abroad may turn out to be hard and complex, therefore an excellent preparation of the management in charge of implementing these strategic choices is essential to reach the synergies after the deal and bring wealth to shareholders.

Empirical studies highlight the difficulties for firms when entering a foreign market geographically and culturally far from the home one. Acheampong & Dana (2017) report not only how companies with foreign ownership run into issues deriving from LOF, but even if enterprises increase expenditure the situation still remains the same. Problems arising from liability of foreignness arise also from listed companies, which incur in additional costs when seeking resources on foreign capital markets. However, Bell et al. (2012) conclude there are also few advantages the foreign company can benefit from, such as an easier geographically diversification for investors due to the presence of these foreign listed firms and possible COO positive effects, even as found out by Nachum (2003). Matsuo (2000) reports how the presence of expatriates can diminish the LOF and help the coordination of members and the transfer of managerial practices, increasing the organization culture cohesion

Theoretical framework	*Year of origin*	*Key ideas*
Uppsala model	*1977*	*Gradual internationalization strategy, starting from low risky investments and reaching FDIs*
Eclectic paradigm	*1979*	*Internationalizing firms should benefit from ownership advantages, location advantages and internalization advantages*
Internalization theory	*1976*	*Internalize operations across national boundaries*
Resource-based view	*1959*	*Firm seen as bundle of resources that can give a competitive advantage*
Liability of foreignness	*1960*	*Unfamiliarity with foreign markets makes issues arise. Main problem is the cultural difference*

Table 1: *Main internationalization theories*

A consistent part of the literature deals with the dilemma of the choice of the right entry mode when internationalizing (Lopez-Duarte & Vidal-Suarez, 2010) (Chen & Chang, 2011) (Samiee, 2013) (Chang et al., 2014) (Kraus et al., 2015). A specific decision could be beneficial or costly for a firm, therefore, evaluating several factors, like the level of independence and flexibility the firm wants to achieve and the amount of resources the company is willing to invest, is important to choose between an equity and a non-equity entry mode. Based on these aspects, Jimenez Burillo & Jimenez Moreno (2013) highlight different paths leading toward international markets that companies can undertake. Exporting goods is the easiest and basic economic form, followed by licensing, franchising, alliances and foreign direct investments. Among the latter, transactions that imply high risk and rely the most on resources, but at the same time bring potential higher returns, are greenfield investments and cross-border acquisitions. The former refer to investments abroad in order to build new operations from scratch. The latter take place when an organization purchases a foreign company's shares with the purpose of gaining control, totally or partially, over the seller's equity (Kolb, 2008). The purpose for acquiring another company abroad are various, reason why they deserve to be discussed in a stand-alone paragraph.

2.2.2. Motives and drivers

Trautwein (1990) identifies different theories upon which different motives and drivers for international acquisitions are built. These fundamental theories have been developed during the last decades and they are broken down into the so-called *Neoclassical theories* and *Behavioural theories.* Main supporters of the former are Martynova & Renneboog (2005), who state shareholders' wealth can be increased by improving financial performances and by gaining an advantage over the competitors, while main proponents of the latter posit management's interests as main goal to pursue with M&As, such as in the managerialism case discussed below (Berkovitch & Narayanan 1993).

One of the main Neoclassical models at the basis of acquisition transactions is the *Efficiency theory*, which gives a clear explanation of the three main aspects arising during the post-deal process: the financial synergies, the operational synergies and the managerial synergies (Yun-hui, 2013). Rani et al. (2016) define the synergy in their book as the interaction where the value of the combined firms is higher than the sum of the two parties considered as individual companies. The improvement of post-acquisition performances derives from these synergies and, therefore, Erchinger & Rowles (2005) argue that a careful evaluation during the due diligence phase can make the difference between success and failure.

Concerning the financial synergies, Tian et al. (2010) consider different M&A timing and various equity-holder types in order to develop a mathematic model assessing the *1+1>2* effect after closing the deal. A higher financial synergy can be gained also by acquiring a firm abroad where the tax rate is lower than in the home country (Rani et al., 2016). This implies a further analysis of the taxation system, perhaps whether a source or a residence-based system is in force, along with compliance and administration costs (Becker & Fuest, 2011; 2010). However, part of the literature still defends the idea that public information is completely reflected in the stock price, so obtaining post-acquisition financial synergies is complicated (Trautwein, 1990).

Regarding the operational synergies, a large body of literature defended by Sagner (2007) identifies material stock sharing as reason for reduction of the working capital expenditure, which is also supported with a scientific model developed by Liang & Shi (2012). Some basic operation and process management aspects, such as demand and production capacity, are taken into consideration to develop mathematical models as well, which allow managers to quantify the possible future returns and benefit from operating synergies (Gupta & Gerchak, 2002).

When considering managerial synergies, the literature refers to the interaction deriving from the capabilities that directors own and use for improving the performance (Trautwein, 1990). As a matter of fact, Cannella & Hambrick (1993) back the thesis that the top management team's retention is essential during a post-acquisition phase, as these employees possess the main competence and knowledge for running the business, and their departure would prevent the firm from gaining good performance. For a continued strategic success and for reaching the forecasted objectives, the retention of these managers and workers with determined know-how about external and internal environments is fundamental (Kiessling & Harvey, 2006). Therefore, the analysis of talented employees currently in charge of management roles and those not yet covering a leadership position contribute to the realization of managerial synergies after the deal is completed (Marks & Mirvis, 2010).

A really large body of empirical research regarding post-deal synergies can be found. One main idea, sustained by Larsson & Finkelstein (1999) and Kumar & Bansal (2008), is that synergies can be gained by companies in the long run with a careful usage of the above-mentioned financial, operational and managerial resources, that can be allocated in a more efficient way even by undertaking a business strategy radical change (Filipovic et al., 2017). According to Bradley et al. (1988), these synergetic gains are divided between the acquiring and target firm's shareholders, with positive returns for both of them, even if other results defended by Agrawal et al. (1995) document a higher synergy capture from targets.

In order to improve post-deal performance, firms also have the possibility to make horizontal and vertical acquisitions. As suggested by Rozen-Bakher (2018), a horizontal integration happens when a bidder is taking control over a firm operating in the same industry and at the same stage of production. The drivers for these transactions are different. The first motive is shown by Capron et al. (2001), who recognize some companies benefiting from the integration of similar activities and from the divestment of redundant assets, along with the possibility to exploit some target's particular know-how, and therefore taking advantage from financial and managerial synergies. Moreover, Brueller at al. (2014) point out another pro in making horizontal takeovers, such as the purchase of a firm manufacturing an acquirer's product extension through a *bolt-on acquisition*, aiming at enlarging the array of items offered. Furthermore, economies of experience and an increase in the cumulative production bring budgetary advantages, as the cost of production is lowered as long as the production cycles are repeated (Dringoli, 2016a).

Again Dringoli (2016b) explains what a vertical acquisition consists of. When vertically acquiring, a company extends its activities upstream or downstream along its value chain, incorporating operations previously carried out by other firms. Managing price in a more active way by expanding control along the global value chain may be one of the motives for these transactions, with consequent higher power in deciding the final product' price (Ibid). Moreover, according to Williamson (1981) and his transaction cost theory, since the stipulation of contracts between supplier and customer is expensive in terms of time and money, transaction costs can be lowered or even eliminated, giving the firm the chance to capitalize on financial synergies. This type of expense may result even more oppressing due to the asymmetry of information between the two parties. When information held by the two companies are different, the chances for a takeover increase. As a matter of fact, acquisitions are executed by firms which have more and better information than the market does, as a result of the financial *Valuation theory* (Trautwein, 1990).

Several empirical studies study the profitability of horizontal and vertical M&As. Rozen-Bakher (2018) reveals the former lead to post-deal synergy success in the industry sector. However, a profitable integration after the transaction is missing within the service sector, while the opposite situation characterizes the vertical integrations. The influence of different industries is also examined by Huyghebaert & Luypaert (2013), who find the various sectors' sales concentration and sales growth have an impact over M&A wealth effects. With regard to the gains' division between target and acquirer, no role of industry conditions is found, but Jiang (2019) shows the findings from his sample and underlines how the sellers benefit from profits, while bidders obtain negative returns,

Monopoly theory views cross-border takeovers as a means for achieving market power, for instance by enlarging the market share in a specific geographic area (Brozen, 1982). Black et al. (2013) here identify market power as the firm's ability to influence the equilibrium price within a specific market. Braid (1999) portrays a negative solution that might arise, identified when the prices increase and the number of sellers gets really limited, as the name of the theory suggests. Rani et al. (2016) justify this case, which happens when the acquirer takes over a rival's shares, reducing the competitiveness within a specific segment. Therefore, Shoham et al. (2012) highlight another important task for the bidder, as influencing the antitrust regulators and courts in order to close the deal.

Despite all these pros found within theoretical papers, empirical research shows a worse scenario. An important study signed by Ghosh (2004) observes how a low number of competitors affects negatively the innovation rate. Moreover, a high failure rate among shareholders seeking to achieve market power is pointed out, along with a high difficulty in outperforming benchmark indexes (Ravenscraft & Scherer, 1987).

Diversifying the risk arises in the literature as another purpose for internationalizing by acquiring an organization abroad. When considering the risk, Green & Cromley (1982) and Gaughan (2013) refer to the financial risk related to seasonality, cyclic natures and high competition, but even to some specific industries where companies have volatile earnings' portfolios, such as in petroleum and gas sectors. Business diversification is also demonstrated by the acquisitions of targets operating in different segments in order to participate in new markets (Montgomery, 1994). Furthermore, some theory papers, including Gaughan (2013), find the geographical diversification allows companies from taking advantage from their strategic competencies in overseas markets, especially in emerging economies where the growth indexes have been increasing more and more since the subprime crisis. As a matter of fact, these developing markets represent an important source of customers, especially if considering the high GDP growth rate (IMF, 2019). Shareholders' wealth is expected to increase as a result of a reduction of the risk and of an improvement of portfolio's return.

Beside this optimistic theoretical background, Servaes (1996) and Comment & Jarrell (1995) report how diversification strategies do not really increase corporate values, and the benefits from economies of scope are not realized, especially when *unrelated diversification* takes place. Differently, Rowe & Wright (1997) show positive signals in regard to *related diversification*, arising when a firm owns different business units which are related in some way and use the same inputs to run the operations. Part of the literature sustained by Hyland & Diltz (2002) concludes companies mainly diversify through acquisitions as a result of agency problems, characterized by self-interests driven transactions allowing managers to increase their rewards. This problem is really consistent in the M&A arena, the reason why it deserves to be further explained in the next paragraph.

Further review of the literature points out the behavioural theories as a foundation of international takeovers' motives. Trautwein (1990) examines one of the pillars of these behavioural models, the *Empire-building theory*. According to the theory, acquisitions are undertaken by managers in order to maximize their utility, instead of protecting shareholders' value. This particular intention, also called *managerialism* or *agency motive,* makes these transactions profitable for acquiring managers, but it ignores owners' interests (Rani et al., 2016).

Empirical studies regarding the main driver for these self-interest actions is led by Masulis et al. (2007) and Berkovitch & Narayanan (1993), who highlight the pursuing of higher personal compensations and an overall improvement of material benefits, that goes to the detriment of the total value of the transaction, which instead tends to decrease (Seth et al., 2000).

In order to safeguard stockholders' interests, the correct action is to separate the role of the chairman and the role of CEO of the firm. *The Agency theory* identifies the board as the main authority to maximize the return for shareholders (principals), thanks to its power of electing the main managers (agents) and controlling their actions. By doing so, the board can prevent the CEO's duality and it allows to appoint two different persons for the two roles, avoiding the CEO from pursuing his/her own interests without any control (Madhani, 2017).

2.3. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is the highest ranked executive within an enterprise. The primary task is to make strategic decision and managing both human and capital resources, aiming at gaining the maximum profit for the company. As Kontes (2010, p. 4) states, *"for major resource commitments, the CEO may take the decision directly, or with other executives"*. These strategic decisions requiring such high investments that the CEO has to make concern reaching performance objective, product participation, positioning, organization and risk management (Kontes, 2010). Practically, these comprehend entering new product lines, increasing R&D, divesting business and of course acquiring other companies. Therefore, evaluating a takeover's ROI and the overall benefits is an important task for the CEO

Many scholars identify the *Upper echelons theory* as a main pillar of the relationship between executives' individual characteristics and the decisions the organizations have to take. Hambrick & Mason (1984) divide the process behind the decision-making into different phases. Firstly, the manager focuses on and perceives the situation, represented by every environmental and organizational stimulus; information is then selected and filtered through the manager's own values, leading to a final personal perception of the circumstance, that provides the basis for the strategic choice. One of the most likely event to occur among scholars is to take into account CEOs' demographic characteristics from different types of firms, as demonstrated by Lufs et al. (2016) and Herrmann & Datta (2005). Since the psychological features of the decision-makers are difficult to measure, age, education and tenure are considered valid indicators, even for understanding cognitive traits. Therefore, every single person taking part in the strategic decision-making process brings his own perception regarding the situation the corporate governance is currently dealing with. After this first step, Wiebes et al. (2012) show the successive phases taking place along the strategic process: managers start with the suggestion of different business options, moving on by setting up the scenarios, continuing by writing the strategic plan and ending up with the implementation phase.

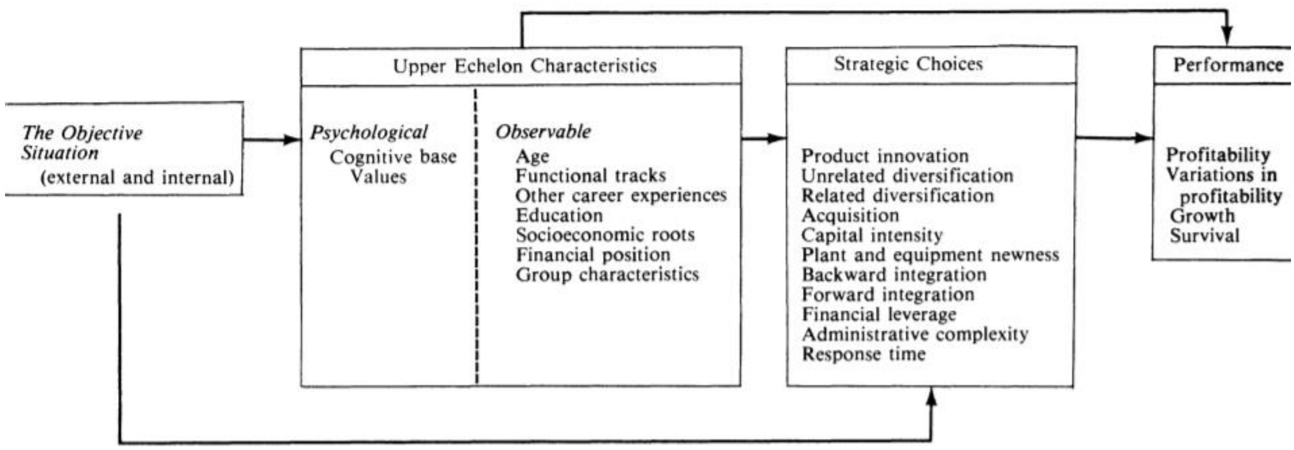


Figure 3*: Upper echelons theory (source: Hambrick & Mason, 1984)*

Since the beginning of the third millennium academic studies have focused more on the relationship between internationalization and executive characteristics. Many are the personal traits which are brought up as relevant for internationalizing companies' operations and they contribute to the definition of the company's human capital (Volontè & Gantenbein, 2016).

The *CEO's age* is one of the most studied variables as it is usually related to the experience and the risk predisposition. An elder director has of course gained more experience along his career, but, on the other hand, resistance against changes increases with age, as well as aversion to risk because of his/her need of financial security. Younger CEOs more likely take risks, despite their lower experience within the market. The body of literature comprehending empirical studies is enriched by Herrmann & Datta (2006), Yim (2013), Chittoor et al. (2015) and Zhang et al. (2016), who supported the theory by documenting a certain relation between young CEOs and equity-based market entry modes, since elder executives prefer less risky investments like franchising contracts or exporting plans.

