

1. Objective of the project

The main objective of the project is to discover the significance of individual factor in the form of regulatory focus of CEOs, and situational factor in the form of stock option grants as a component of their remuneration, for managerial risk taking in Polish public companies. Despite the innovative nature of utilizing the psychological theory of regulatory focus in strategic management literature, few studies have confirmed that financial incentives may reduce the risk aversion of CEOs with a prevention focus [Lanaj et al., 2012; Gamache et al. 2015]. The results of these studies make it possible to address the following research questions:

- how does the dispositional factor in the form of regulatory focus of CEOs of public companies in Poland influence their risk taking?
- how is their risk taking influenced by the situational factor of remuneration focused on motivational effects?
- which indicators of managerial risk taking best reflect the strategic choices burdened by uncertain results in companies in Poland?

These questions form the basis for the formulation of four preliminary hypotheses of the project. Hypotheses 1 and 2 assume that **both types of regulatory focus – promotional and preventive – have an impact on CEOs' risk taking**, with the impact of promotional focus being positive and preventive focus being negative. Hypotheses 3 and 4 assume the existence of a moderating influence of stock options, as the instrument of managerial motivation in corporate governance, in relation to hypotheses 1 and 2 – **stock options reinforce the positive impact of promotional focus and undermine the negative impact of preventive focus on managing risk taking**. The project will result in at least two publications in international, peer-reviewed scientific journals and conference papers as well as a Ph.D. dissertation published in the form of a book.

2. Research carried out in the project

Research in the project will be implemented in two main stages. At the stage of literature analysis on strategic risk, decision theory, corporate governance theory (including agency theory and higher upper-echelon theory) and psychological theory of regulatory focus, detailed research questions will be formulated and measuring tools utilized in the second, empirical stage will be finally developed.

The stage of empirical research will be carried out using the method of content analysis [Mayntz, Holm, and Hübner, 1985], by which CEOs' regulatory focus can be measured without the need for their personal involvement in the research process. This method was chosen for its growing popularity in the organizational research [Duriiau, Reger, and Pfaffer 2007], and proven efficacy [e.g. Eggers and Kaplan, 2009; McClelland et al., 2010]. Measurement of CEOs' regulatory focus will be made on the basis of their shareholder letters, attached to the publicly available annual financial statements of companies listed on the Warsaw Stock Exchange. Other variables used in research hypotheses will be examined on the basis of secondary data taken from databases of listed companies, e.g. Notoria database. In addition to regulatory focus and stock options, such control variables as CEO's gender and age, or the industry in which the company operates, will be included in the study. The final selection of these variables will be determined by the analysis of current research in global literature to provide broad comparability.

3. Reasons for choosing the research topic

The presented research topic has been chosen due to (still) limited amount of empirical research in the area of strategic management, and corporate governance in particular, regarding the impact of differences in CEOs' regulatory focus on their risk taking, **despite the clear suggestion of many researchers, such as Wowak and Hambrick [2010], Ridge, Hill, and Aime [2014], Seo et al. [2015], Martin, Wiseman, and Gomez-Mejia [2016b], Hoskisson et al. [2017] or Zivnuska, Kacmar, and Valle [2017]**. According to the author's best knowledge, no empirical research of how such a propensity and monetary incentives in the form of stock options lead to a variety of risk-sensitive business performance indicators, has been conducted so far. **The need was reported by Gamache et al. [2015], who themselves have only examined one indicator (number and value of acquisitions)**. Lastly, this type of research has not yet been carried out in Polish setting.