

Unveiling the Mystery of Strategic Response: Managers' Regulatory Focus and Corporate Social Responsibility Decoupling

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Introduction

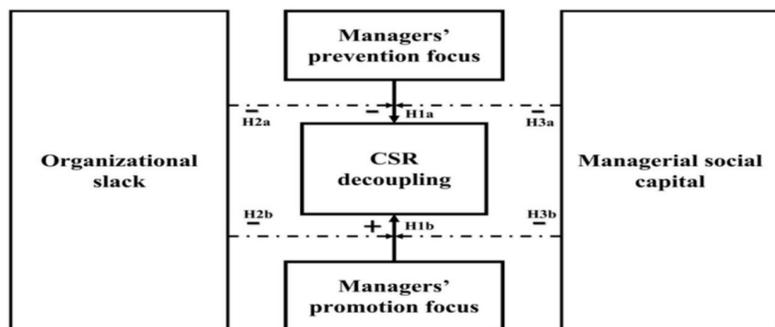
1. Research Background: CSR decoupling has become a salient strategic response under rising scrutiny, yet we still lack a clear micro-level explanation for who chooses decoupling and why. A key missing piece is managers' regulatory focus (promotion vs. prevention), which shapes how leaders interpret the same legitimacy pressure as an opportunity to gain (image, capital access) or as a threat to avoid (sanctions, reputation loss), potentially pushing firms toward or away from decoupling.

2. Research Objectives: Grounded in regulatory focus theory (RFT), we test how promotion-focused versus prevention-focused managers differentially affect firms' CSR decoupling tendencies. We further develop a motivation–resource framework: regulatory focus provides the motive (gain-seeking vs. loss-avoidance), while organizational resources determine whether that motive can be execute. specifically, we examine moderators that amplify or constrain the effect—organizational slack and managerial social capital, which can either enable symbolic compliance or reinforce substantive alignment depending on the dominant motive.

3. Research Contributions: Grounded in regulatory focus theory (RFT), we test how promotion-focused versus prevention-focused managers differentially affect firms' CSR decoupling tendencies. We further develop a motivation–resource framework: regulatory focus provides the motive (gain-seeking vs. loss-avoidance), while organizational resources determine whether that motive can be execute. specifically, we examine moderators that amplify or constrain the effect—organizational slack and managerial social capital, which can either enable symbolic compliance or reinforce substantive alignment depending on the dominant motive.

Framework

This framework posits managers' regulatory focus (prevention vs. promotion) exerts opposite effects on CSR (see following Fig).



H1a: There is a negative relationship between managers' prevention focus and CSR decoupling.

H1b: There is a positive relationship between managers' promotion focus and CSR decoupling.

H2a: Organizational slack strengthens the negative relationship between managers' prevention focus and CSR decoupling.

H2b: Organizational slack weakens the positive relationship between managers' promotion focus and CSR decoupling.

H3a: Managerial social capital strengthens the negative relationship between managers' prevention focus and CSR decoupling.

H3b: Managerial social capital weakens the positive relationship between managers' promotion focus and CSR decoupling.

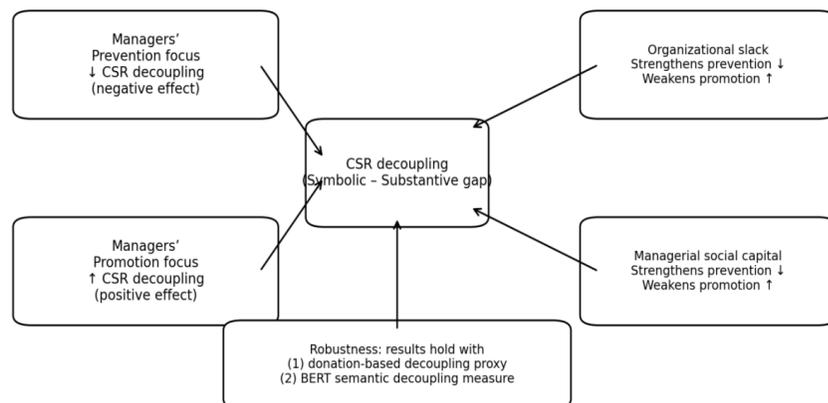
Research Design

1. We construct an unbalanced panel of Chinese listed firms by merging CSMAR firm/governance data with CSR disclosures and CSR performance data, excluding financial and specially treated firms.

2. CSR decoupling is captured as the standardized gap between CSR-report tone (Python + Hownet dictionary) and CSR performance (Hexun), and we also use two alternative decoupling proxies based on a BERT semantic measure and corporate charitable donations.

3. Managers' promotion/prevention focus is extracted from MD&A text (LIWC dictionaries), with organizational slack and managerial social capital as moderators, and hypotheses are tested via fixed-effects panel regressions with clustered robust standard errors plus robustness checks.

Results



1. Main effects: Managers' prevention focus reduces CSR decoupling, whereas promotion focus increases CSR decoupling.

2. Moderation (motive–resource fit): Organizational slack and managerial social capital strengthen the decoupling-suppressing role of prevention focus, while weakening (buffering) the decoupling-enhancing role of promotion focus.

3. Robustness: Findings remain when using alternative decoupling measures (donation–rating based CSR_D_rank and BERT-based CSR_D_bert), with one-year lagged specifications, and after excluding 2015 to remove major financial-volatility shocks.

Discussion-Theoretical Contributions

1) Micro-foundation: managerial motivation

Institutional ambiguity creates decoupling temptation, but managers' regulatory focus explains who interprets the same pressure as gain-seeking vs. loss-avoidance, shaping firm-level CSR decoupling.



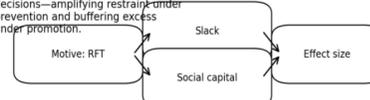
2) Contextualized RFT: regulatory focus deviation

In ethical trade-off settings, standard RFT predictions can be overturned: promotion focus may legitimize symbolic compliance (more decoupling), while prevention focus constrains it (less decoupling).



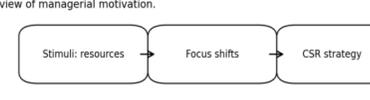
3) Motive–resource fit: slack & social capital

Resources are boundary conditions. Organizational slack and managerial social capital condition whether (and how strongly) regulatory motives translate into decoupling decisions—amplifying restraint under prevention and buffering excess under promotion.



4) Dynamic view: focus can shift with stimuli

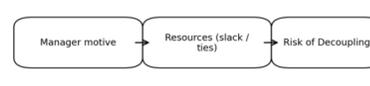
Slack and social capital provide cues and learning that can shift regulatory focus over time, challenging the 'stable trait' assumption and supporting a process view of managerial motivation.



Discussion-Practical Contributions

1) Governance targeting: motive × resources

Treat CSR decoupling risk as a motive–resource problem: promotion-focused leaders with high slack/social capital warrant tighter scrutiny of symbolic CSR and stronger verification.



2) Monitoring design: separate talk from action

Build dual-track dashboards that evaluate (i) narrative claims and (ii) verifiable CSR actions, and flag widening gaps early as leading indicators of decoupling.



3) Incentives: align gains with substance

Reduce promotion-driven "symbolic wins" by tying rewards to outcome-based CSR targets and third-party assurance; make superficial disclosure less payoff-dominant.



4) Capability building: use social capital for substance

Leverage managerial networks to access credible partners, standards, and feedback loops—shifting from impression management to implementation and learning.



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