Wealth concerns are almost nullified for older CEOs, as close to the retirement age and therefore sure of a certain compensation. In contrast, performance turnover is higher among younger directors, as they have consistent wealth interests.

The second demographic characteristic is the *CEO's gender.* A growing body of research led by Croson & Gneezy (2009) argues women have better management skills and are more risk adverse compared to men, who are instead more overconfident and, therefore, tend to underestimate transaction related risks. In particular with M&As, Malmendier & Tate (2008) find out this results in overpaying the targets and destroy bidder's value after the closing.

Huang & Kisgen (2012) examine the phenomenon and reach the conclusion that males close more takeover deals than women, with also a consequent 2% lower return rather than firms with female executives.

Another important variable resulting from the literature review is the *CEO's tenure*, which represents the number of years the director has been in charge of the top executive position. Herrmann & Datta (2002) point out the relationship between a higher tenure within the firm and CEOs preference for a full-control entry mode, due to their high experience, confidence with risky strategies, and the possible desire of obtaining more control and power over the firm's operations.

Along with these findings, the relationship between the CEO's experience as main executive and internationalization is also surveyed by Laufs et al. (2016), who reach totally different results. Long-tenured managers tend to refrain from leading the company toward an international takeover and favour partnerships or export plans. As a matter of fact, CEOs with shorter tenures have fresh and diverse information and, instead, are more willing to make risky investments. In support of this thesis, Jaw & Lin (2009) demonstrate short-tenured CEOs facilitate internationalization, but only until the executive tenure reaches a certain threshold. Beyond this limit, CEOs tend to neglect risky strategies, such as entering new markets.

CEO's international experience is another feature taken into consideration by business academics. Managers with foreign experience have more confidence when dealing with uncertainties associated with risky strategies, with a consequent higher inclination towards equity entry mode rather than low-risk international investments. CEOs with foreign experience are more likely to be associated with internationalizing enterprises due to their knowledge and expertise in implementing strategies for operating abroad. Tihanyi et al. (2000), together with Athanassiou & Nigh (2002) examine the impact of top management team's international experience and the propensity to move the operations abroad. They come up with results sustaining the theoretical background, as do Lufs et al. (2016), who even integrate the analysis with other external factors influencing the decision, such as political and environmental risks.

Carpenter et al. (2001) indicate how the main director's experience abroad is also expected to have a positive effect over the company performance, as demonstrated by accounting and market indicators. Herrmann & Datta (2002) find out this happens especially with outside CEOs, who assume the tasks when companies aim at improving ROI, ROA and stock price by hiring talented managers with high international experience.

CEO's education is another characteristic shaping the individual's cognitive base. It is usually associated with strong information-processing abilities, high flexibility and an open mindedness. Within the past literature, some studies draw attention to the quality of the educational background, by considering the academic level reached by the executives, for instance undergraduate or graduate level. Tihanyi et al. (2000) conclude an elite education makes directors more aware of international problems and more inclined to capital-intensive entry modes. The country where CEOs earned the degree is also another variable taken into account by Wang & Yin (2018), who ascertain that executives tend to make acquisition transaction in states where they obtained their academic background, due to the unique information they get concerning the local market and the target firms in these states.

With regard to the performance of the companies, results indicate there is a correlation between CEOs with high educational level and internationalization performance (Hsu et al., 2013) (Herrmann & Datta, 2005).

The *CEO's duality* is examined by academics too. It is here defined as the situation where an executive holds the position of CEO and he/she is in charge of the chairman of the firm's tasks as well. Findings within the literature are various and ambiguous. On the one hand, Brickley et al. (1997) argue this duality is a benefit for the company, since it increases efficiencies and avoid the problems related to the leadership of the group. On the other hand, Dalton & Kesner (1987) sustain this merger of the powers into one person may lead to the opportunity of a self-serving behaviour, as control over executives is reduced, with consequent engagement of projects that can destroy value and make shareholders lose money.

As mentioned before, the role of the Chief Executive Officer is one of the most powerful within a company's structure. Strategic decisions are taken by the main executive, deciding the future of the firm. The specific choice of making direct investments abroad by taking over a company is an expression of CEO's power. Consequently, it can be argued that CEO's duality is positively associated with takeovers abroad.

CEO's compensation also influences the internationalization strategy of enterprises. A unique school of thought appears within the literature, where Sanders & Carpenter (1998) and Datta et al. (2009) are only two of the many studies pointing out how the compensation of the main executive is positively correlated with the acceptance of riskier opportunities. A higher salary is therefore a motivation for choosing a full-control entry mode, and empirical evidences from the literature are in support of this widespread idea. Along with these findings, a more detailed study conducted by Datta et al. (2009) concerning different types of compensation underlines how long-term incentives are more tied to risky entry modes, like cross-border takeovers.

Again, an interrelationship between CEO's compensation and company performance is found among Yim (2013) and Teti et al. (2017)'s articles, firms with higher stock returns and greater profitability pay higher incentives to their own directors, even after concluding M&A deals.

Personal trait	***Correlation between personal trait and foreign acquisition announcements***
CEO's age	-
CEO's gender	*Males are more willing to undertake foreign acquisition processes*
CEO's tenure	+ / -
CEO's International experience	+
CEO's educational level	+
CEO's duality	+
CEO's compensation	+

Table 2: *Effects of CEO's characteristics when making international acquisitions*

Every personal trait of the CEO has, therefore, a specific effect on the internationalization strategy of different companies, leading these toward various entry modes ranging from exporting to undertaking cross-border acquisition.

Thus, the literature suggests the CEO influences the internationalization strategic choice and, therefore, even the personal characteristics and behavioural traits are likely to influence the process of acquisition of new companies. This deep review of papers and articles lead the author to develop a conceptual framework to be followed during the research.

2.4. FRAMEWORK & PROBLEM STATEMENT

In order to give sense and a direction to the paper, and after having examined the papers from the literature, a research framework is developed, along with the primary research question and the related hypotheses that are going to be tested during the empirical investigation.

The framework is expected to guide the researcher through the analysis of an extended amount of data collected from different listed companies, in order to provide an overview of the relationship between CEO and international takeovers, as well as underline which personal traits influence the most the management's choice of acquiring foreign targets. The main dynamics and elements of the framework are then introduced.

The first core elements identified are the internationalization theories. These models mainly explain how local companies become multinational. There are plenty of foreign markets entry modes, varying from low risky and low capital-intensive exporting plans to foreign direct investments. This is referred to one of the most difficult choices internationalizing companies have to take, as its implications might be crushing for the financial resources of the firm. Corporate resources, both tangible and intangible ones, play a clear role in the internationalization path and are at the basis of most of the international business models, such as Uppsala model, OLI framework, Resource-based view theory and Internalization theory.

Other essential aspect are the motives for taking over the equity of a foreign firm. They are split into Neoclassical and Behavioural and range from benefiting from post-acquisition synergies to extending the products' array, from integrating companies along the value chain to diversifying financial and geographical risk. Although acquisitions take place in order for the company to increase its value and bring wealth to shareholders, sometimes some managerial self-interests prevail over owners' concerns. These theories, along with the classical ones mentioned before, are essential since they give an overview of all the possible pros and cons of patterns.

The third attitude is shown by Hambrick & Mason (1984) who, through the Upper Echelons theory, point out other aspects affecting the framework. The individual traits of a single person have a strong influence on strategic decision-making, especially the Chief Executive Officer's, since he/she is one of the main actors operating within the companies' corporate governance system. Personal features are usually divided into demographic characteristics, experience and skills the CEO has acquired so far but, despite this, they also represent a really good and valid basis for building up the cognitive base of the individual. And the influence these features has on the possibilities of a takeover announcement is exactly what is going to be tested.

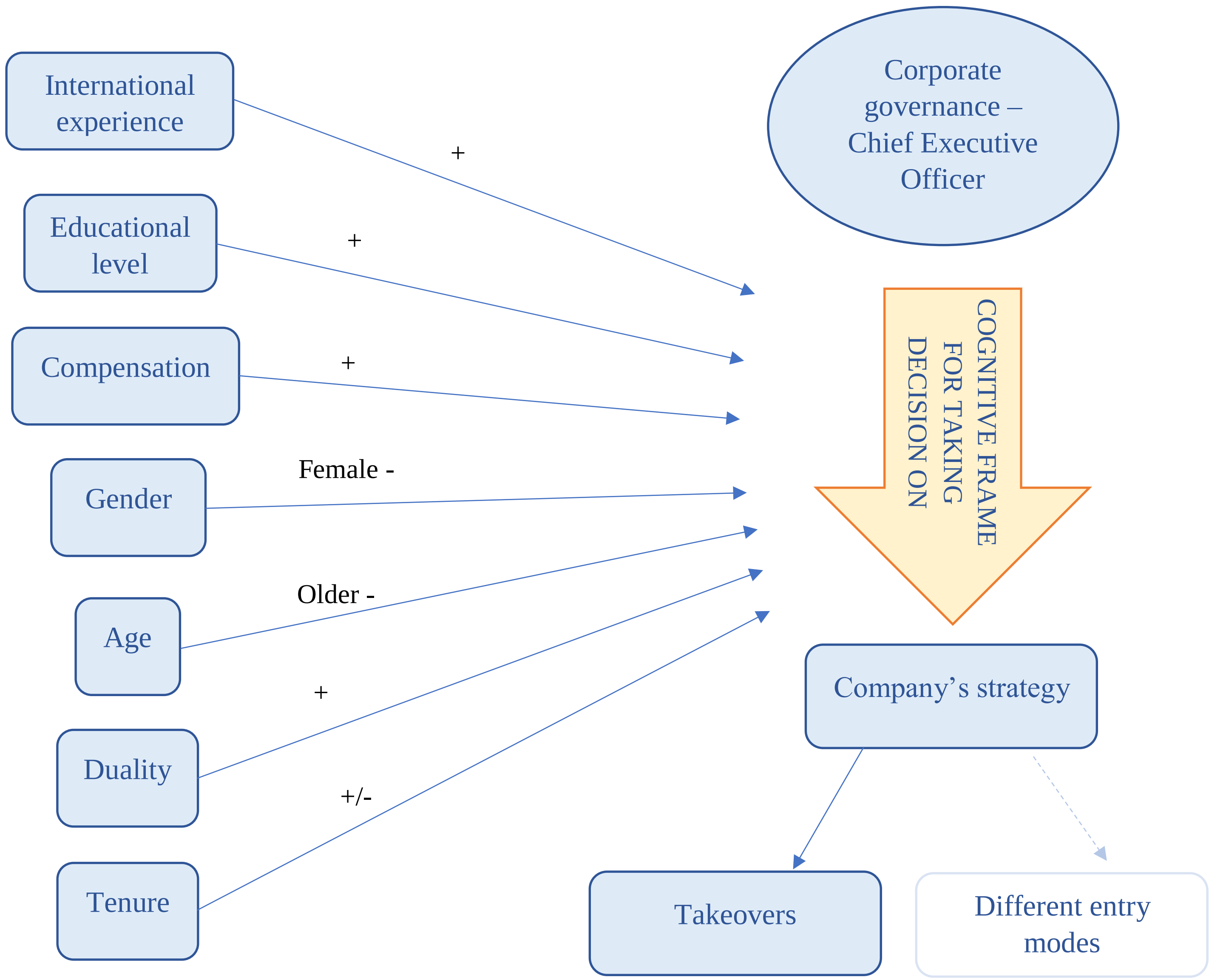


***Figure 4**: Self-made theoretical framework*

At this stage, the influence of the corporate governance members, especially the CEO, can lead the firm to determine strategy rather than others. Therefore, the object of the analysis is the influence of the CEO's personal traits on the decision of a large sample of companies to move the operations abroad through cross-border acquisitions. The main problem statement is as follows:

How do Italian Chief Executive Officer's personal traits influence the international acquisition processes?

Different hypothesis are then built upon the literature and derive from the main research question:

Hypothesis 1a*: Previous CEO's international experience positively influence decisions concerning international acquisitions*.

Hypothesis 1b*: A higher level of study is positively related with foreign acquisition processes.*

Hypothesis 1c: *A higher CEO's compensation favours acquisition processes.*

Hypothesis 2a: *Elder CEOs refrain from acquiring companies abroad.*

Hypothesis 2b: *Female CEOs refrain from acquiring companies abroad.*

Hypothesis 3a: *CEO's tenure has an ambiguous effect in relation to foreign acquisition announcements.*

Hypothesis 3b: *CEO's duality has a positive effect in relation to foreign acquisition announcements.*

METHODOLOGY

In order to give an answer to the problem formulation of this project, it is relevant to specify which methods, tools and approaches the researcher has undertaken during his analysis. Every report presents a different and specific methodological scheme the author follows depending on his needs and his perception of the reality. The methodological chapter gives reasons for the choices taken and determines the direction of the research; it can be seen, therefore, as a strategy and plan which allows the researcher to find the answer to the given problem formulation, by collecting and analysing specific types of data and developing observations and final results (Kuada, 2012).

Firstly, the philosophical structure beyond the research is analysed considering concepts deriving from studies about philosophy of science. Second, considerations concerning the practical approach to the research is done, underlining what the researcher has done in order to review the literature and in order to collect data.

3.1. PHILOSOPHY OF SCIENCE

A first concept to be considered is the paradigm. The term paradigm refers to different thoughts, principles and theories which the entire research is built upon (Kuada, 2012). An early definition of paradigm was developed back in 1970, when it was explained as a specific set of common understandings regarding which kind of phenomenon is studied, how the research is conducted and how the results are analysed and interpreted (Kuhn, 1970). Two opposite perspectives are at the basis of the research approach and they can be identified within the social science field: the objective and the subjective viewpoints. The former dimension underlines a reality perceived as external to the individuals' cognition, the latter highlights how the reality is the result of the perception of human beings (Andersen, 1990). These perspectives are compared in terms of ontology, epistemology and methodology, essential concepts in order to fully understand the assumptions which are at the basis of a determined research (Burrell & Morgan, 1979).

Dimension	The objectivist approach	The subjectivist approach
Ontology	*Realism*	*Nominalism*
Epistemology	*Positivism*	*Antipositivism*
Methodology	*Nomothetic*	*Idiographic*

Table 3: *The Objectivist-Subjectivist dispositions in social science (source: Kuada, 2012)*

3.1.1. Ontology

This category refers to the structure of the reality and its conception. Among the objectivists, Ontology is perceived through the view called Realism, where social world is seen as composed of defined structures and tangible objects that human beings are not allowed to control (Kuada, 2012). Bryman & Bell (2011) sustain social phenomena are independent from social actors' actions and the impression of the reality is not influenced by personal experience and thoughts. Only one reality exists, and this can be associated to every situation with the same applicability.

On the other hand, Nominalism assumes that reality is built upon the interactions among individuals and the understanding of reality is influenced by the combination of the environment with different actors, with a social world resulting as a product of human beings' cognition, thus subjectivist. Consequently, every human being can speak of multiple realities and personal opinions and environment have the same influence on the final perception (Kuada, 2012) (Bryman & Bell, 2011).

This project follows a realistic attitude when conducting the literature review, especially in regard with the internationalization theories and motives, as they can be related to every company with no concern on where they are headquartered and which countries they operate, as evidenced by the various empirical studies which apply these models to different contexts. However, during the analysis only a segment of the Italian stock exchange is considered, narrowing down the results to just a certain type of enterprises operating within a specific market with determined characteristics.

Therefore, the most influencing approach when reviewing the articles is the objectivist one, even though a contextualization occurred during the research.

3.1.2. Epistemology

Epistemology refers to how the knowledge is acquired and created within a certain field. Even in this case, scholars highlight two different approaches the researchers can undertake. The first one is the objectivist one, called Positivism, and it implies researcher behaves as an external observer looking for regularities in order to predict the real world, avoiding any personal thoughts and impressions (Kuada, 2012).

Differently, the subjectivist scholars, named Antipositivists, argue that knowledge can be gained and understood only from the standpoint of actors involved in the process which is on display. By doing so, personal opinions have an impact on the process, rendering the perception subjective (Burrell & Morgan, 1979).

