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AN EXPLORATION OF THE EFFECTS OF MERGERS AND ACQUISITIONS ON THE PSYCHOLOGICAL CONTRACT OF SME SENIOR MANAGERS

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Abstract

Mergers and acquisitions (M&A) are strategies to increase the competitive advantage and management tools to gain access to strategic resources for the development of organisations. Therefore, the global M&A market is referred to as the market for corporate control, which ensures that resources are controlled by those who use them most successfully. The psychological contract (PC) includes the subjective expectations of senior managers (SMs) regarding their and the organisation's mutual obligations. This paper examines the impact of pre- and early M&A phases on the PCs of SMs of small and medium-sized enterprises (SMEs) following the experience of friendly M&As with larger German corporations. These are European service companies in the construction and real estate sector. The qualitative research focuses on the content of the PCs of SMs in M&A scenarios and how they are influenced by pre-merger events, schemas or early phases of an M&A. Little is known about the PCs of SMs in the context of major organisational changes. When SMEs are taken over by larger companies, SMs experience a lot of changes, as they go from being independent entrepreneurs to employed managers, who must accept given structures, including for their team, which is embedded in a larger organisation. The findings indicate that the content of SMs' PCs plays a decisive role in whether the planned M&A initiatives will be pursued at all, which in the cases investigated even took on the significance of knock-out criteria. The roles and context-specific content of PCs were discovered, as well as motives for M&As. The data was based on the observation of 31 multi-stage pre-merger exploratory workshops with 41 SMs from 18 potential target companies and 21 SMs from the acquiring side, and 13 extensive semi-structured in-depth interviews were conducted with SMs who had experienced M&A activities as survivors or agents. The research identified ten major themes providing valuable indications of how reflecting on the PC can be used to enable early mutual expectation management and thus foster sustainable integration. It is recommended to revise M&A processes to be more responsive to individuals and personal factors and to align human resources' due diligence by considering the building blocks of the PC.

Author's Declaration

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas.

Any views expressed in the thesis are those of the author and in no way represent those of the University.

05/01/2021

Signed   Date

'It's not what you look at that matters; it's what you see'.

(Henry David Thoreau, 1817–1862)

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Chapter 1

1 Introduction

The first chapter introduces the topic and presents the motivation for the research, its idea and the course of the thesis.

1.1 Introduction to the Research

The following chapter introduces the thesis and outlines the research problem.

Mergers and acquisitions (M&A) are strategies to increase competitive advantage and management tools to gain access to strategic resources for the development of organisations (Cooke, Wood, Wang & Li, 2020; Ferrer, 2012; Jacob, 2020). Therefore, the global M&A market is referred to as the market for corporate control, which is the competition to ensure that whoever ultimately uses companies and their resources most successfully takes control of them (Jensen, 1996; Jensen & Ruback, 1983; Mueller-Stewens, 2016a). Business combinations, such as M&As, mean major and critical organisational changes for the organisations and employees concerned (Holland & Scullion, 2019; Joshi, Sanchez & Mudde, 2020; Magano & Thomas, 2017; Senior, Fearon, Mclaughlin & Manalsuren, 2017), especially those being acquired, due to the dominance and decision-making power of a larger company acquiring a smaller one. In people-driven professional services companies delivering knowledge-intensive services, including project management, planning and consulting, people are the most important factor in production, and executives have a unique role to play (Hitt, Bierman, Shimizu & Kochhar, 2001; Kaiser & Ringlstetter, 2011; Suseno & Pinnington, 2017). For integration to succeed, it is essential to get them on board early enough and clarify the changing conditions. Often, however, the definition of the terms of the deal and the technical and organisational concerns of integration are in the foreground. With complex professional services in particular, it is important to clarify the future common business model and the interaction and networking of the participating teams at an early stage. The role and expectations of the executives and the new company must be discussed and explained to match expectations and

