

The impact of regulatory focus on decision-making

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The goal of this paper is to draw decision-makers' attention to the importance of regulatory focus theory (RFT) with a view to supporting their daily decision process. RFT divides people into two types based on the decision-making style they embrace in the face of risk: promotion-oriented (driven by prospective success) and prevention-oriented (propelled by the desire to avoid losses). Work teams have their own regulatory foci, which can be very different from team members' individual orientations and profoundly determine the group's attitude to risk. Regulatory focus has an impact on regulatory fit, risk attitude, sunk cost bias, framing, collective decisions, moral engagement and belonging, creativity as well as health and emotions. Decision-makers have to know their people's regulatory foci as well as their own in order to improve decision quality. They should know how they can temporarily replace chronic regulatory focus with an induced one in order to influence attitudes to risk (e.g. through time pressure, framing or mindful selection of team members).

Keywords: regulatory focus, regulatory fit, decision-making, ethics.

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Introduction

Prescriptive decision methods are still prevalent in organisational decision-making. Even if decision-makers regularly experience the shortcomings of these approaches, their exclusive use is widespread. These methods are often shaken by real-life circumstances. Vital input information is mostly incomplete and inaccurate. There are many black boxes in the process and results do not always meet the goals. We frequently do not fully understand why a seemingly sound decision yields a miserable aftermath. Nor is it unusual that we are surprised by the unexpected side effects of our choices. Behavioural decision-making theories offer explanations to many of these issues. One of these important theories is regulatory focus theory (RTF). This theory adds a lot of insight to why decisions under risk are made the way they are. It describes distinctly different risk attitudes. Beyond risk-taking styles, it also deals with performance, creativity, group dynamics, ethics, corporate identity – in relation to regulatory focus. It also explains how our emotions are influenced by our regulatory focus.

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The goal of this paper is to draw decision-makers' attention to the importance of regulatory focus theory (RFT) with a view to supporting their daily decision process. The article is based on a literature review. Only relevant peer reviewed scientific publications were processed, most of them with publication date of 2000 or later.

The concept of regulatory focus and regulatory fit

Regulatory focus theory (RFT) assumes that fundamentally different psychological needs make self-regulation operate in distinct ways. The two different *modi operandi* are promotion focus and prevention focus. Promotion-oriented persons are concerned with whether a positive outcome is present or absent – such as accomplishment, advancement or aspirations. In contrast to this, prevention-focused people are concerned with the presence or absence of negative outcomes – like protection (hazard), safety (unsafety) or responsibilities (aftermath) (Higgins 2002).

People have a natural gravitation to either prevention or promotion focus. This is called chronic regulatory focus. On the other hand, regulatory focus is fluid and can easily be shifted by circumstances. This is situational regulatory focus. Our preferred regulatory focus depends on our personality traits, on how our parents raised us and on our life experiences. National culture also has an impact (Hamilton 2016).

In general, we qualify a decision as good when it has a good outcome. By 'good outcome' we mean the one whose benefits are the highest while sacrifices are the lowest. Nonetheless, there is a remarkable degree of subjectivity in this grading. In reality, people will experience a decision as being truly good only if it fits their regulatory focus. Further, the more the means to a goal fit a person's regulatory focus, the more he/she will be motivated to reach the goal and the more highly he/she will value the outcomes. People will retrospectively evaluate their decision more positively if regulatory fit – in relation to the actual decision – is greater. Merchandise chosen with greater regulatory fit will also be valued more highly. Thus, regulatory fit equally influences the valence of the decision, of the goal pursuit and of the outcome (Higgins 2000).

People are more sensitive to situations, information, scenarios and prospects that match their regulatory foci. Promotion-oriented people are more responsive to gains and non-gains, while prevention-oriented individuals are more stimulated

by losses and non-losses. Regulatory focus will also determine the preferred goal pursuit strategy: promotion-oriented individuals will prefer eager means – immediate action, ideal outcomes, success. Prevention-oriented people will favour vigilance strategies – meticulous planning, considering worst-case scenarios, the exertion of efforts to avoid them. When people are forced to choose goals or means that do not fit their regulatory focus, regulatory misfit sets in. Under these poor fit conditions, performance is likely to deteriorate and the valence of the outcome also decays. The notion of regulatory fit has a profound impact not only on decision-making but also on how people can be efficiently persuaded or influenced (Hamilton 2016).