The first view perfectly ties with this project, as the analyst remains an external observer. Personal perceptions are left out of the project and therefore the point of view is objectivist. It can be argued the information might have been influenced by personal beliefs during the primary collection of data, but this seems really hard due to the statistical nature of the data.

Since the purpose of the thesis is to analyse the correlation between CEOs' characteristics and the chance of entering a new market through acquisitions, if the data were gathered personally by the author and some individual considerations and thoughts were included in the collection, the final result would give a distorted image of the reality that could compromise the conclusions. Findings would not be trustworthy, so a positivist approach has been adopted.

3.1.3. Methodology

Methodology describes the reasons behind the use of specific tools and methods while the research is conducted (Kuada, 2012). If the world can be objectively analysed from an external point of view, the researcher undertakes a Nomothetic approach, through which the author prepares survey tools that should be filled out by the actors involved in the research (Kuada, 2012).

In opposition, the Idiographists seek to obtain the knowledge of the observed actors considering how they experience the world. Therefore, through the latter method, the researchers try to obtain answers by getting close to the character (s)he is studying and by avoiding any predetermined questions (Burrell & Morgan, 1979).

For the purpose of this research, secondary data are collected and techniques that can be influenced by the point of view of the researcher are avoided. As a result, the method which ties the most the project is the nomothetic one, as the world is examined from an external perspective underlining a more static way of researching. The reason behind this choice is the complication the researcher would run into if the data were collected in first person. The time needed for surveying every CEO would be excessive, especially because of the high difficulties to get in touch with these executives. The tasks and issues they have to deal with, deriving from running such large and important companies, take a lot of time and effort. Moreover, these CEOs' popularity makes the data easily available to everyone, reason why the author collected the information through secondary sources in an easier and faster way.

3.2. INDUCTIVE VS DEDUCTIVE

After having underlined the philosophical assumptions and paradigms sustaining this paper, the paper presents the reasoning pattern followed during the writing of the dissertation. Scholars divide the research path into two different approaches, the inductive and the deductive one (Kuada, 2012). The former method implies that conclusions are based on specific observations rather than logical arguments. Practically, new independent theories are created and developed upon phenomena that have been previously observed and analysed. The latter approach instead posit general theories as the basis for new findings and observations. These models give explanations for different phenomena and are usually empirically tested for being either verified or falsified.

This thesis follows a deductive reasoning, since it started with a literature review which sum up the main theoretical knowledge upon which internationalization strategies and CEO's decision-making behaviours are built, it moved forward with the creation of a framework and the development of different hypotheses, and it will end up with an empirical research aiming at proving the assumptions.

3.3. METHODOLOGICAL APPROACH FOR THE LITERATURE REVIEW

A solid theoretical background is needed in order to develop the dissertation. As mentioned by Kuada (2012), when engaging in a literature review the scope is to summarize the main theories at the basis of the phenomenon studied, the so-called *grand theories*, and list the main empirical investigations which confirm these hypotheses, by analysing the so-called *midrange theories.* The aim is to support the framework at the basis of the research and lead the author to significant results. This approach has been chosen by the author to give the reader a broad and clear overview of the concepts, starting from the general, by highlighting the main grand theories, and going down in the particular, by analysing empirical studies conducted within specific contexts.

Having in mind this, the most suitable type of review that can be carried out is the systematic one. This technique is chosen since main findings from various studies can be taken into consideration, analysed and synthetized. The research of papers is conducted by following specific criteria and terms defined by the main query. By doing so, an exhaustive summary of the main theories and of the empirical results regarding the main internationalization models and CEOs' features is provided, allowing grand and midrange theories to be summarized and explained.

As in every research paper, the practical approach should be explained, in order to give the reader a clear idea of how the literature review has been conducted.

The literature review aims at finding and analysing papers which are relevant for conducting the research and building an appropriate theoretical background. This thesis involves a review of papers concerning the relations between corporate governance and strategy, the main internationalization theories, the primary motives for going abroad and the Chief Executive Officer's personal characteristics.

Starting point for every research has been the Aalborg Universitet library's online website, which usually gives the opportunity to get access to a really vast amount of publisher's websites. The main strings typed while searching for relevant papers contained the following main terms:

Main terms	***Number of results***	***Main terms***	***Number of results***
Corporate governance	*278744*	*Upper echelons theory*	*12920*
Firm strategy	*580432*	*CEO*	*339016*
Eclectic paradigm	*25315*	*CEO's characteristics*	*44910*
Internationalization theory	*81324*	*CEO's age*	*78584*
Internalization theory	*88063*	*CEO's international experience*	*78029*
Resource-based view	*54993*	*CEO's tenure*	*20133*
Liability of foreignness	*4115*	*CEO's education*	*97114*
Internationalization motives	*11860*	*CEO's duality*	*6701*
The agency theory	*954498*	*CEO's compensation*	*47161*

Table 4: *Number of results from a preliminary research*

Given the huge amount of papers found with the preliminary research, firstly some filters have been applied in order to focus the research and reduce the amount of results. Only papers in English have been considered for better understanding their contents. The filter *Date of publication* has not been used, as many theories date even back to the successive post-war period. Furthermore, only books and articles have been reviewed, since those are the best sources to get an overview of the theories and obtain evidence from empirical findings. Moreover, some Boolean strings have been utilized for narrowing down even more the final results of the research within the database, by separately adding to the above-mentioned main terms the following worlds: "M&A", "merger and acquisition” and “acquisition”. This helped the researcher in finding papers with mergers and acquisitions as main topic. Aalborg Universitet library’s website revealed itself an excellent database as it gives access to lots of different journals and editors, from where papers have been collected.

The selection of papers then went through a reading of the abstracts, to get an overview of what the papers dealt with. Theoretical studies explaining the models and frameworks at the basis of the research, together with empirical articles sustaining the theses, have been taken into consideration. Furthermore, a quick scan of these papers’ references has been conducted, looking for other possible articles that might have been in line with the topic of the thesis. Finally, a conspicuous amount of papers were found, among which 67 were empirical studies, as listed in the Table 5, Table 6 and Table 7.

Authors and year	**Object of analysis**	***Variables***	***Journals***
Paloma Almodovar, Alan M Rugman (2015)	*Manufacturing firms*	*Export performance/ total sales, Cooperative technology BRs, Business networks*	*International marketing review*
Edith Olejnik, Bernhard Swoboda (2012)	*SMEs*	*Time lag, Sales ratio, Age, International experience, Firm size, Number of subsidiaries, Number of countries, Technology, Performance*	*International marketing review*
Yi-Chieh Chang, Ming-Sung Kao, Anthony Kuo (2014)	*Overseas investments*	*Entry mode*	*International business review*
Liang Chen, Noman Shaheer, Jingtao Yi, Sali Li (2019)	*Mobile apps in health and fitness category*	*Languages offered, multi-platform availability, Updates*	*Journal of international business studies*
Che Maznah Binti Mat Isa, Hamidah Mohd Saman, Cristopher Nigel Preece (2017)	*Construction firms*	*Business location, Entry modes, Entry timing, Rasch Model Analysis factors*	*Construction economics and building*
Ming-Yuan Chen, Jing-Yun Chang (2011)	*Outward FDIs*	*Various*	*Economic modelling*

Sarianna Lundan, John Hagedoorn (2001)	*Various*	*Various*	*International journal of the economics of business*
Manpreet Kaur, Apalak Khatua, Surendra S. Yadav (2016)	*Inward FDIs*	*Log of FDI inflow to India in US dollars, Overseas development assistance, Investment in energy projects, Transportation efficiency, Ease of communication, Public spending in education*	*Thunderbird International business review*
Grazia D. Santangelo, Klaus E. Meyer (2011)	*Inward FDIs*	*Realized strategy*	*Journal of international business studies*
Alain Verbeke, M. Amin Zargarzadeh, Oleksiy Osiyevskyy (2014)	*New businesses from 2004*	*International sales, Prior industry experience, Educational level, Other businesses started by founding entrepreneurs, Founding entrepreneurs' nationality*	*Multinational business review*
Paul W. Beamish, John C. Banks (1987)	*Joint ventures*	*Items readily capitalized, Human resource needs, Market-access needs, Government-political needs, knowledge needs*	*Journal of international business studies*
Lars Matysiak, Andreas Bausch (2012)	*Various from 1976 until 2010*	*Mainly CSAs, FSAs, Control and Coordination*	*Multinational business review*
Sascha Kraus, Tina C. Ambos, Felix Eggers, Beate Cesinger (2015)	*CEOs and top managers*	*CEO decisions*	*Journal of business research*
Ludivine Chalencon, Ana Colovic, Olivier Lamotte, Ulrike Mayrhofer (2017)	*Multinationals from the CAC 40 index*	*CAR, bidder's Burson-Marsteller reputation index, Capitalization, Experience, Cash flow, Form of the deal, Type*	*International studies of management & organization*

		of payment, Acquisition share	
Peter J. Buckley, Xiaowen Tian (2017)	*MNEs*	*Return on asset, Total factor productivity*	*International business review*
Edson Wilson Torrens, Mohamed Amal, Gerson Tontini (2014)	*SMEs*	*25 different variables classified into organizational resources, managerial resources and internationalization resources*	*Review of business management*
Cristina Lopez-Duarte, Marta M. Vidal-Suarez (2010)	*Outward FDIs located in 34 different countries*	*Entry mode*	*International business review*
Nabil Ghantous, Shobha S. Das (2018)	*National franchisors and foreign franchisors*	*International age, Number of countries, International department size for study 1 and other 37 different variables for study 2*	*International journal of retail & distribution management*
George Acheampong, Leo-Paul Dana (2017)	*Various firms*	*Crime suffering during last year, percentage of foreign ownership*	*Thunderbird international business review*
R. Greg Bell, Igor Filatotchev, Abdul A. Rasheed	*Various*	*Various*	*Journal of international business studies*
Lilach Nachum (2003)	*Financial service providers*	*LOF index as Foreign firms' performance in relation to the average performance of British-owned companies operating in the same industry*	*Strategic management journal*
Hisako Matsuo (2000)	*Corporate establishments*	*Expatriates from parent company, Type of ownership, Proportion of investment, Type of relation between parent company and subsidiary, CEO's nationality, Sector, Age and size logged*	*Sociological inquiry*

Table 5: *Empirical papers concerning internationalization theories*

Authors and year	***Object of analysis***	***Variables***	***Journals***
Elazar Berkovitch, M. P. Narayanan (1993)	*NY Stock Exchange listed companies*	*Cumulative Abnormal Return of targets and acquirer*	*Journal of financial and quantitative analysis*
Rikard Larsson, Sydney Finkelstein (1999)	*M&As in US and Europe*	*Benefits from purchasing, Production, market power, marketing, Administration, Vertical economies, New market access, Cross-selling, Know-how transfer, Know-how creation*	*International journal of organization science*
Halil Kiymaz (2004)	*Foreign acquisition transactions*	*Macroeconomic variables, geographical variables, industry affiliation variables, cultural variables*	*Journal of banking & finance*
Satish Kumar, Lalit K. Bansal (2008)	*M&As*	*Working capital, Operating profit, EBIT, Return on net worth, Earning per share, Debt to equity ratio*	*Management decision*
Davor Filipovic, Najla Podrug, Tomislav Kandzija (2017)	*Various companies*	*General data of participants, Target's name, Industry, Size, Acquirer's data, Internal organizational variables*	*International journal of organizational leadership*
Michael Bradley, Anand Desai, E. Han Kim	*Various companies*	*Cumulative Abnormal Return of target, Cumulative Abnormal Return for acquirer, combined Cumulative Abnormal Return*	*Journal of financial economics*

Laurence Capron, Will mitchell, Anand Swaminathan (2001)	*Horizontal acquisition transactions*	*Asset divestiture*	*Strategic management journal*
Anju Seth, Kean P. Song, Richardson Pettit (2000)	*Acquisition transactions*	*Cumulative Abnormal Return for acquirer and target, Gains for acquirer and target*	*Journal of international business studies*
Anup Agrawal, Jeffrey F. Jaffe (1995)	*Acquisitions transactions*	*Buyer managers, seller managers*	*Journal of financial economics*
Albert A. Cannella Jr., Donald C. Hambrick (1993)	*Acquisition transactions*	*Average within rater difference between post acquisition performance and pre acquisition performance,*	*Strategic management journal*
Ziva Rozen-Bakher (2017)	*Public firms involved in M&As*	*Integration success, Synergy success, Profitability, revenue acquirer*	*The service industries journal*
Nancy Huyghebaert, Mathieu Luypaert (2013)	*M&A deals between European listed companies*	*EBITDA/Assets* *EBITDA/Sales* *Market-to-book ratio of equity* *Debt/Assets* *Cash/Assets* *ln(Assets)* *ln(Sales)* *ln(Market capitalization)* *ln(Market value of firm)*	*Applied economics*
Timothy kiessling, Michael Harvey (2006)	*Top executives*	*Firm size, Type of purchase, Ownership of target*	*The international journal of human resource management*
Ronald W. Masulis, Cong Wang, Fei Xie	*Acquirers in M&A transactions*	*Cumulative Abnormal Return*	*The journal of finance*
Jinling Jiang (2019)	*Various M&A deals*	*Average Abnormal Return, Cumulative Average Abnormal Return*	*Open journal of business and management*

Aloke Ghosh (2004)	*Acquisition transactions*	*Profitability, Asset efficiency, Cost efficiency, Market share, Firms relatedness, Market value ratio of equity, Market-to-book ratio*	*Journal of business finance & accounting*
David J. Ravenscraft, F. M. Scherer (1987)	*Acquisitions transactions*	*Internal rate of return*	*Ed: The Brookings institution*
Henri Servaes (1996)	*Various firms*	*Raw Q ratio, Q ratio adjusted for the firm's primary industry*	*Journal of finance*
Robert Comment, Gregg A. Jarrell (1995)	*Listed firms*	*Revenue based Herfindahl index, Market value of common stock, Book value of long-term debt*	*Journal of financial economics*
Cynthia A. Montgomery (1994)	*Public companies*	*Various*	*Journal of economic perspectives*
David C. Hyland, David J. Diltz (2002)	*Firms running diversified business*	*Ln (Assets) Q Debt/Assets Cash Flow/ Cash and Invest/Assets Dividend Pay-out Ratio R&D/Assets - R&D/Assets (Prior 3 Years) Inside Ownership (%) Inside Ownership Squared (%) Inside Ownership ($) - Inside Ownership Squared ($) Block Ownership Natural Log of Age of Firm (Years Listed on CRSP) Capital Expenditures/ Assets*	*Financial management*

		Number of Observations Pseudo R^2	
Ralph M. Braid (1999)	*Two adjacent stores*	*Fixed costs, Marginal costs, Store location, Price*	*Economics letters*

Table 6: *Empirical papers concerning motives and drivers for takeovers*

Authors and year	***Object of analysis***	***Variables***	***Journals***
Katharina Laufs, Michael Bembom, Christian Schwens (2016)	*CEO*	*CEO's age, CEO's tenure, CEO's international experience*	*International marketing review*
Wen-Tsung Hsu, Hsiang-Lan Chen, Chia-Yi Cheng (2013)	*CEO*	*Degree of internationalization*	*Journal of world business*
Cristophe Volontè, Pascal Gantenbein (2016)	*Board*	*International experience, industrial know-how, CEO's experience*	*Journal of management and governance*
Raveendra Chittoor, Preet Aulakh, Sougata Ray (2015)	*CEO*	*CEO's international experience, foreign market share*	*Management international review*
Pol Herrmann, Deepak Datta (2002)	*CEO*	*CEO's tenure, CEO's educational level, CEO's background, CEO's international experience*	*Journal of international business studies*
Pol Herrmann, Deepak Datta (2006)	*CEO*	*CEO's age, CEO's tenure, CEO's background, CEO's international experience*	*Journal of management studies*
Nicholas Athanassiou, Douglas Nigh (2002)	*CEO*	*Career IB experience*	*Management international review*
Ulrike Malmendier, Geoffrey Tate (2008)	*CEO*	*Size, Q, Cash flow, Stock ownership, Vested options, Efficient board size, Pre and Post longholder*	*Journal of financial economics*