establish a mutual understanding. Frequently, however, this does not occur or does so inadequately, which hinders or delays optimal integration and networked collaboration. In this context, the concept of the psychological contract (PC) has proven to be a positive way to actively address issues that cannot be codified in traditional contracts because they contain the 'what', whereas the PC deals with the 'how'. It can be used to address important issues relating to individuals, relationships and functions, thereby internalising and understanding formal contracts, which can increase acceptance and commitment. The PC is increasingly gaining acceptance and importance as a framework for exploring employees' working relationships, attitudes and perceptions of working conditions (Anderson & Schalk, 1998; Coyle-Shapiro & Parzefall, 2008; Garrow, 2005; Guest & Conway, 2003). The findings of this research indicate that mutual expectation management in the early stages of the merger process can build a solid base for integration and future collaboration and avoid perceived discrepancies. Discrepancies between mutual expectations can lead to a perceived breach or violation of the PC and thus be demotivating factors (Cheng & Lin, 2014; Conway & Briner, 2005; Harwood, 2016; Spiess & von Rosenstiel, 2010). Much literature exists on the success or failure factors of M&As and post-merger integration (PMI), yet little is known about the senior managers (SMs) and their PCs in this context. This research, therefore, focuses on the PCs of SMs in the context of friendly or cooperative M&As. Factors affected by unfriendly or hostile takeovers are not considered in this research. The focus of this study is to gain in-depth insights into and knowledge about the perceptions and expectations of individuals regarding mutual obligations within the work relationship. The study explores the expectations of the SMs concerned about mutual promises, obligations and the acquiring organisation. SMs formerly in owner-managed, smaller companies experience severe changes while their organisation is being acquired by a larger company and therefore undergo a mental change regarding their personal role and their company's meaning within the new corporation, e.g. from being the founder or managing director of a small but independent company to becoming a salaried manager or team leader of a larger company, resulting in a changing organisational structure. The research questions and key questions in the interviews were derived from the literature review. The study uses observations from 31 explorative pre-merger talks with a total of 41 SMs from 18 potential target companies and 21 SMs from acquiring organisations, and 13 extensive semi-structured in-depth interviews

were conducted with SMs who had experienced M&A activities either on the target or acquirer side, i.e. survivors and agents, to collect data. The observed pre-merger exploratory talks ranged in duration from approximately two hours to full-day workshops, mostly comprising continuation in the form of informal business meals. The semi-structured interviews lasted between 45 and 90 minutes, were audio recorded and transcribed verbatim. Data making is based on the methodology of thematic analysis. Little is known about the PC of SMs in the context of M&As because this unique population is difficult to access due to time restrictions, the sensitivity of the situation and topic and signed disclosure agreements between the parties involved in combining the businesses. The study intends to contribute knowledge to enhance M&A negotiation, communication and integration processes, as well as for leadership development, i.e. guiding leaders through difficult situations of major organisational changes.

In my career in strategic corporate development, strategy conception and multi-project management, I have been personally confronted with two M&As and was the moderator of or participant in numerous pre-merger meetings exploring framework conditions, ways of cooperating and elaborating on possible future business models of planned cooperation and possible future M&As with companies of different sizes, ranges of services and initiatives for the activities from different sides. The exploratory talks discussed the fit of both companies, a vision for the future concerning common business models, opportunities for integration or framework conditions and cornerstones in terms of dos and do nots, thus making the fundamental decision as to whether a possible M&A should be examined further. During such talks, icebreaker discussions about the PC and its content can indicate a high potential to discuss open or seldom-asked questions. Many issues can be addressed in an open and constructive manner, which supports the pre-eminent process of clarification through a kind of social strategy and culture due diligence or alignment. If the expectations of the parties involved are misaligned, it can lead to demotivation and difficulties in integration. Expectations are subjective and form in the minds of individuals. PCs are the sum of expectations about one's own promises and obligations and those of the organisation in return. If these are not met, this can lead to a perceived breach or violation of the PC. To prevent this frequent failure factor of M&As, the present work is intended to provide indications for mutual

expectation management, which develop from the PC, and what influences them in the early phases of a merger. The research aims to establish insights, topics and ways to support these processes and apply them in the future. The findings are not representative or generalisable due to the chosen research approach but can be used as a starting point or be applied in analogy to similar organisations or groups of organisations.