The relationship between regulatory focus and heuristics/biases

The impact of regulatory focus on risk attitude

Promotion orientation is characterised by eagerness. Promotion-oriented people will want to ensure hits (commission) and to avoid errors of omission (missing opportunities). This causes them to be positively biased to risk – they are prone to taking too much risk. In contrast, vigilant people want to avoid errors by commission (making mistakes), therefore they have a propensity for conservative bias – taking too little risk (Higgins 2002).

Decision-making under risk is an unalienable part of life. Regulatory orientation impacts risk perception and risk propensity. There are positive and negative risks in acting (commission) and in refraining from action (omission). In the past, theories that assumed the full rationality of decision-making under risk were dominant. It was anticipated that the only factor that drives humans in such situation is the maximisation of utility. Psychological aspects were entirely left out of scope. Actually, regulatory focus plays a crucial role in risky decision-making. More specifically, chronic regulatory focus determines risk propensity, while situational regulatory focus impacts risk perception. Hence, regulatory focus creates complex emotional responses to risk (Bryant–Dunford 2008).

People who believe in the elasticity of personality traits – incremental theorists – are essentially promotion-focused and more likely to choose riskier investments. In contrast, people who have faith in the permanence of personality traits will opt for risk-averse instruments (Rai–Lin 2019).

Promotion focus – both chronic and induced – is responsible for switching between risky and conservative decision-making strategies as regards gains.

Promotion-oriented individuals are likely to switch to a risk-seeking strategy when their stock portfolio remains unchanged for some time, but they switch to a conservative strategy when they have achieved significant gains. Prevention-oriented persons tend to always remain on the safe side. We can conclude that, while the perception of progress is crucial for promotion-oriented people when they are at a gain, safety always dominates the attitude of prevention-oriented people (Xi et al. 2014).

Risk-taking and rivalry are typical components of workplace life. The existence of rivalry triggers higher psychological arousal and a promotional mindset. Through these, it increases penchant for risk (To et al. 2018).

There is a relationship between prospect theory and regulatory focus theory. According to prospect theory, the perceived risk of losses is higher than the perceived chance of gains. In the face of risk, people tend to fear losses more than they desire gains. This is asymmetric discounting – discounting over uncertainty (DOU) – of losses and gains. Research shows that – in comparison with promotion-oriented persons – prevention-oriented people discount negative prospects more than positive prospects (Halamish et al. 2008).

Risk-diffusing operators (RDO) are actions aimed at risk reduction. They can be classified into two types: pre-event RDOs (to prevent the occurrence of negative events) and post-event RDOs (to lessen the impact of negative events once they have already occurred). Regulatory focus theory suggests that regulatory orientation – be it chronic or situational – determines whether a person is prone to choosing pre-event RDOs (fits prevention focus) over post-event RDOs or the other way around (fits promotion focus). There is no reliable connection between regulatory orientation and the choice of RDO options. However, researchers claim that RDO choice is dependent on the expected probability of detecting the occurrence of the negative event (Kirchler et al. 2010).

Relationship between regulatory focus and sunk cost bias

People are more likely to invest their resources to achieve a desired outcome if they have already sacrificed some on the same goal – in comparison with when they have not. This is sunk cost fallacy, which has a profound effect on our decisions and, thus, it is often responsible for the irrational increase of losses. Regulatory fit has a remarkable moderating role in sunk cost bias. In the case of a regulatory mismatch – the goal does not fit the decision-maker’s regulatory orientation – the force of sunk cost bias is much weaker than in the case of regulatory fit. This is not

due to the value-from-fit effect but much more to the anticipation of regret: actors will foresee greater remorse if they fail on such a goal that was not even attractive to them at the outset (Kwak–Park 2012).