Teng Zhang, Sanjiv Sabherwal, Narayanan Jayaraman, Stephen P. Ferris (2016)	*CEO*	*CEO's tenure, CEO's compensation, Firm industry*	*Journal of business finance & accounting*
Jiekun Huang, Darren J. Kisgen (2013)	*Executives*	*Executive gender, Asset growth, Acquisitions, Capital structure decisions*	*Journal of financial economics*
Emanuele Teti, Alberto Dell'Acqua, Leonardo Etro, Michele Volpe (2017)	*CEO*	*2 days Cumulative Abnormal Return for bidders*	*The international journal of business in society*
James A. Brickley, Jeffrey L. Coles, Gregg Jarrell (1997)	*CEO*	*CEO's age, CEO's tenure, CEO's experience, CEO's compensation, Market value of equity*	*Journal of corporate finance*
Ye Wang, Sirui Yin (2018)	*CEO*	*Number of M&A attempts made by firms in one state during a specific year, Amount spent for acquisitions in CEO's education state scaled by total transaction value made in the same year, 3-5-7 days Cumulative Abnormal Return*	*Journal of corporate finance*
Yi-Long Jaw, Wen-Ting Lin (2009)	*CEO and Top team management*	*CEO's tenure, TMT size and average tenure*	*The international journal of human resource management*
Laszlo Tihanyi, Alan Ellstrand, Catherine Daily, Dan Dalton (2000)	*Top team management*	*TMT age, TMT tenure, TMT educational and international experience*	*Journal of management*
Chengli Tien, Chien-Nan Chen, Cheng-Min Chuang (2013)	*CEO*	*CEO's power and duality, CEO's compensation*	*Journal of management & organization*
Pol Herrmann, Deepak Datta (2005)	*Top team management*	*TMT age, TMT tenure, TMT educational level, TMT international*	*British journal of management*

		experience and background	
Dan R. Dalton, Idalene F. Kesner (1987)	*CEO and Board*	*CEO duality, Board composition, Size of the firm*	*Journal of international business studies*
Soojin Yim (2013)	*CEO*	*Log of total CEO's compensation, Yearly percentage change in CEO compensation-salary-bonus-equity based components*	*Journal of financial economics*
Antonio Majocchi, Roger Strange (2012)	*Board*	*Ownership, structure and duality*	*Management international review*
Deepak Datta, Martina Musteen, Pol Herrmann (2009)	*Board*	*Outside director, board independency, insiders' equity, insiders' compensation*	*Journal of management*
Mason Carpenter, Gerard Sanders, Hal B. Gregersen	*CEO*	*Return on asset, Total stock market returns, Log of the total of all compensation forms*	*Academy of management journal*
Gerard Sanders, Mason Carpenter (1998)	*CEO, Board, Top team management*	*Degree of internationalization*	*Academy of management journal*

***Table 7**: Empirical papers concerning governance actors' characteristics*

The most relevant journals for the articles' selection have been Journal of financial economics (providing 7 articles), Journal of international business studies (7), Strategic management journal (4), International business review (3), International marketing review (3), Management international review (3), Multinational business review (3), Academy of management journal (2), Journal of business finance & accounting (2), Journal of management (2), The international journal of human resource management (2) and Thunderbird international business review (2). These journals provided almost 50% of the entire articles' selections. Considering the total amount of papers, 22 examine results regarding internationalization theories, 22 deal with motives for taking over target firms, while 23 concern governance actors' characteristics.

In conclusion of the literature, a framework has been developed in order to guide the research, test the hypotheses and answer the research query. By following Jabareen (2009, p. 51), a conceptual framework is defined as "a network of interlinked concepts that together provide a comprehensive understanding of a phenomenon or phenomena". This particular type of framework gives a help in defining the relevant variables characterizing a specific study, it synthesises the main concepts and it can be used for both quantitative and qualitative research, as well as for collecting data through empirical tools (Imenda, 2014). Seeking the relationship between executive's traits and acquisitions transaction and in order to test the hypotheses, the researcher will collect a large amount of both quantitative and qualitative data from Italian listed companies regarding their takeover transactions between 2012 and 2016, together with information about their CEOs. This leads the reader to the next paragraph, where the activity for collecting and examining data will be explained in detail.

3.4. QUANTITATIVE VS QUALITATIVE

Debate regarding the utilization of either qualitative or quantitative data, or both, is still open among researchers. Kuada (2012) gives a definition of them and clearly underlines pros and cons of these two different types of data.

On the one hand, qualitative research are simply those not conducted with statistical procedures or other ways of quantification. Bryman & Bell (2011) state a qualitative approach is usually used when conducting interviews and for collecting participant observations, as they are often interviewed and observed within their social environment, allowing them to offer their own perception of the reality and to express their feelings. This qualitative method is more suitable when undertaking an inductive research approach and when seeking an explanation of the social phenomena through the eyes of the participants (Kuada, 2012).

On the other hand, quantitative data aim at testing specific theories and finding numerical answer to verify the hypotheses. This type of data is usually less flexible than the qualitative one, due to its statistical and numerical nature. The process behind the collection is usually split into different phases: the definition of the survey's goals, the development of a sample frame, the specification for the quantitative data collection's strategy and finally the analysis and evaluation (Kuada, 2012). This method does not need the data to be interpreted, as they are applicable in every context. Bryman & Bell (2011) identify this characteristic as the main drawback for this approach, as features of the society where phenomena occur are not reflected in the data collected.

Quantitative	***Qualitative***
Numbers	*Words*
Point of view of the researcher	*Point of view of participants*
Static	*Process*
External researcher	*Internal researcher*
Generalization	*Contextualized*
Theory testing	*Theory developing*

Table 8: *Main difference between quantitative and qualitative research method*

This paper undertakes a quantitative approach. By following Kuada (2012), a quantitative approach is the most appropriate when testing hypotheses derived from theories. Moreover, adopting a static and external point of view of the situation without interacting with social actors during the collection of information is in line with the philosophical assumptions discussed in the previous paragraphs. But a clarification is needed, since some variables are qualitative. Even though they do not present a numerical nature, the approach for collecting this information has been the same as with quantitative inputs.

Regarding the nature of the information, numerical data have been used for detecting specific variables like the CEO's tenure, the CEO's compensation, the CEO's age, the number of acquisitions made during a specific year with distinction between domestic and international deals, and the deal value.

Among the qualitative variables, the name of the target and the country where the target is headquartered are worth of mention, together with the industry where the acquirer operates, the

CEO's name, the CEO's gender, the CEO's level of education and the country where the CEO attended the university.

Moreover, researcher used different dummy (or indicator) variables, defined as a special variable which can take only two possible values, one indicating the presence of a condition, and the other indicating the absence of the condition. This type of variable has been used in order to simplify the process of collection and analysis of the CEO's duality, the CEO's international experience and to indicate whether the company made at least a takeover during a specific year.

3.5. PRACTICAL APPROACH FOR COLLECTION AND ANALYSIS OF DATA

The collection process is divided into different steps. Firstly, the objective of the research is identified. This thesis tries to find an explanation for the relationship between CEO's characteristics and the propensity to making acquisitions across national boundaries.

Afterward, the sample frame is created by following a non-probabilistic technique. The study is based on an empirical analysis of Italian stock listed companies, as well as their CEOs. Acquisition transactions between 2012 and 2016 are taken into consideration, with regard to the main executive in office during the takeovers and his/her traits.
The five-year time lapse between 2012 and 2016 is seen as suitable for the investigation because no influence from the financial crisis is detected from 2012 onwards. Collection of data starting before 2012 would be negatively affected by the weak global economic situations and financial indexes. Moreover, the Italian background suits perfectly the purpose of this investigation, due to the arise of outward transactions which follow the international trend. Consequently, an adequate number of deals can be collected for building up a sizeable sample.

The analysis is then conducted with descriptive statistical tools in order to report the main findings and to show their implications over the company's acquisition strategies.

The empirical analysis has been conducted on the companies belonging to the Italian stock exchange's index FTSE MIB, consisting of the forty most-traded stock classes (Borsa Italiana, 2019).

Several specific requirements must be met by this group of companies in order to be listed within this index. First of all, the amount of the floating stocks must represent at least 5% + 1 of the total company's traded stocks. The percentage of the floating stocks of every single company is constantly controlled and being revised every three months. Moreover, the percentage of voting rights deriving from the floating stocks must be above 5% for companies headquartered in developed markets. Furthermore, liquidity and the number of stocks available for trading in the market are required to be above a certain threshold.

These enterprises has been selected for constructing the sample because they own high financial resources, an essential prerequisite for conducting takeovers abroad. Furthermore, the collection of the information has resulted simplified due to different obligations these firms must comply with, such as the publication of annual reports, reports about top managers' remunerations and general report about the governance. In addition, every information that can have an impact on the stock price must be published.

These prerequisites have allowed 52 companies to be part of the final sample in the period between 2012 and 2016, leading the researcher to collect 3174 observations regarding CEOs and the acquisitions they took responsibility for. Unfortunately, it's been impossible to observe some variables due to unavailability of documentation from the companies. Details are shown in Table 9.

Company	***Observations missing***
Banca Popolare Milano	*CEO's compensation from 2016*
Banco Popolare	*CEO's compensation from 2016*
CNH Industrial	*Acquisition price of Kongskilde Agriculture*
ENEL	*Acquisition price of ENEL stoccaggi Srl*
ENEL	*Acquisition price of ENEL Green Power Spa*
ENEL Green Power	*Acquisition price of Rocky Ridge Wind Project Llc*

ENEL Green Power	*CEO's compensation from 2016*
ENEL Green Power	*Acquisition price of Erwarme Oberland Gmbh*
ENEL Green Power	*Acquisition price of Maicor Wind Srl*
Finmeccanica	*Acquisition price of Sistemi Dinamici Spa*
Generali	*Acquisition price of MyDrive Solutions Ltd*
Luxottica	*Acquisition price of Inveroptic Sau*
Tenaris	*CEO's compensation during the whole period considered*
Terna	*Acquisition piece of Difebal SA*
World duty free	*CEO's compensation from 2016*

Table 9: *Missing observations*

Data regarding acquisitions of the companies, such as the name of the target, the country the acquirer is willing to enter and the deal value, have been gathered from Zephyr, a M&As database managed and organized by Bureau Van Dijk (Bureau Van Dijk, 2019b). This information has been double-checked with the price sensitive news on companies' websites and with their annual reports. When searching for takeover deals on Zephyr, some filters have been set as in Table 10.

Filter	***Setting***
Type of deal	*Acquisition*
State of the deal	*Concluded*
Country of the acquirer	*Italy*
Country of the target	*Other than Italy*
Time-frame	*2012-2016*

Table 10: *Filters adopted when conducting research on Zephyr*

Concerning the CEOs' features, traits and skills reviewed in the literature have been taken into consideration during the data collection. Every characteristic has been gathered with a quantitative, a qualitative or a dummy variable, in order to make the data easier to process during the analysis.

Data concerning CEOs' names have been collected from the annual reports of the various companies and from their official websites, where usually a presentation of the top managers is available. CEOs' ages have been gathered from official websites of the companies the executives work for, where curricula of the entire management are available. Information regarding CEOs' tenure have been collected from the annual reports of the companies and from Bloomberg official website, which provides the author with precise corporate and executives' profiles useful for the empirical research (Bloomberg, 2019). Possible international experience and educational level of the executives have been taken from personal curricula vitae of CEOs, as well as on the "Alumni" website sections of universities attended by the CEOs. CEOs' duality has been checked on annual reports of the enterprises, where the whole hierarchy is always outlined. Finally, the four forms of compensation have been obtained from remuneration reports, available on the corporates' websites and on the website of Borsa Italiana (Borsa Italiana, 2019b).

ANALYSIS

The analysis aims at making clearer the data gathered during the research and obtaining an overview of the observations made for every variable. Different CEO's characteristics are examined in the following paragraphs: age, gender, international experience, education, duality and remuneration. All of the above-mentioned features come together with an analysis of the distribution of the cross-border takeovers carried out by the fifty-two companies of the sample.

4.1. CEO AGE

Many scholars examined how the age of the Chief Executive Officers affects the inclination toward international markets. Results from the sample are reported as follows. Among 212 observations, the main executives are 55.377 years old on average. The eldest is Ennio Doris of the Mediolanum group, who turned 75 in 2016, while the youngest is John Elkann, who was 36 in 2012. After having considered these two data, even the variability is an important feature of the distribution. This is indicated by the standard deviation, which is only 7.493; therefore quite low, as just 13.53% of the mean.

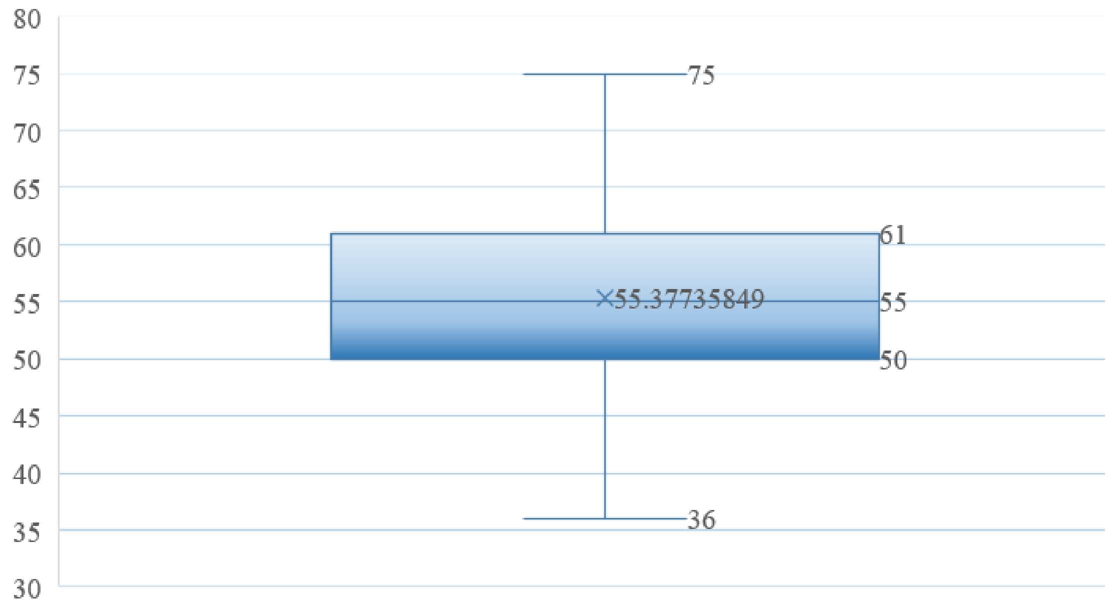


Figure 5: *Box plot of the variable CEO's age*

As shown in Figure 5, 50% of the observations refer to CEOs between 50 and 61, while the first quartile indicates 25% of the population observed is between 36 and 50. Moreover, the third quartile shows that 75% are below 61 years old. Calculation of the three quartiles is another proof of the low variability, since the interquartile difference is only 11.

The high concentration within the range 50-61 is also confirmed when studying the distribution through clusters in Table 11. Observations referred to CEOs between 36 and 39 are only five, those of the main executives aged 40-49 are forty-five, those above 49 and below 60 are ninety-eight, the ones between 60 and 69 are fifty-five, while the range 70-75 counts only nine observations. By analysing the percentage of the single classes, a symmetry can be noticed over the classification, therefore assuming the variable is almost normally distributed.

Age	***Number of observations***	***Percentage***
36-39	*5*	*2.36%*
40-49	*45*	*21.23%*
50-59	*98*	*46.23%*
60-69	*55*	*25.93%*
70-75	*9*	*4.25%*

Table 11: *Cluster division of the variable CEO's age*

The examination of the variable CEO's age with relation to international acquisitions is relevant for the research, in order to see whether the findings support the thesis deriving from the literature review, according to which the elder the CEO, less likely a risky acquisition occurs. A good term of comparison is the influence of the same variable on the domestic and total takeovers.