The geographical footprint and cultural reach of the research can be described as follows. In each case, the countries refer to where the companies involved in the M&A are headquartered. The acquiring company's headquarter (HQ) is in Germany. The interviews covered M&A activities with targets in Austria, Germany, the Netherlands and the United Kingdom. The observation covered interviews with potential targets from Belgium, France, Germany and Switzerland. These are consulting, planning, engineering and project management companies from the construction and real estate (RE) industry. Details on the composition, geography and sectoral reach of the sample can be found in tables 17, 18, 38 and 39.

1.2   The Context of Mergers and Acquisitions

The following characterises the context of the research, the competition for control over corporate resources by M&As and the resulting major organisational change for SMs and their teams. The chapter distinguishes between the theoretical forms of coordination – competition, cooperation and integration, shows their connection to the stages of the M&A process and contains basic definitions of key terms.

     a.   The Global Market for Corporate Control: Competition for Resources

Many scholars use the term 'M&A market' synonymously with 'the market for corporate control' to refer to the competition for control of companies' resources. The market for corporate control reveals corrective mechanisms, leads to organisational changes and motivates the effective use of corporate resources because ultimately, the management team that uses them most promisingly is given the right to manage the resources (Jensen, 1986; Jensen & Ruback, 1983; Mueller-Stewens, 2016a).

The market for corporate control implies the competition for key resources, such as human resources (HR), i.e. capacity, skills, methods, expert knowledge and customer relationships. Thus, M&As can lead to the incorporation of former competitors, cooperating partners or subcontractors.

M&A research includes extensive research on economic, financial, human, organisational and cultural aspects, as well as on motives, success and failure factors (Marks & Mirvis, 2011). However, this is not the focus of the research at hand.

The literature reports high failure rates and analyses their possible causes, with the poor integration of people being a common failure factor (Bauer & Dao, 2021; Cintron, 2020; Joshi et al., 2020; Koi-Akrofi, 2016; Marks & Mirvis, 2011; McGaughan & Chengalur-Smith, 2021; Oban, 2020; Shi & Wang, 2020).

A vast amount of research in the field confirms the relevance of the integration process but focuses either on economic issues of due diligence or the technological, administrative or organisational integration process under a positivist perspective, neglecting to explore the roles of the SMs on both sides and their PCs. The PC informs their motivation and understanding of their new role and building and transformation begin in the very early stages.

The German construction and RE markets have been booming for around ten years, which has led, among other things, to staff shortages and a war for talent and experienced experts. In the competition for resources, the global M&A market for the control of corporate resources has emerged in recent years. HR and knowledge are among the most important resources in companies due to increasing competition for talent. In addition to the mega-deals of major international players, a lively market for deals with small and medium-sized enterprises (SMEs) has also developed, which is reinforced by growth pressure and HR bottlenecks. When SMEs are purchased by significantly larger enterprises, a unique situation arises in the integration of managers since the acquired companies, which were originally founder- or owner-managed, now merge with a large, dominant group and consequently lose their independence and are embedded into the group as teams. As a result, the role and position of SMs change significantly, and some of them move from owner-managers to employed managers or team leaders, hierarchically classified according to their

new roles. This paper examines the little-researched PCs of SMs in SMEs during M&As and how they deal with the major personal change and fulfil their dual role of simultaneously establishing their own PC with the top management of the new company and further developing the PC of their employees. This contributes to the question of who the multi-focal contracting parties are.