The case study on the 1996 Mount Everest disaster (McMullen–Kier 2016) provides the basis for additional research. That year, a never-before-seen high number of climbers died on the mountain. The fatalities involved separate climbing teams, independent from one another. The root causes of the tragedies were environmental factors – like sudden weather extremes – combined with flawed human decisions. The leaders were success-oriented people under great pressure to meet expectations. They were further misled by the deceptive proximity of the peak. Under these circumstances, they failed to perceive and to properly evaluate the signs of goal unattainability (exhausted team members, depleting oxygen tanks, inclement weather changes). They decided to continue the climb after the point of no-return instead of abandoning their goal and turning back into safety. The result: 12 unnecessary deaths. The messages – also supported by research outcomes – can be generalised. Promotion orientation shows very distinctive weaknesses. Such a mindset may make people commit to a goal before any cost-benefit or feasibility analysis is performed. They are also likely to skip any contingency planning; thus, no exit thresholds are defined either. They will be late in noticing the signs of an action crisis. They do not have an exit strategy. When things turn hard, they will be inclined to indefinitely escalate commitment even if this dooms them to further losses and finally – due to their inability to disengage – culminates in a serious failure. This is a grave trap of the entrepreneurial mindset.

Regulatory focus also impacts how people behave in the case of misplaced investments. There is a link between regulatory focus and the propensity to over-escalate commitment. Oftentimes, people irrationally raise commitment to futile endeavours. Loss aversion, blindness to alternative routes and reluctance to admit faults are the principal causes of sunk cost fallacy. Prevention-oriented people – rather than promotion-oriented people – are more likely to fall into this trap. This delusion may be healed by inspiring a situational promotion focus via inducing less motivation for safety and more motivation for progress. This mental state will inhibit the vain escalation of commitment. On another note, the hasty reduction of commitment has its own hazards, since it may encourage premature disengagement even if the goal would otherwise be accomplishable (Molden–Chin 2011).

Framing induces situational regulatory focus

Information framing has an impact on regulatory focus. If we manipulate the subjects' chronic regulatory focus through information framing, that may induce situational regulatory focus. This influences the subjects' choice between risky stocks and safe fixed deposits. The congruence between the message (text) and the image (picture) has a great impact on situational regulatory choice. Text-image combinations radiating success cause promotion-oriented decisions – choosing stocks instead of safer options. Sending safety messages results in prevention orientation – choosing fixed deposits (Ewe et al. 2018).

Clinical inertia is the failure to carry out an indicated medical treatment, which results in the suboptimal treatment of patients who suffer from chronic diseases. Its causes can be found on the side of the patient as well as on the side of the service provider. Provider-side flaws are related to the provider's regulatory focus: excessively prevention-oriented providers are prone to erring by omission and thus cause clinical inertia themselves. There are two possible solutions to this issue: either to override the provider's chronic regulatory orientation by creating a situational regulatory orientation or to frame the task so as to better fit the provider's chronic regulatory focus (Veazie–Qian 2011).

Groups have their own regulatory foci which influence their decision-making

Group decisions are oftentimes suboptimal. A core reason for this is that groups fail to properly process all relevant information and integrate it into their decisions. Group information processing should be interpreted as a motivational process that is connected to group goals. A study examined the effects of regulatory foci on the quality of group decisions and information processing. Like individuals, groups also have their own regulatory foci which fundamentally influence the operation of the group. Promotion-oriented groups are superior to prevention-oriented ones in terms of decision quality. The main way in which group regulatory orientation impacts group decisions is that it determines group information processing. The difference between the two attitudes (promotion vs. prevention orientation) lies not in the quantity of the information processed but rather in its quality: promotion-oriented groups tend to process more task-relevant information and thus they are in a position to make better decisions (Burtscher–Meyer 2014).

As regards induced regulatory focus and time pressure, individual decisions are different from group decisions. Groups need time to discuss and create their

shared goals as well as to establish their shared regulatory foci. When there is not enough time, all groups – whether they embrace promotion-oriented or prevention-oriented individuals – tend to be risk-averse and make safer decisions. When there is a sufficient amount of time, promotion-oriented groups will gravitate to riskier options. Thus, groups can be forced to be risk-averse by exerting time pressure or by inducing situational prevention group focus (Florack–Hartmann 2007).