Among the 87 observations referring to CEOs who undertook an acquisition process in the five years time lapse, the average age is 53.816 years. If taking into account only cross-border actions, the mean is only reduced by 0.867 year, apparently not indicating a significant difference between the two groups. However, the sample of executives taking responsibilities for domestic acquisitions has a lower minimum value and a higher maximum, with a consequent higher variability.

A more relevant finding is identified with the analysis of clusters related to domestic and international takeovers, as indicated in Figure 6 that shows the observations of the acquiring executives divided by classes of age and geographical areas.

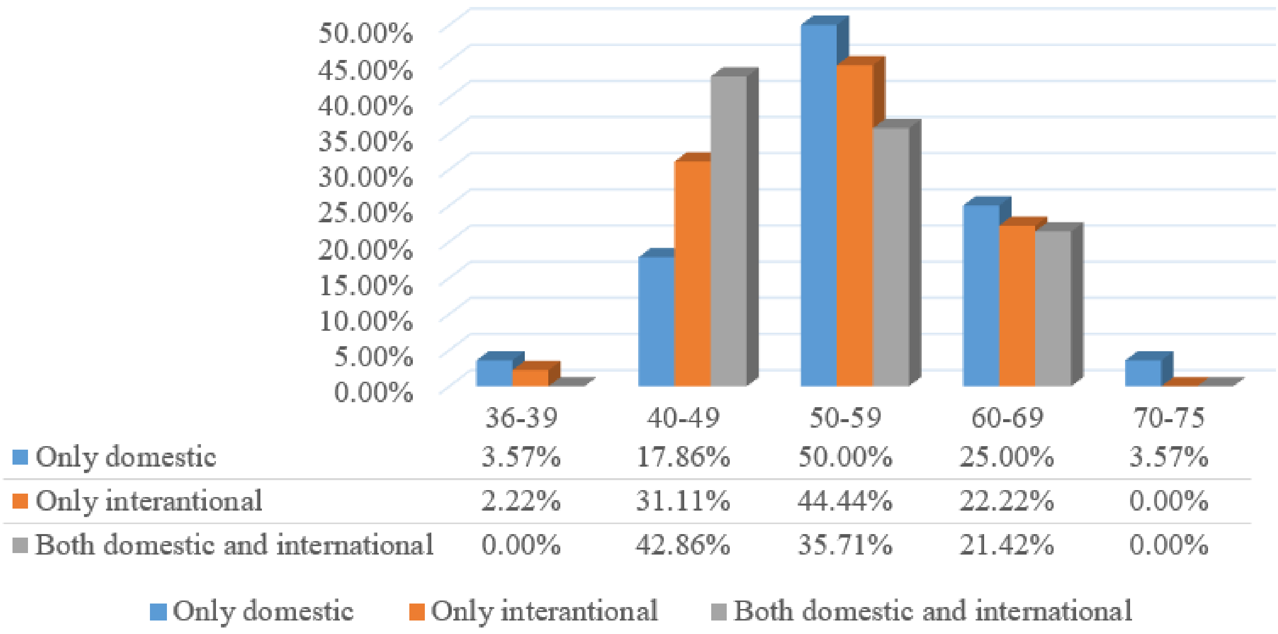


Figure 6: *Sample distribution of the variable CEO's age*

The variable pointing out domestic acquisitions is not distributed as the one examining the international takeovers. Relatively younger CEOs are associated with cross-border deals, since 33.33% of these latter are guided by executives below 49, against the 21.43% referring to national transactions. If having a look at the classes of age above 50, data evidence 78.57% of domestic observations, versus 66.66% concerning international takeovers. Therefore, while the majority of the statistics among national acquisitions is concentrated in the last first three clusters, those related to cross-border actions is more intense in the first three classes. This highlights how young CEOs are more reluctant to acquire domestic companies than foreign ones, conclusion underlined also by the

40-49 cluster: here the number of international observations almost doubles the domestic ones. Even if considering the number of deals, the thesis is reinforced, since 29 are closed in Italy and 51 abroad.

Table 12 shows the results of a second point of view of the analysis which comprehends deal values, differentiating between domestic and international transactions. Cross-border takeovers prove to be more expensive than domestic ones, regardless of the class of age considered, as witnessed by the mean values calculated over all the categories.

Age	***Domestic***	***International***
36-39	*20700*	*951200*
40-49	*115179.167*	*376838.222*
50-59	*88179.310*	*219762.471*
60-69	*68324.692*	*421306.8*
70-75	*44600*	*0*
Total	*114792.857*	*301613.895*

Table 12: *Average deal value for every cluster (/000 €)*

Hypothesis 2 predicts that a young executive is more willing to take risks. This hypothesis is not only supported by the higher number of foreign acquisitions carried out in a young age, but even by the higher financial resources invested by CEOs from the 36-39 class. As a matter of fact, the outflow direct investments in the first two clusters exceed by almost 50% the same type of transactions made by CEOs above 50, pointing out a higher propensity for capital-intensive, risky and expensive strategies in younger ages.

4.2. CEO GENDER

The second phase of the analysis tested the influence of the CEO's gender on international acquisitions. Most of the cases in the literature underline an iniquity between male and female in executive positions. This situation is taken to the extreme in this research, as all the CEOs are male. Consequently, the empirical investigation cannot be conducted, since the variable only shows one type of result.

4.3. CEO TENURE

As far as the CEO's tenure is concerned, a descriptive examination composed of 212 observations leads to few important results. The mean of the whole sample is 8.396 years, indicating that Chief Executive Officers have been in charge of a management position for more than eight years on average. While most of the data concerning CEOs report a 7-year-old tenure, some refer to several executives who have never worked as top managers before, whose age ranges from 36 to 59, like Siragusa from Ansaldo STS and Recordati from his family-owned company of the same name. The most experienced administrators, with more than 20 years of management background, are also some of the oldest ones, such as Rossetti from A2A (62 in 2016) and Norsa from Salvatore Ferragamo (67 in 2016).

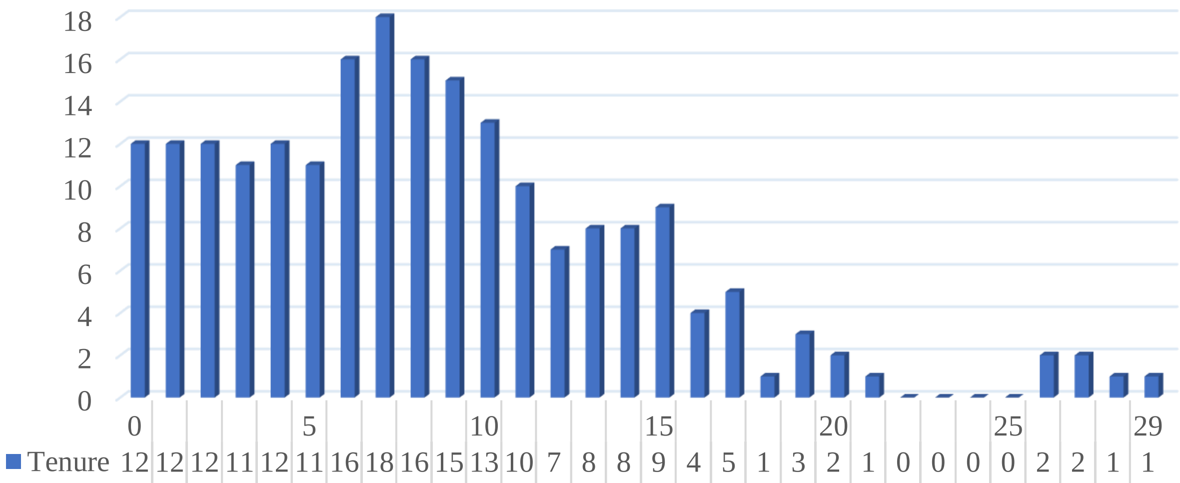


Figure 7: *Sample distribution of the variable CEO's tenure*

The distribution of the frequency does not seem to follow the normal structure, with a consequent asymmetry. This is due to a peak between 6 and 9 years where no less than 16 observations are registered, a progressive lowering of the frequency from 9 years on and a null tenure between 22 and 25 years. An interesting finding is the far-right part of the graph, which shows that some CEOs still have high hierarchical positions even after more than 25 years of management experience. Therefore, a high concentration is observed in the left part of the graph, as also underlined in the Figure 8, where 75% of the observations concern Chief Executive Officers with a tenure lower than 12 years. The interquartile difference is 8 years, highlighting how 50% of the data regarding main executives fall within the 4-12 range.

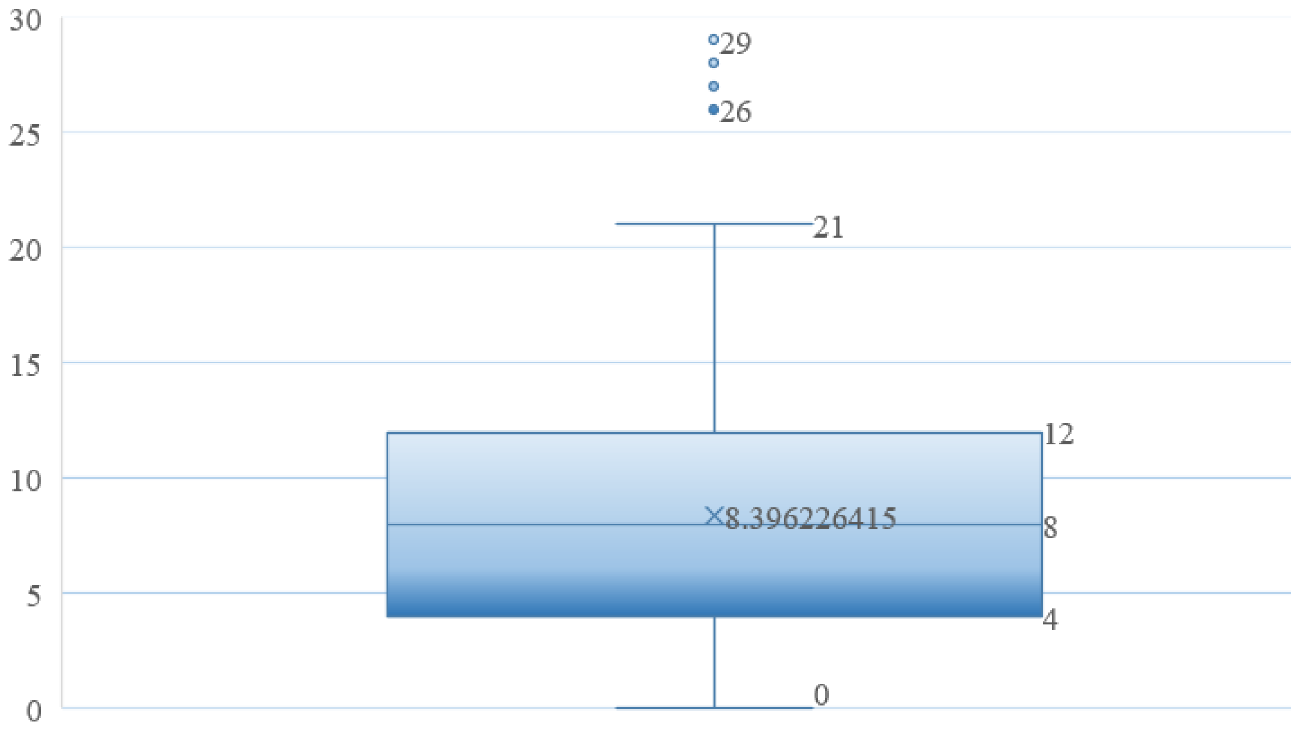
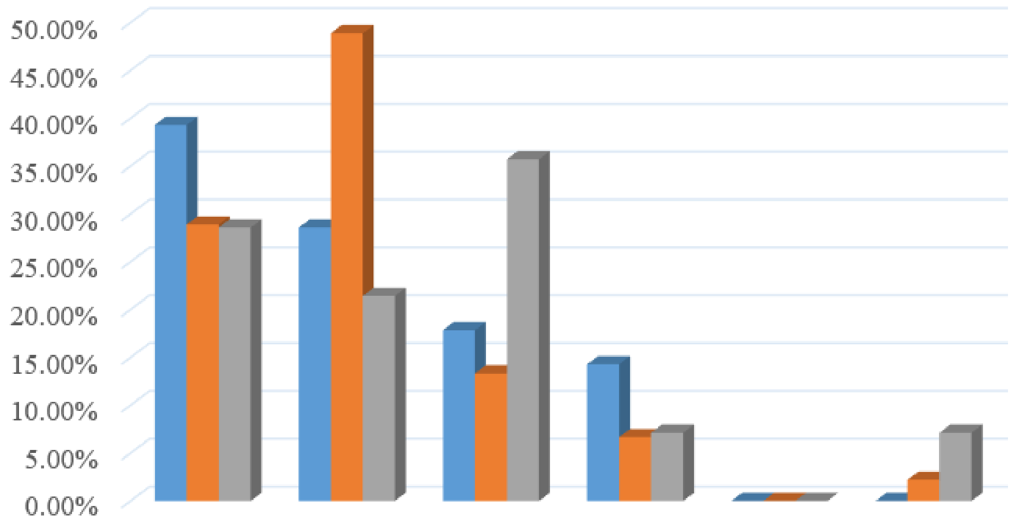


Figure 8: *Box plot of the variable CEO's tenure*

In the following part the interaction between the tenure of the managers and the propensity to purchase firms across national boundaries is analysed. Findings within the literature are mixed and not homogeneous, therefore the observations gathered in the sample are worthy of being examined.

Among the 87 observations with acquiring CEOs as object, the average tenure is in line with the overall one, distancing from each other only by 0.902 year. A distinction between national and foreign acquisitions should be made in order to obtain a better overview of the phenomenon.



	0-5	6-10	11-15	16-20	21-25	25-30
Only domestic	39.29%	28.57%	17.85%	14.29%	0.00%	0.00%
Only international	28.89%	48.89%	13.33%	6.67%	0.00%	2.22%
Both domestic and international	28.57%	21.43%	35.72%	7.14%	0.00%	7.14%

Figure 9: *Sample distribution of the variable CEO's tenure*

The analysis gives significant results. Observations referred to CEOs taking over companies' equity only in Italy follow a decreasing trend, suggesting lower tenure has an influence upon that. When examining data concerning executives acquiring targets either in foreign countries or both in Italy and abroad, two peaks in the second and in the third cluster are found respectively. The highest column indicates almost 50% of the observations of foreign acquisitions are associated with top managers with 6 or more years and less than 10 years of management experience, while the highest grey column reports that 35.72% of the data about executives purchasing firms both within and across national boundaries fall within the 11-15 years tenure. With regard to this specific class, a particular influence of the geographical area is not found, as the number of deals closed nationally is 10 and those concluded internationally is 11. A decreasing trend characterizes the classes on the right, which progressively zero their value, with just a slight increase in the last cluster.

A deeper analysis of the number of cross-border takeovers is needed for a better overview of the sample: 64 outward transactions are made within the first two clusters, while only 31 are conducted by CEOs with more than 10 years of management experience. Results are more meagre when analysing domestic takeovers, since only 38 deals are closed by less-experienced CEOs and 59 by the most expert.

Therefore, the research advances the importance and influence of the tenure over the decision of purchasing a company, not only abroad, but also within national borders. An executive with less experience tend to undertake acquisitions processes, but regardless of the place where the target is headquartered. Not only the observations referred to different CEOs confirm that, but also the number of the deals conducted. Since the purpose of this paper is to verify the hypotheses developed in Paragraph 2.4, in particular Hypothesis 3a in this paragraph, it can be concluded that executives with more experience avoid international takeovers, while shorter tenured CEOs bear the risk of purchasing firms abroad.

4.4. CEO INTERNATIONAL EXPERIENCE

In testing CEO's international experience, the researcher looks for executives who lived abroad and gained the knowledge about different markets. Spending few years in a different country gives managers the right skills to tackle risky strategies as well as the uncertainties and problematics arising when investing abroad. This is the reason why the literature sustains that CEOs with international experience are more willing to purchase firms abroad.