There are numerous different forms of organisations, i.e. institutions, that cannot be explained by neoclassical theory, postulating perfect and universally accessible markets without frictions and being free of information and transaction costs. The different theoretical approaches to the new institutional economy intend to explain the existence of institutions, such as companies, and the purposes that different forms of organisations serve. Institutions are defined as target-oriented systems of formal and informal rules, including the enforcement instruments to direct individual behaviour to defined directions. By regarding certain market imperfections, new institutional economics seeks to explain why and when hierarchical coordination by institutions can compensate for market coordination (Wirtz, 2017). Figure 1 compares the different coordination forms of competition, cooperation and integration on the continuum between coordination by market forces and hierarchical coordination within the organisation.

Coordination forms
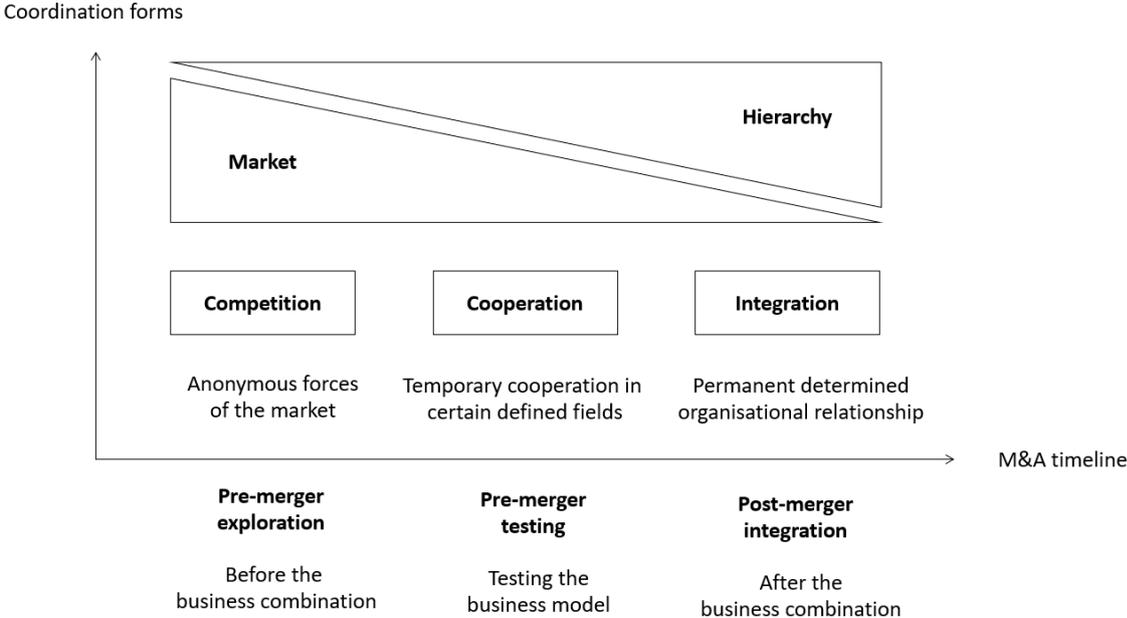
Figure 1: The Market versus Hierarchical Coordination of Resources

(Author's own illustration)

Figure 1 shows the transition from the market coordination of competitors to the collaborative coordination of cooperating partners up to hierarchical coordination within an organisation. It shows the stages of development that the companies involved go through. Early pre-merger exploratory talks are held between two separate companies, which can be competitors or market players, i.e. those with competing or complementary services. For this reason, they are confidential, also because the possible merger can have strategic effects on the market position of the entire organisation, which should not be known in advance. If there is no joint project experience, a phase of cooperation is often used to test the cooperation and provision of the joint business model before signing a contract, e.g. as a subcontractor, working group or bidding consortium. As soon as the M&A has been agreed and implemented, both companies are linked within one organisation, which is called hierarchical coordination.