This is in consonance with Kurt Lewin’s observations of how time pressure influences leadership style: lack of time induces an authoritarian management style, while a sufficient amount of time facilitates more democratic styles (Gastil 1994).

Regulatory focus theory can explain and predict individual decisions in an interdependent economic decision framework – i.e. situations where several individuals are mutually influenced by one another’s decisions. In such scenarios, prevention-oriented people are concerned with social status and safety and will concentrate on relative economic outcomes. In contrast, promotion-oriented decision-makers will be motivated by maximising opportunities and will focus on absolute outcomes (Gu et al. 2013).

Regulatory orientation has an influence on majority rule-based decision frameworks – i.e. when a decision-maker decides to choose (out of a binary, weak-dominant, multi-attribute set) the alternative supported by more than half of the people involved. Decision-makers are more likely to evoke this method when they are in prevention mode rather than promotion mode or when they prefer interdependent self-construal to independent self-construal. They spotlight a dynamic link between individual differences of goal pursuit motivation and self-construal. (Yong–Nieznański 2017).

High status provides control over others but it also means responsibility for the attainment of collective goals. The nature of these collective goals is influenced by the current status of the group. High-power decision-makers are more prone to showing promotion-oriented behaviour in low-status groups, while their counterparts in high-status communities will be prevention-oriented. Hence, there is a relationship between inter-group comparisons and intra-group dynamics (Scheepers et al. 2013).

Regulatory focus influences team decision-making in a new product launch context. In a study, some test teams were formed with high regulatory fit among members’ orientation and also other teams in which there was a clear regulatory

mismatch among team members. The findings are twofold. Teams with a unanimous collective promotion regulatory focus – versus prevention-focused groups – were quicker to release new products, they developed more new products and their products were more innovative in the test environment. The other critical message of this experiment is that teams with a perfect regulatory match – be it promotion or prevention – do not follow top management instructions. They rather tend to work autonomously in a quasi ‘island mode’. In contrast, teams with a regulatory mismatch among its members are likely to wait for and stick to top management instructions (Spanjol et al. 2011).

Another study examined the operation of two-member groups (dyads) in the face of strategic change. Groups with a unanimous promotion focus were more in favour of strategic change in comparison with prevention-oriented teams. Their penchant for novelty was independent of the preliminary instructions they were given. Again, forming teams with a regulatory focus mismatch among participants changed everything. Such heterogeneous teams were much more inclined to follow the guidelines provided to them beforehand (Spanjol–Tam 2010).

Relationship between regulatory focus and moral engagement/belonging

Regulatory focus has an effect on ethical behaviour. In a study, risk-induced situational promotion focus caused subjects to behave more extremely. They crossed the boundaries of ethical behaviour more often, but on other occasions they were more honest – compared to prevention-oriented people. This is also evidence of compensatory ethics – unethical deeds cause bad conscience which, in turn, wants to be healed by subsequent same-scale virtuous deeds. Thus, influencing regulatory focus in group settings impacts ethical behaviour by altering goal pursuit strategies (Gino–Margolis 2011).

Employees’ engagement in an Unethical Pro-Organisational Behaviour (UPB) is a dangerous matter. The employees who decide to act dishonestly for the sake of their organisation can involuntarily inflict inestimable damages. There is a link between UPB and management style, framing and regulatory focus. Charismatic, inspirational, transformational leaders are likely to generate promotion focus which may lead to UPB among their followers (Graham et al. 2015).