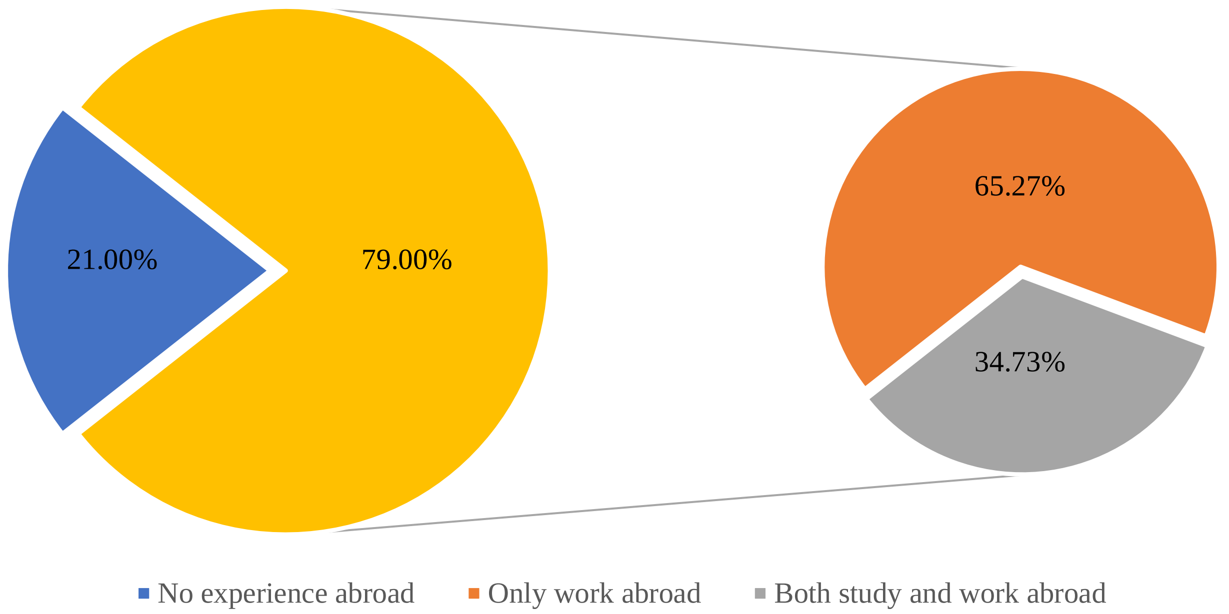


Figure 10: *Sample distribution of the variable CEO's international experience*

Findings show a strong dominance of executives who have spent a period abroad. Almost 80% of the observations are referred to CEOs with an experience in a foreign country, with only a bit more than 20% of the total who have never crossed the border for work. Among the former, 34.73% had the opportunity to complete the studies in a country different than Italy, along with the possibility to start a new job outside Italian boundaries, as witnessed in Figure 10.

It is then relevant to find out whether the international experience has an influence over the cross-border takeover decisions or not. Among the 87 overall observations concerning acquisitions, 86.21% are connected to CEOs with an international background. Moreover, Table 13 displays the results of the 59 observations associated with CEOs completing foreign acquisitions, highlighting that data is in line with the expectations found within the literature. Data indicate that every single takeover has been carried out by CEOs who previously had at least one experience outside their home country, except Pier Silvio Berlusconi from Mediaset, who guided the purchases of two different companies back in 2016 without having lived in a foreign country before. There is an almost perfect division between those with only a foreign work experience, such as Castellucci from Atlantia, and those with both a study and a work experience, for instance Marchionne, CEO of FIAT.

International experience	*Frequency*	*Percentage*
Only work experience	*30*	*50.84%*
Both study and work experience	*29*	*49.15%*

Table 13: *Influence of CEO's international experience over foreign takeovers*

An additional analysis is conducted, resulting into 13 observations identifying deals closed in countries where CEOs had previously studied or worked. To give some example, Buzzi from Buzzi Unicem lived in Germany and guided the takeover of Dyckerhoff AG.

In conclusion, the observations of the variable determine the likelihood of an international deal to be closed. Experience abroad really influences these important and risky entry mode strategies. However, the type of experience does not affect the acquisition decision.

4.5. CEO EDUCATION

Hypothesis deriving from the literature predicts the positive impact of a high education level over the choice of acquiring. Results from the sample offer relevant insights about the different educational attainments. 134 observations are about CEOs holding only a Bachelor's degree, while 64 refer to top managers refining their education by attending a Master's programme. Moreover, the variable "CEO's education" does not provide any result in relation to 12 executives, who did not attend any university course and hold just a high school diploma, as highlighted in Figure 11. In order to examine the relationship between the variable and takeover propensity, even the countries where the CEOs completed their education are interesting. Almost three quarters of the measurements show an Italian university background for the top managers, 141 to be more precise, as witnessed in Figure 12. The remaining 26.95% mostly prefer the high US educational level, followed by British, French and Canadian academic institutions.

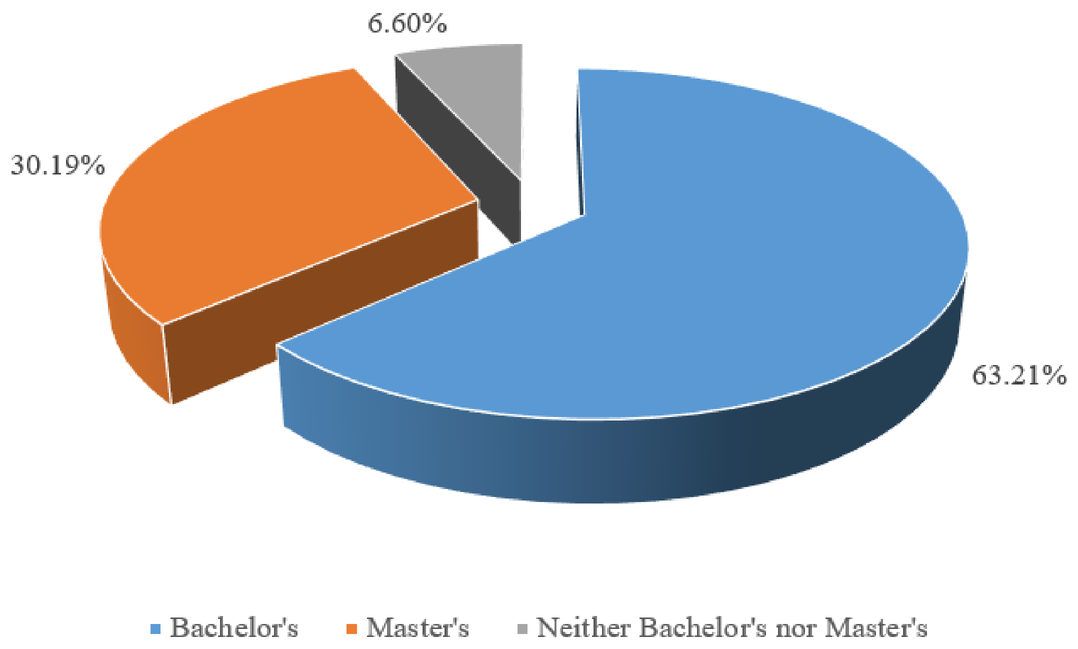


Figure 11*: Sample distribution of the variable CEO's education background*

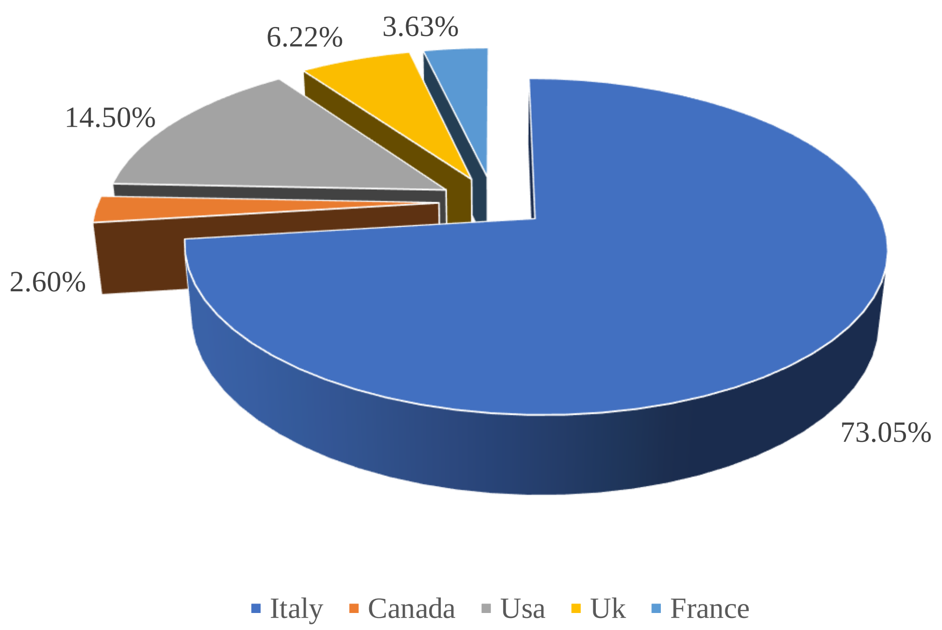


Figure 12*: Distribution of the countries where CEOs attended educational programmes*

Previous researches demonstrate that takeover processes are usually undertaken by CEOs with a graduate diploma and they positively associate the level of the education with the predisposition of the company to make acquisitions abroad. Table 14 summarizes the results of the empirical analysis.

Educational level	***CEOs acquiring companies abroad***	***CEOs acquiring companies in Italy***	***CEOs acquiring both domestic and international companies***
Bachelor's	*27.59%*	*22.97%*	*6.9%*
Master's	*24.14%*	*6.9%*	*8.05%*
No academic background	*0%*	*2.3%*	*1.15%*

Table 14: *Educational level of CEOs taking over companies*

As shown, the research provides support for the hypothesis mentioned earlier in the paragraph. A clear difference stands out when considering the titles of study of executives carrying on acquisitions. If considering outward transactions, there is a similar division between observations concerning Bachelor's degree holders and data referred to Master's graduates. The former conducted 42 takeovers, such as the one led by Sala from Gtech and the one guided by Battista from Prysmian, while the latter guided 52 takeovers, for instance Kunze Concewitz from Campari and Rocca from Tenaris. Moreover, not having an academic background seems to negatively influence the choice of purchasing firms across national boundaries, perhaps due to the really basic know-how learnt during the high school.

The picture changes when moving to the 59 domestic takeovers: the observations concerning CEOs having a Master's degree drop by 17.24%, while reporting a decrease of 4.62% for Bachelor's graduates. Even among the executives looking for acquire abroad and within the country, the most prevalent are those holding a Master's, such as Starace from Enel.

There is, therefore, a positive correlation between the level of the title of study of CEOs and the international acquisition behaviour, with the former positively affecting the latter. As underlined in the literature, even the country where CEOs conducted their studies has an effect on the area where companies seek to take over other firms. Having studied in a certain country provides the Chief Executive Officer with specific and deep knowledge about the local market and the possible issues the acquirer might deal with. However, this hypothesis does not find an empirical support within our sample, as only 6 observations show a manager targeting a firm in a foreign country where the studies had been previously conducted, like Alverà from SNAM in United Kingdom, Tobin from CNH, Venturini from Enel Green Power and Andrades Yunta from World Duty Free in the United States of America.

4.6. CEO DUALITY

Another important feature of CEOs is their duality, situation where the position of the Chief Executive Officer and the Chairman of the company are held by the same person. Several studies are found when reviewing the past literature, with divergences among results. It can then be considered to take into account the empirical findings gathered from this research sample and check whether they evidence a positive or a negative relationship with cross-border acquisition processes.

Among the 212 observations, 31 are related to dual CEOs, demonstrating duality is not a common condition as it is in the literature. This is the case, for example, of Marco Tronchetti Provera leading Pirelli and Ruffini managing Moncler.

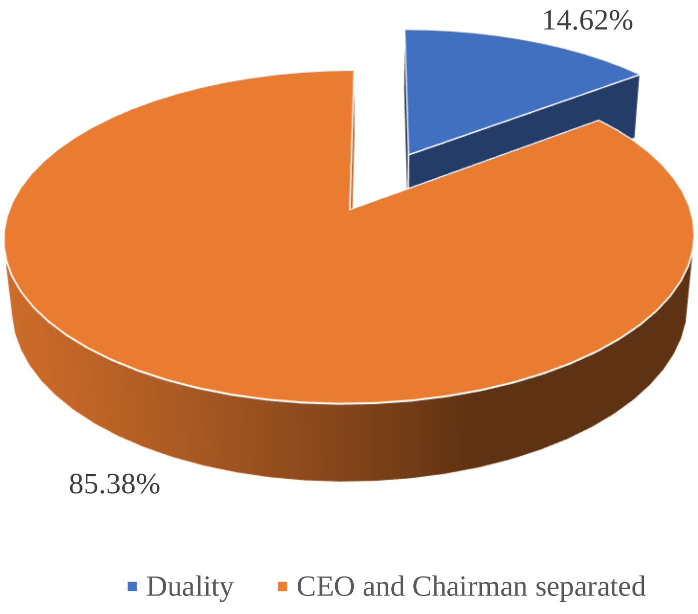


Figure 13: *Distribution of dual CEOs*

Table 15 provides a number of robust findings regarding top managers undertaking acquisitions. A total of 87 variables can be observed over the sample, 45 of these are related to CEOs only purchasing companies abroad, 28 referring to executives only taking over companies' equity in Italy and 14 concerning managers acquiring firms both abroad and on the national territory. Results reveal that a dual Chief Executive Officer focusing only on international markets is also the Chairman in 8.05% of the cases. On the other hand, when concentrating only on national targets, the percentage drops to 2.3%. The proportion of managers targeting both Italian and foreign companies decrease even more, reaching 1.15%.

Observations related to non-duality follow the same trend. The lowest value, 14.95%, is registered for acquisitions made regardless of the geographic area, while almost 30% of the values concern only national firms. Lastly, the percentage connected to non-duality observations abroad are much higher, exceeding 43%.

Type of acquisition	*Duality*	*Non duality*
National	*2.3%*	*29.87%*
International	*8.05%*	*43.68%*
Both national and international	*1.15%*	*14.95%*

Table 15*: Distribution of CEO's duality over the acquiring CEOs*

These results appear to contrast each other, therefore a deeper analysis of the number of deals should lead the researcher to clearer conclusions. Twenty percent of the takeovers, corresponding to 19 transactions out of a total of 95, are conducted across borders by dual CEOs, while the proportion for domestic takeovers decrease by 8.14%.

In conclusion, despite the low number of observations characterized by a dual CEO, at first sight the amount of data collected about this variable might bring the researcher to the final conclusion of confirming the correlation between duality and international acquisitions. However, also companies characterized by the separation of powers purchase cross-border firms too, conducting to an insignificant result. It can be then concluded that Hypothesis 3b is not confirmed.

4.7. CEO COMPENSATION

Researchers point out the positive effect of the remuneration on international acquisitions: a high compensation leads the executives to engage in foreign direct investments and high risky strategies. The expectation is to reach the same findings in this research. Firstly, an overview of the CEOs' compensations is contained in table 16, with focus on the four different forms of remuneration managers can earn: fixed salary, monetary bonus, company's stocks and non-pecuniary bonus.

	Salary	*Bonus*	*Stock*	*Non-pecuniary bonus*	*Total remuneration*
Number of observations	*203*	*203*	*203*	*203*	*203*
Mean	*1249.509*	*790.874*	*456.808*	*161.275*	*2557.671*
Median	*1085*	*364.7*	*0*	*20*	*1958.04*
Mode	*1900*	*0*	*0*	*0*	*1494*
Minimum	*211.398*	*0*	*0*	*0*	*222.397*
Maximum	*4791.284*	*8593*	*8689*	*665.103*	*13189*

Table 16: *CEOs' compensations (/000 €)*

The mean value of the fixed salaries received by CEOs is 1249509 €, and this cash pay method contributes the most to the total average compensation of the executives, followed by the monetary bonuses, the non-pecuniary benefits and the long-term remuneration like stock options, which are variable forms of payment and therefore earned only when precise financial goals are achieved and determined requirements are met.