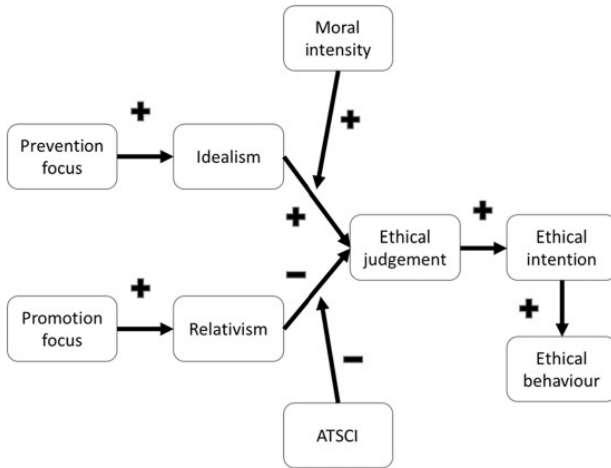
By their own moral decisions, consumers profoundly influence the morality of the marketplace. There are two alternatives regarding moral decisions. Moral balancing: the decision-maker deviates, in the morality of his/her decisions,

in a way that results in an ‘acceptable’ average of pluses and minuses. Moral consistency: the repetition of past moral or immoral decisions. The balancing effect is typical of people with a strong promotion focus, whereas the consistent repetition of moral or immoral decisions characterises prevention-oriented people (Schwabe et al. 2018).

Prevention-oriented individuals – with a chronic or situational focus – stick to the status quo. Once they have made a decision in a certain situation, they will use that as a reference for future similar situations – regardless of whether the aforementioned decision was ethical or not. Prevention focus predicted repetition as regards being dishonest by commission as well as by omission – even if being actively unethical caused worse feelings in prevention-focused individuals than being passively unethical. This shows the motivational dominance of regulatory fit over ethical or hedonic motives. Thus, the first decisions are highly important in the case of prevention-oriented people, since – through the prevention-repetition link – they are likely to perpetuate a certain kind of behaviour – even an unethical one (Zhang et al. 2014).

Green consumer behaviour (endeavour to minimise the harm caused to our environment) is also related to regulatory focus. Prevention focus positively generates ethical idealism – decisions are measured against an absolute scale of ethics, regardless of the deeds of others – whereas promotion focus stimulates ethical relativism – morality is judged relative to others’ acts. Ethical idealism has a positive influence on green behaviour. In other words, prevention-oriented consumers are more likely to show green behaviour. However, this effect is moderated by the actor’s Attention to Social Comparison Information (ATSCI). When ATSCI on green behaviour is high, people are likely to follow green behaviour even if they are promotion-oriented. Reversely, they are less likely to show green behaviour when ATSCI is low (see Figure 1). In other terms, regardless of our disposition, we are likely to follow a good example when we see it a lot (Zou–Chan 2019).

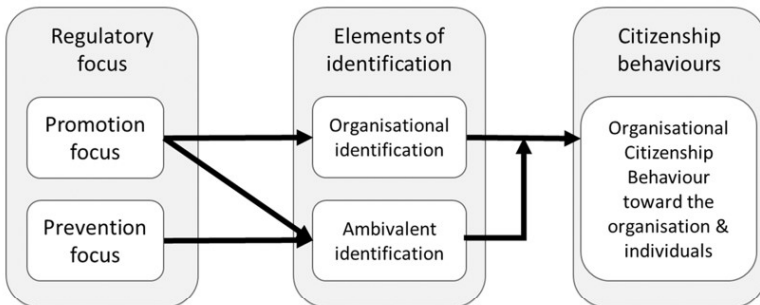
From a purely ethical point of view, individuals’ ethical standing is determined by two independent dimensions: relativism and idealism. These yield four types of ethical ideology: situationists (relativism: high, idealism: high), absolutists (relativism: low, idealism: high), subjectivists (relativism: high, idealism: low) and exceptionists (relativism: low, idealism: low) (Forsyth 1980).



Source: Zou–Chan 2019

Figure 1. The impact of regulatory focus on ethical behaviour

Employees’ identification with their employers is an ever-prominent issue – the phenomenon which is often referred to as ‘Organisational Citizenship Behaviour (OCB)’. Such identification is an elaborate phenomenon and often embraces clashing stimuli and ambivalence (see Figure 2). Ambivalent identification means that an employee can identify with some of the employer’s attributes while disliking other attributes. Promotion-oriented employees are governed more by attributes that they are fond of. In contrast, prevention-oriented colleagues are more sensitive to attributes they dislike (Schuh et al. 2016).