Particular findings come out when calculating the mode and the minimum value of the two different bonuses and of the stock worth, which are null, meaning this kind of remuneration is noteasily gained. A stronger support for this assumption is reported in the "stock" column: the median value is null as well, suggesting 50% of the observations are related to CEOs who do not hold any stocks in the company they work for. This is better shown in Figure 14, where 25% of the figures register a salary between 211398 € and 800000 €, while 75% of them report a cash remuneration lower than 1490000 €, deducing that half of the observations fall into the 690000 € interquartile difference.

If taking into account only the bonus part, three quarters of the values indicate executives get bonuses for less than 1165514 €, underlining a big discrepancy with the fourth quarter where the data reports a maximum amount of even 8593000 €. This variability is also indicated by the high variety and high standard deviation of 1263604 € in the cluster.

Considering stock options and non-pecuniary bonuses, a similar distribution can be seen in the graph: a really low first quartile, respectively 0 € and 8873 €, with a short interquartile difference, showing that more than 75% of the observations referred to values of stocks and benefits are less than the average. As a matter of fact, the means in the grey and in the yellow box plots, 456807 € and 161275 €, exceed the third quartiles by 6773 € and 31036 € respectively.

Finally, with regard to the overall compensation, a large interquartile difference of more than 2.3 million € characterizes the green graph, with 25% of the observations concerning executives holding shares and earning benefits worth between 222397 € and 1200512 €, and 25% of data where the richest CEOs are placed indicating an amount ranging from 3573000 € and 13189000 million. This latter result points out a high variability over the whole sample, confirmed also by the standard deviation which exceeds 2 million.

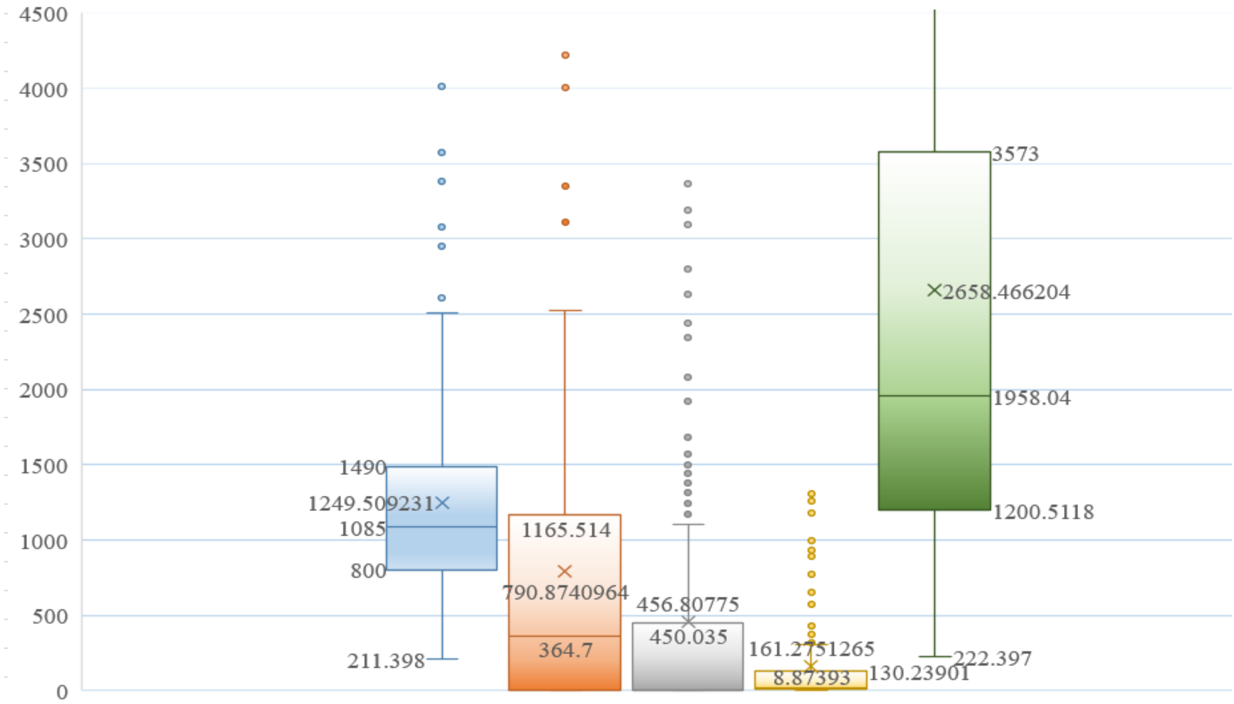


Figure 14: *Box plots of the four forms of remuneration (blue=salary; orange=pecuniary benefits; grey=stock options; yellow=non-pecuniary benefits) and box plot of the total remuneration*

To better understand the relationship underlying the CEO's remuneration and international takeovers, Table 17 describes the main statistical findings of these aspects, with regard to the acquisitions carried on between 2012 and 2016.

	Total	***Domestic***	***International***	***Both domestic and international***
Number of observations	*84*	*28*	*43*	*13*
Mean	*2613.749*	*2278.422*	*2752.155*	*2878.191*
Median	*1926.978*	*1795.563*	*2067.65*	*2136.757*
Minimum	*247*	*507.089*	*341.206*	*247*
Maximum	*13189*	*5097.979*	*13189*	*6554.137*

Table 17*: Total remuneration for CEOs carrying out domestic and international acquisitions in thousand (/000 €)*

The first statistical data to be considered is the mean. Among the observations related to the most expensive entry mode in terms of capital and commitment, the remuneration for CEOs is 473733 € higher than the one gained by executives conducting purchases within the country. An even more conspicuous average compensation, 2878191 €, is registered for those main executives leading takeovers both in Italy and abroad.

While the maximum compensation for CEOs targeting at least an Italian company does not exceed 6554137 €, it is only half of the maximum registered for international takeovers, being settled at more than 13 million.

The median is a bit higher for total remunerations of managers dealing with international purchases, with 50% of observations indicating CEOs earning up to 2067650 €. Moreover, the median is always lower than the mean, suggesting the distribution is asymmetric, since more than 50% of the observations are below the average remuneration.

This imperfect symmetry and variability of the distribution is also confirmed by the significant standard deviations calculated for the three classes: 2425062 € for cross-border takeovers, 1454319 € for national acquisitions and 1908352 € for data deriving from CEOs acquiring firms regardless of the geographic area.

It is also relevant to underline possible trends coming from the analysis of the four types of remuneration groups.

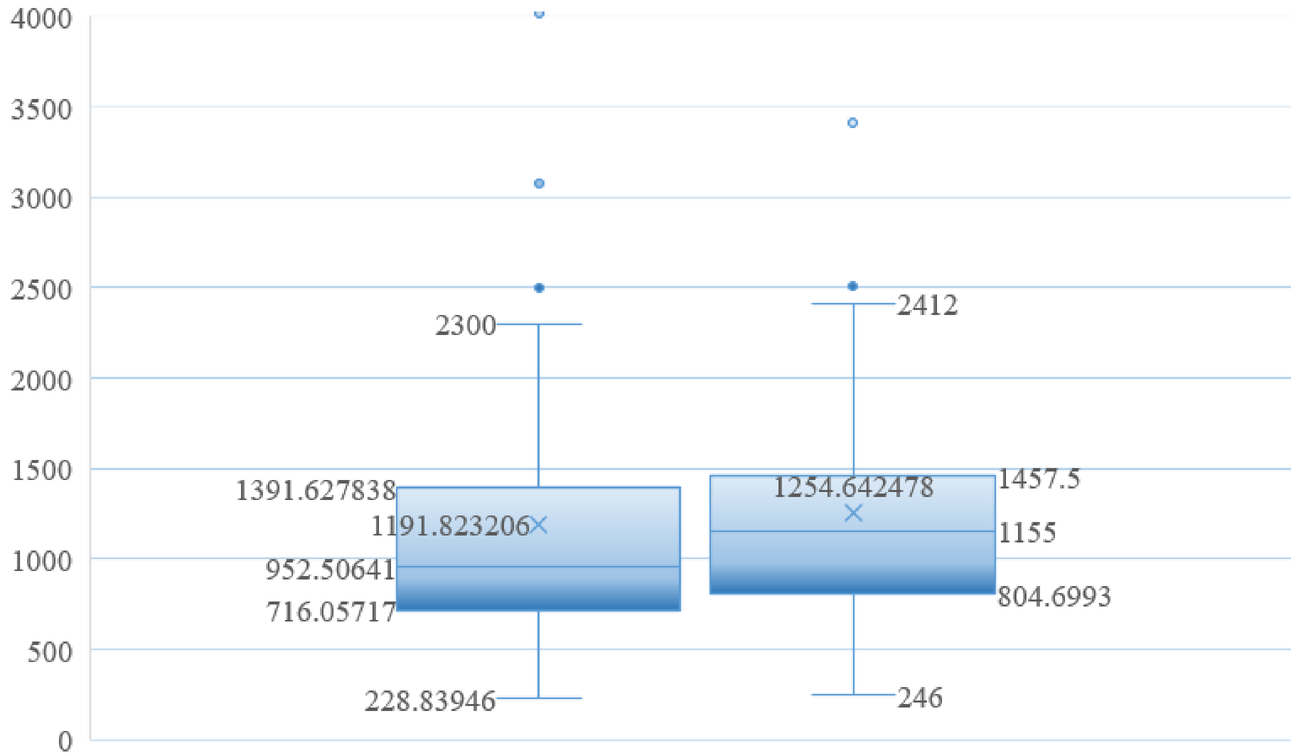


Figure 15: *Box plot concerning salaries of acquiring CEOs*

CEOs conducting acquisition processes abroad present an average fixed salary lower than those characterizing the executives purchasing companies on national soil, with the latter exceeding the former only by 62819 €, as witnessed in figure 15. However, the distributions of the observations are really similar, presenting an almost analogous interquartile difference, 675571 € for CEOs acquiring abroad and 652801 for managers taking over firms in Italy. Also the median values are analogous, suggesting 50% of the observations referring to executives who undertake international acquisition processes earn up to 952506 € and those operating within national boundaries gain up to 1155000 €.

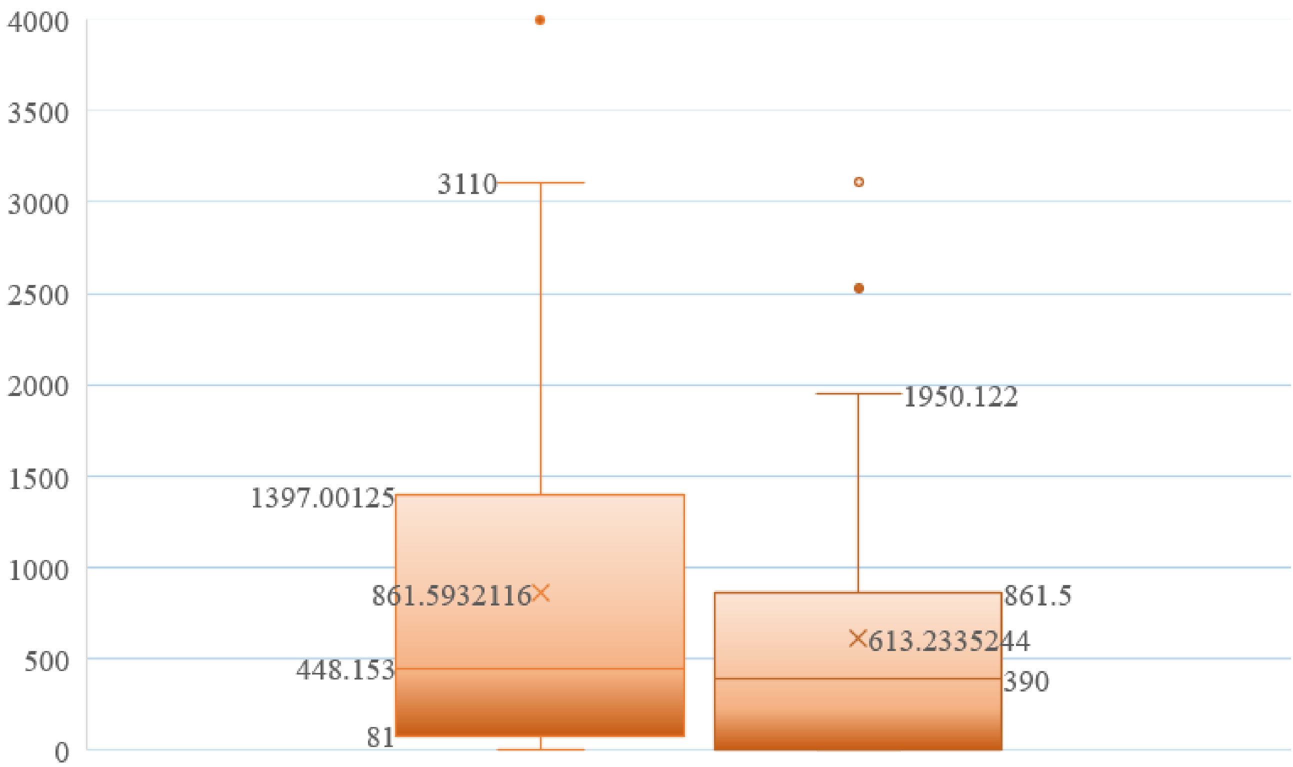


Figure 16: *Box plot concerning pecuniary benefits of acquiring CEOs*

The first of the three variable components of the total remuneration examined in Figure 17 is the monetary bonus. Among the 84 observations, the average bonus is higher for managers conducting transactions abroad, who get benefits for 248359 € more than the other group of CEOs. Furthermore, the observations are distributed more broadly over the chart, as witnessed by the larger interquartile difference ranging from 81000 € to 1397001 €. This means 50% of data gathered are associated with CEOs acquiring abroad and earning a bonus between these two thresholds, while the box plot on the right shows 75% of statistics are related to domestic buyer CEOs gaining less than 861500 €.

Figure 17 reports salient data regarding the stock values held by the CEOs. The grey box plot on the left refers to companies' stock options of executives carrying out cross-border acquisitions, and it points out the higher average compared to the second classification on the right. Despite this, the distribution on the left documents a third quartile settling at 581497 €, 198627 € lower than the one characterizing CEOs acquiring firms in Italy. So, 75% of the executives exploring foreign markets through takeovers can see their remunerations increasing up to the above-mentioned threshold, while the other category of executives in the same range can gain 780124 €.

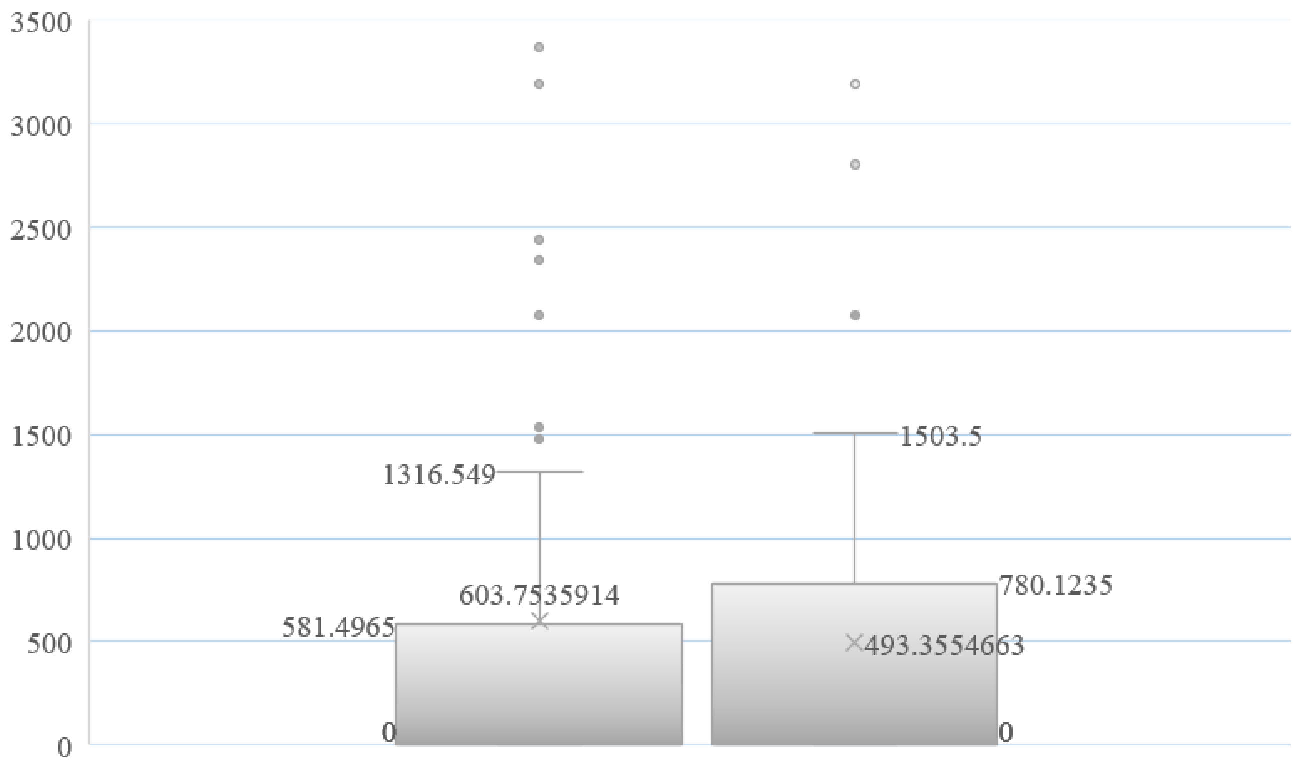


Figure 17: *Box plot concerning stock options of acquiring CEOs*

The last but not least variable part of the remuneration is represented by the non-pecuniary bonus. Observations from the top managers conducting acquisitions are summarized in Figure 18, where the two classes of CEOs follow the same trend. They are both characterized by a first quartile below 10000 € and a third quartile established around 112000/113000 €, identifying two similar interquartile ranges where 50% of the observations are placed. Once again, benefits for CEOs acquiring companies across national borders are higher on average compared to the top managers making national acquisitions, as witnessed by the two means in the graph: 124243 € for international acquirers against 107361 € for domestic acquirers.

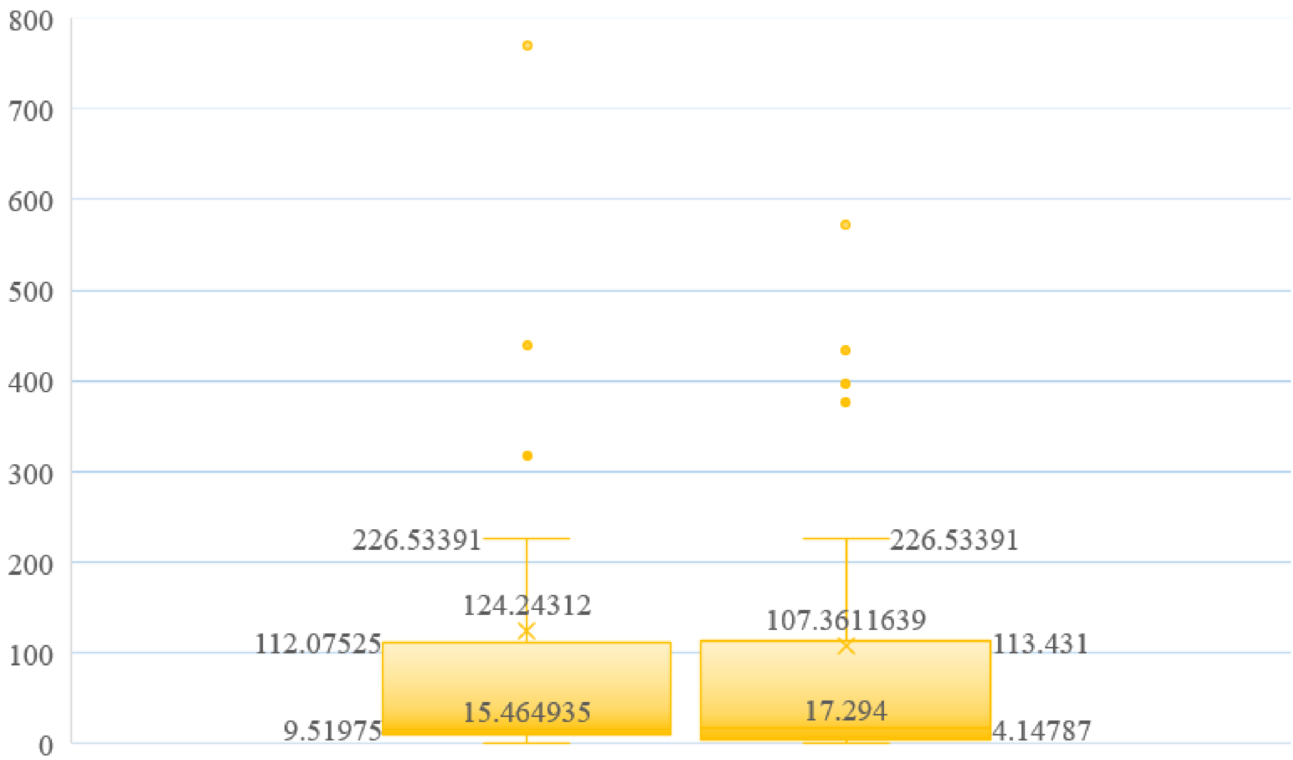


Figure 18: *Box plot concerning non-pecuniary benefits of acquiring CEOs*

In conclusion, on the basis of the empirical findings, it can be argued that the risky choice of acquiring firms in a foreign country is positively related to the CEO's variable forms of compensation. More precisely the higher the pecuniary benefits, the non-monetary bonuses and stocks held, the more inclined the executives are towards international takeovers. Furthermore, observations related to the fixed salaries show an association with different companies as targets, however with no discrimination between foreign and Italian ones. Therefore, it can be concluded that the risky choice of undertaking cross-border acquisitions is mainly driven by the three long-term forms of remuneration and, secondary, by the salaries the executives can benefit from.

CONCLUSION

5.1. CONCLUSION AND IMPLICATIONS

Through an empirical investigation of the most capitalized Italian listed companies during the period 2012-2016, this research aims at contributing to the international business literature about the impact of CEOs' features over FDI choices, with special regard to cross-border firm acquisitions. Acquiring businesses abroad can give the buyer valuable advantages and benefits, and it has been an increasingly frequent plan of action since the globalization process became widespread. Initiation, implementation and success of this type of strategy are in charge of top managers, especially Chief Executive Officers, who take an active participation in the firms' main decision. This study reports how different personal traits and features result in different outputs, and whether these characteristics influence the takeover processes in foreign countries or not. In conducting the analysis, the researcher draws upon main international business theories and the Upper echelon model, in order to develop the hypotheses verified later with the empirical investigation. A really general implication deriving from the analysis of the sample concerns managers and employees willing to become main executives in future. Enhancing specific characteristics and traits, for example by working as an expatriate or by attending well-recognized Executive Masters, may turn out to be a boost for CEO's curriculum vitae. Other more specific managerial suggestions are identified in the next three paragraphs, together with final conclusions.

5.1.1. Hypothesis 1a, 1b and 1c

Throughout the research different hypotheses are studied and strong support for different relations are found. First of all, findings show CEO's international experience predicts the inclination toward international acquisitions, as mentioned in Hypothesis 1a. Results are in line with Athanassiou

& Nigh (2002), who find a positive correlation between an international working experience abroad and riskier and equity-based entry modes like takeovers. Having the possibility to obtain a job or the chance to attend an academic institute in a foreign country allows the main executive to become more conscious about cultural, political and economic issues related to that specific market and to understand how to overcome the uncertainties of operating abroad. Le & Kroll (2017) posit international experience as a mean of internationalization and strategic change as well, by examining different components of the experience in a foreign country, such as how long the CEO has lived abroad and the number of countries where he/she has previously lived. This thesis contributes to the literature by adding more aspects of the international background too, such as the type of experience or the country where the CEO has spent his/her stay, but unfortunately none of the observations associated with the different classifications of experience is such relevant to be considered.

Following the school of thought of Tihanyi et al. (2000), the influence of the CEO's education over cross-border acquisitions is affected by the level of study the main executive reaches. The scholars show that the ability to process the high level of information needed in order to internationalize the company's operations requires excellent competences. Therefore, a high level of education is recommended, for instance a graduate academic degree. According to the empirical findings concerning the CEO's education variable, higher educational levels have a better influence on the propensity of international takeovers. This is coherent with the international business literature, consequently strengthening the theory that the capacity to process data and the competence of evaluating various solutions condition the acquisition in foreign countries. The research also investigates an additional aspect not found in the literature like the level of the degree held by CEOs, finding out Master's graduates are the most recurring ones within the sample. A further investigation regard the hypothesis related to the target country, developed by Wang & Yin (2018). Unluckily, irrelevant final results able to sustain the theory are found, since only a small portion of the sample reports targets headquartered in country where the CEO had previously attended the university. In conclusion, Hypothesis 1b is confirmed, as academic education provides the skills and know-how CEOs need for purchasing companies across national borders.

Prior studies, like Sanders & Carpenter (1998) and Datta et al. (2009), highlight the importance of the CEO's compensation within the international diversification background. Various forms of remuneration are paid by stock listed companies in order to incentivize executives and a deep analysis of these is conducted in the previous chapter. Consistent with the idea that a higher compensation leads top managers to undertake risky strategies and full-equity entry modes, empirical findings indicate that, among four different types of compensation, the three variable ones are those clearly correlated with international acquisitions. These three forms of compensation analysed contribute to the acceptance of Hypothesis 1c, which is recognized in full. With regard to fixed salaries, these seem to be linked with takeovers too, but regardless of the geographic area. The deeper analysis conducted on the four types of compensation adds another result to the literature, clarifying how the forms of remuneration impact on the internationalization process.

Some implications derive from this first hypothesis. A primary overview of a successful acquiring CEO takes shape, providing relevant information for corporate groups. These would better have people with relevant international experience and with a significant educational background in charge of executive positions. Moreover, offering a profitable contract in terms of remuneration can be an excellent incentive for adopting risky strategies, especially if offering stock options or different benefits. Therefore, there can be some implications for board members, who are now aware of the characteristics the CEO should have and which type of executive should be chosen. Furthermore, there are also two more considerations to be taken into account: firstly, the compensation must be sustainable for the financial resources of the company; secondly, a high remuneration may have bad repercussion on the public image of the firm, especially if the company reports economical losses, as suggested by Murphy (1999).

5.1.2. Hypothesis 2a and 2b

Moving on to Hypothesis 2a, the CEO's age is considered. As far as this variable is concerned, academics point out that elder CEOs tend to target businesses within the country, as age is related with low risk taking. The study conducted on the Italian companies finds conclusions in line with expectations: younger CEOs are more active on international markets, when considering both the number of deals and the amount of investments carried out by the main executives. Yim (2013) and Chittoor et al. (2015) provide robust findings for this theory and this thesis broadens the literature related to the CEO's characteristics and international diversification by taking into account the characteristics of specific deals, such as the total financial resources invested. This deeper analysis gives more convincing evidence of the relation between the two variables and it strongly supports Hypothesis 2a.

Unfortunately, the analysis of the observations for testing Hypothesis 2b cannot be conducted. Part of the literature related to the CEO's gender and FDI assumes women pay more attention and evaluate in a better way all the risks associated with uncertain transactions like foreign acquisitions. Consequently, Malmendier & Tate (2008) sustain that cross-border takeovers are usually conducted by males, because of their inclination to undervaluing risks deriving from this type of outward transactions and, therefore, more inclination towards risky strategies. Within the Italian stock listed companies' sample there are no female executives. It would not be significant to affirm that all the international acquisitions are guided by males, since also the domestic ones are.

These latter hypotheses provide information regarding demographic traits Chief Executive Officers that should be carefully considered. Younger executives tend to undertake risky strategies and, therefore, are more suitable for enterprises looking for possible international direct investments. Sometimes young CEOs have not gained enough experience yet, so an accurate evaluation should be carried out by taking into consideration also the CEO's tenure together with the age. Concerning the gender, if the Board's choice falls on a male CEO, two considerations should be made: there may exists more chances to purchase firms abroad, but on the other hand there may be also bad repercussions on the firms. The public image may be negatively affected due to the large dimensions and influence these companies have. Therefore, boards and chairmen have to be really careful in not discriminating during selection and hiring processes, even considering that more females in top management positions can lead to better performance, as highlighted by Croson & Gneezy (2009).

5.1.3. Hypothesis 3a and 3b

By employing a similar approach used for studying CEO's age, this paper finds relevant results to clarify the relationship between the number of years spent as main executive and the willingness to lead acquisition processes abroad, as Hypothesis 3a suggests. As a matter of fact, by reviewing research conducted in the past, findings are mixed and contradictory. On the one hand, the desire to obtain more power within the organization and the greater experience can lead a long-tenured CEO to take over firms operating in a foreign market. On the other hand, less experienced top managers are more inclined to make risky investments, since their fresh and diverse information-processing skills favour deviation from original strategies.

Despite the different results in the literature, the observations show that in the presence of short-tenured executives, the decision of purchasing companies increases, as do Laufs et al. (2016) and Jaw & Lin (2009). Therefore, an explanation is found for Hypothesis 3a, clarifying the uncertain literature's outcomes.

Unfortunately, no significant effects are found with regard to the CEO's duality and Hypothesis 3b. Based on the agency theory, some scholars think the duality results into self-serving behaviours, where the CEO's interests are pursued to the detriment of shareholders' wealth. In contrast, Brickley et al. (1997) suggest a duality can bring a more delineated leadership and improved communications within the firm. However, the sample does not furnish relevant observations that might enrich the literature, since duality seems to influence all types of acquisitions regardless of the original country of the target.

These last two conclusions are not free from implications for managers. The observations referring to CEO’s tenure indicate Board members should focus more on managers with less experience when choosing the main executives for their company. This conclusion is in harmony with that related to CEO’s age, as young top managers tend to be also the shorter-tenured ones. If a company has international acquisitions as core elements of the company’s strategy, it would be better to nominate a young and less experienced Chief Executive Officer. With regard to duality, some recommendations are given if merging the power into one person or not. In case of dual CEO, some controlling systems like an independent committee is needed to check the CEO’s actions, while when the powers are in charge of two different persons a better communication system is needed in order to make the flow of information more fluent between the main executive and the Chairman.

5.2. LIMITATIONS AND FUTURE RESEARCH

During the research some limitations were found, providing directions for possible future investigations. First limitation refers to the sample, which is made up only of the most capitalized listed companies in Italy, therefore limiting the generalizability. This restraint leads to two possible eventual investigations. A change in the setting can be a hypothetical initial point for a future research, such as a different country where political, economic and cultural aspects may affect company’s operations in a different way. Another possible starting point for a research may not be a different geographical background, but a diverse sample and object of the research, conducted by considering other types of firms like SMEs or companies operating in a specific sector in order to see how other particular forms of ownership structure and management characteristics affect international acquisitions.

Moreover, even if researcher utilizes major CEO’s characteristics and reliably detects the observations through quantitative variables, there are also some qualitative factors that may be considered. For example, learning and thinking process of CEOs can give an additional view of how main executives’ personal traits and features influence the international takeover processes. These types of analyses entail also a different research design, like surveys or interviews. Another example for a potential research can be a deeper analysis conducted with qualitative data in order to understand whether a higher compensation is either the cause or the effect of the international takeovers: as a matter of fact, remuneration can be seen as the incentive for undertaking purchasing processes abroad or the reward for closing international deals. A clarification around this topic is needed.

Finally, rarely Chief Executive Officer is the only person in charge of strategic decisions. Although it can be argued he/she has a large influence when coming to important decisions, even board members and other top managers have a say in the matter, and they can compensate CEOs’ limits. Other administrators sitting at the board table and other executives, like Chief Financial Officers or Chief Operation officers, may be object of study in future empirical studies, in order to give a broader overview of the personal characteristics having an impact over decisions about cross-border acquisitions.

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