Source: Schuh et al. 2016

Figure 2. Hypothesised model linking regulatory focus, elements of identification and citizenship behaviour

The impact of regulatory focus on creativity

Beyond making us more risk-seeking and more flexible, regulatory orientation also shapes our creativity – in a compound way. Regulatory focus impacts creativity differently in the idea generation phase and the idea evaluation phase. Its effect also depends on the nature of the actual idea. Promotion-oriented people can generate more creative ideas in the generation phase and can better assess originality in the evaluation phase. Prevention-oriented individuals are better at evaluating quality – assessing the idea against specific criteria – and revealing errors. Promotion-oriented people are prone to being blind to obstacles or concerns (Herman–Reiter-Palmon 2011).

When people are promotion-focused, they concentrate on aspirations, while prevention-oriented individuals are more likely to focus upon responsibility. The effects of this theory on sport decision-making have also been studied. Promotion-oriented football players – like Lionel Messi – are better at making sport-specific divergent decisions when playing, and this ability fosters success. It is possible to induce and enforce promotion orientation which has good effects on the creativity of players on the field (Memmert et al. 2013).

The impact of regulatory focus on management issues

Staffing decisions are supposed to aim at hiring the best applicants. However, the reality is very different. Human resources staff is much keener on avoiding bad hires than finding stars. Thus, recruiters strive to minimise the chance of later regret – and, even more importantly, to avoid blame. Prevention orientation is prevalent in the recruitment process. The evaluation of applicants' information is therefore biased: negative information is considered more important. Company culture and management style have a major impact on this. A blaming culture further enhances the prevention orientation of the recruitment process (Kuhn 2015).

An examination of football players' performance expectations in relation to regulatory foci gave interesting results, too (Hüttermann et al. 2018). Players with a promotion-oriented regulatory focus are significantly more creative when seeking solutions in football game simulations. Nevertheless, these players have lower preliminary performance expectations regarding the quality of their proposed solutions in the simulation.

Another study (Lee et al. 2017) focused on expatriates' cross-cultural adjustment in their host countries. Many expats feel that host cultures are unfamiliar and difficult to adjust to. While prevention focus does not predict the

ability to adjust, promotion focus has a clear negative impact. Aggressive expats are likely to fail due to obstacles they generate for themselves. Persistent and prudent expats have a better chance to succeed.

Contentment is commonly thought to be the typical hindrance for strategic change. Regulatory focus theory offers another explanation. Elongated competitive success makes managers cautious. They feel responsible for maintaining the momentarily favourable status quo and take up a defensive attitude – prevention orientation. In such cases, attributing strategic inertia to complacency will yield incorrect reactions. We must understand that the core motive behind managers' resistance to strategic change in such cases is not complacency but the defence of the precious status quo. Forcing managers will even make things worse: it further fortifies their prevention orientation (Rusetski–Lim 2011).

Upper echelon management's ability to sway from the enterprise's ongoing strategy may be imperative for organisational success. Promotion-oriented managers are more ready to do this. Management's regulatory focus is related to performance ambitions, firm maturity and permanence of the environment (Roundy et al. 2016).

Executive cognition is an antecedent of strategic action. Cognition is profoundly affected by regulatory focus, which determines whether a manager envisions the future as a world of threats or as a bonanza of opportunities. An executive's attitude can be measured on two axes: regulatory focus (prevention, promotion) and optimism (high, low). The two axes give us four possible categories: pioneering, pushing, protective and provocative. Executives in each category are characterised by very distinct cognitive attitudes (Phadnis et al. 2017).

There is much disparity between how people make decisions for their own sakes and for others'. When people decide for themselves they prefer to be prevention-focused – precautious. Conversely, when they agent for someone else – e.g. an employer – their regulatory focus bends toward promotion orientation – risk-seeker. There is also evidence of a perverse phenomenon: the reversion of the choice overload effect. When people select from too big a variety of options, they normally experience choice fatigue: the more alternatives, the lesser the ex-post happiness with the choice made. In a study, this was true only when participants made choices for themselves. When they chose for others, the choice overload effect reversed: the more options to choose from, the bigger the ex-post happiness (Polman 2012).

Regulatory focus impacts our attitude to deadlines. Promotion-oriented people think of deadlines as descriptions of goals to achieve (concern with

outcome). Prevention-oriented people recall deadlines as dates and as behaviours required to meet expectations (concern with process). Promotion-oriented people generate more positive fantasies (ungrounded expectations) relating to the outcome. They process deadline descriptions more thoroughly. Prevention-oriented people generate more positive (grounded) expectations. They pay more attention to deadline-related behaviour (Wolfin–Jonas 2012).

Relationship between regulatory focus and individual health/emotions

A decision-making experiment was performed, comparing two different selection methods (Bhargave et al. 2015): one-stage choice (when decision-makers choose one option from a long list of different options in a single round) and two-stage choice, with the same list of options (decision-makers make a shortlist of options in the first round and select one option from the shortlist in the second round). In principle, the final choice should be identical, since they use the same initial full list of options in both cases. And yet, the two methods result in different final choices. The two-stage choice method increases preference for hedonism. This is caused by the effect of regulatory focus. Having eliminated the least attractive options in the first round, people felt that they had been preventive enough and thus they allowed themselves to be hedonistic in the second round. We can conclude that the method of decision-making may induce regulatory focus.

Promotion-oriented people tend to rank higher on the happiness scale in comparison with prevention-oriented people. Promotion-focused individuals look upon the status quo only as a reference point to be surpassed, present rules to be altered, and they strive to maximise psychological value. The two groups process the same situation differently, which makes their subjective level of happiness diverse (He et al. 2014).

Regulatory focus also influences the willingness for vaccination. Prevention-oriented people worry about their health more. They are more willing to undergo vaccination because of their anticipated regret for possibly getting sick due to omitting vaccination. When vaccination is framed – the efficiency and the benefits of the vaccine are properly explained to patients – the difference between the two regulatory foci vanishes (Leder et al. 2015).

When people make decisions, they generally anticipate their future emotions regarding the option they are about to choose. The regulatory fit of the decision – to the decision-maker's orientation – has a remarkable impact on these projections. Pursuing the wrong kind of means – eagerness means and

not sufficiently promotion-oriented means for prevention-oriented people or vigilance means and not properly vigilant means for promotion-oriented people – can cause poor fit. Imagining a positive outcome enhances promotion orientation and reduces prevention orientation – and vice versa. There is higher regulatory fit for promotion-oriented people in the case of positive outcomes and, in contrast, there is higher regulatory fit for prevention-oriented people in the case of negative outcomes. The higher the regulatory fit, the more positive people will feel about desirable choices and the more negative they will feel about undesirable choices. People evaluate their decisions retrospectively, too. The effect of fit is similar: decisions that have been made with good fit are valued higher and decisions made with poor fit are valued lower (Higgins 2002).

Both chronic and situational regulatory foci have a moderating effect on anticipated emotions related to decision-making. Anticipated agitation causes more positive action appraisal under prevention-oriented foci, whereas expected dejection results in more positive assessment under promotion-oriented foci (Leone et al. 2005).

Anticipated regret and guilt play a mediating role between prevention focus and omission bias. Omission bias is a mental flaw that makes some people more willing to accept the negative aftermath of their actions than that caused by inaction. Only prevention-oriented people are significantly affected by omission bias in relation to moral judgment (Chung et al. 2014).

Affect heuristics are mental shortcuts which are directed by momentary emotions. Promotion-oriented individuals rely on affect heuristics more than prevention-oriented people. They value emotion-based inputs higher when they make decisions in areas like person impression formation, product assessment or social recommendations. Their predisposition towards affective information is not due to peripheral vision. They simply find this kind of information more meaningful (Pham–Avnet 2009).

Promotion-oriented decision-makers value promotion-relevant outcomes more highly (outcome value). Their appreciation is even bigger if the preliminary goal setting was eager enough (means value). Prevention-oriented decision-makers prefer goals that are reached with carefulness and diligence. Thus, the fit between the goal, the means and the decision-maker's regulatory focus enhances the subjective value of goal attainment – this is the value from fit. In the absence of positive outcomes, decision-makers will evaluate the decision process itself. They will have fewer regrets if the decision has been made in concert with their

regulatory preferences – sufficient eagerness in the case of promotion orientation, caution in the case of prevention orientation (Higgins 2002).

Conclusions

This paper has discussed the regulatory focus theory (RTF) based on a literature review. The goal of this review has been to distillate recent literature into important messages for decision-makers: ideas that may improve daily decision-making. People can be divided into two groups based on their regulatory foci: prevention-oriented and promotion-oriented. While promotion-oriented people are motivated by the will to reach desirable outcomes, prevention-oriented people are propelled by the urge to avoid undesirable outcomes. This seemingly minor discrepancy between the two personality types results in many crucial differences in their goal setting and goal pursuit. The extent to which the given goal, the outcome of the decision and the means to it match the decision-maker's regulatory focus is called regulatory fit. Good fit makes goal setting and pursuit easier and the desirable outcome will make the decision-maker more content. Not only individuals but also human groups have their regulatory foci. Regulatory focus influences attitude to risk, to sunk cost bias, to affect heuristics, reactions to different framing effects and the level of creativity. It puts forward a series of management issues for consideration. Last but not least, it has an impact on our happiness and emotions. Table 1 shows multiple dimensions of comparison between promotion-oriented and prevention-oriented people.

Table 1. Comparison of promotion-orientation vs prevention-orientation

Dimension	Promotion-orientation	Prevention-orientation
Core motive	Progress	Safety
Strategy	Approach	Avoid
Role of status quo	Surpass	Maintain
Reason for over-commitment	Goal proximity bias	Sunk cost bias
Regulatory fit	Eagerness	Diligence
Ethics	Relativism	Idealism
Creativity	More	Less
Happiness	Greater	Lower
Planning	Less	More
Risk	Seeker	Evader
Coping with uncertainty	Avoid error by omission	Avoid error by commission

Source: own edition

This article allows us to develop important takeaways for leaders. Firstly, we have to bear in mind the main differences in motives in the case of prevention-oriented people versus promotion-oriented people. Different motives will make the two types lean towards different decisions in identical situations. Certain kinds of situations may require different orientations. Leaders must select the right person for the right task in order to avoid too much or too little risk-taking. We cannot expect our people to operate exceptionally well in a situational misfit. They are likely to operate best and most effortlessly when there is a match between their own orientation and the current situation. Besides, we have to understand our own orientation. When we make decisions, we have to calculate with asymmetrical forces – generated by our own orientation – so that we can make better-balanced decisions. When we consider pre-decision reasoning, we have to realise that it may be overly distorted towards risk or towards safety; thus, we have a chance to balance out these distortions and make the right choice. Secondly, groups have their own collective regulatory foci which can be very different from individual foci. The more homogenous the group, the more autonomous it will be. Heterogeneous groups are easier to control – but, on the downside, they will require more control. We have to be careful when forming teams in order to create the proper collective regulatory focus required by the given situation.

Thirdly, we should understand that we can temporarily alter chronic orientation – e.g. by framing the task or through time pressure so that our people can perform better in situations that would otherwise be a clear misfit to their chronic regulatory focus.

Regulatory focus is one of the cardinal theories on decision-making since it explains a lot of our behaviour in decision-making situations. If we know our regulatory orientation, we are more likely to better manage our decision-making. If we are aware of the others' attitudes, we are in a position to better understand their motives and predict their behaviour.

Limitations

Human decision-making is a very complex process that is influenced by many factors. There is a lot that has already been discovered and there might be even more to explore. Firstly, this publication has taken a purely behavioural descriptive approach to this issue. It does not deal with prescriptive (normative) theories, which provide other fundamental views on this topic. Secondly, due to the compound nature of human behaviour, descriptive theories cannot be

unambiguously systemised and integrated into a school of theories. Hence, the logical structure of this article could be altered entirely – and still give a valid, but distinct picture of the impact of regulatory focus on decision-making.

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