New institutional economics comprises three approaches that can also be applied to analyse forms of M&A combinations: transaction cost analysis (Coase, 1937; Klein, 2005; Williamson, 1979, 1981; Wirtz, 2017), principal agency theory (Picot, 1991; Wirtz, 2017) and the property rights approach (Penrose, 1959; Porter, 1980, 1989; Wirtz, 2017), which examine the individual forms of coordination and when they are advantageous. However, this is not the focus of the present research. Between the coordination forms of market, cooperation and hierarchy, M&As are measures that transfer two or more firms into hierarchical coordination through their merger. This research project explores the attitudes and behaviour of managers and their PCs in this context.

The model of the transition from market-based to cooperative and hierarchical coordination also describes the stages of M&As: first, two companies meet as competitors in the market, compete for resources, projects and orders or are active on customer projects with different roles and trades, but each is a separate and self-sufficient company. In the second cooperative stage, there may be opportunities for cooperation, e.g. one company may act as a subcontractor for the other on a joint customer project, or both companies may bid jointly for larger projects as a bidding consortium or joint venture. The third level of hierarchical coordination is reached when both companies agree to carry out an M&A to form an organisation whose internal coordination is hierarchical.

M&As have established themselves as strategic management measures for international companies with the aim to increase growth, diversification and profitability (Dangmei, 2016; Fowler & Schmidt, 1988). Since the 1980s, an increasing merger mania has begun, which is still active and growing (Houghton, Anand & Neck, 2003; Jansen, 2016; Mueller-Stewens, 2016a). In Germany, the market for corporate control has accelerated since the German reunification in the 1990s. It has become a worldwide phenomenon, with a market for M&As with national and transnational activities in both directions (Jansen, 2016; Meynerts-Stiller & Rohloff, 2019; Mueller-Stewens, 2016a; Warter & Warter, 2017). The phenomenon is more aptly described by the term, 'global market for corporate control', because it is the international arena in which managers compete for the right to control corporate resources (Jensen, 1986; Jensen & Ruback, 1983; Meynerts-Stiller & Rohloff, 2019; Mueller-Stewens, 2016a; Warter & Warter, 2017). The resulting shift of control due to M&A activities builds the reference point and background of major organisational changes influencing the PC of the employees involved, i.e. the PC as a result of socialisation versus the role of the PC within the socialisation process.

Analysis of the six and emerging seventh US and international M&A waves and the four German M&A phases shows that certain management trends occur in the market for corporate control. Thus, the early period is marked by the pursuit of market dominance and leads to monopolisation or oligopolisation, followed by internationalisation and globalisation efforts in emerging markets. In the following period, financial investors have a strong impact on corporate strategy decisions, e.g. private equity companies. The recent beginning period seeks access to skills, i.e. innovations, technologies, HR capacity and knowledge (Duesterhoff & Kunisch, 2016; Ferber, 2013; Jansen, 2016; Kummer, 2005; Mueller-Stewens, 2016b; Picot, 2012; Roedl & Partner, 2018). What is new is that the direction of the investment is changing so that investors from former target countries and emerging markets are becoming active in industrialised nations, which is called the shift of power (Baroncelli & Landoni, 2019). The market for corporate control thus has experienced several paradigm and trend changes. It is no longer just a topic for the large global players. Infrastructure and medium-sized innovative and technology companies in Europe in particular, including Germany, are interesting targets for foreign investors, and conversely, business combinations have also become a strategic management

tool for medium-sized companies seeking access to resources. The availability of professionals and managers in the recruitment market is limited, and it is a candidate market, where companies compete for the best talent. Therefore, M&As are also used as a means of gaining access to HR (Duesterhoff & Kunisch, 2016; Ferber, 2013; Jansen, 2016; Kummer, 2005; Mueller-Stewens, 2016b; Picot, 2012; Roedl & Partner, 2018).

Figure 2 illustrates the PC in the context of an M&A, outlining events and communications influencing the PC during the market, cooperation and hierarchy phases. Figure 2 shows the process from the acquirer's practical point of view.
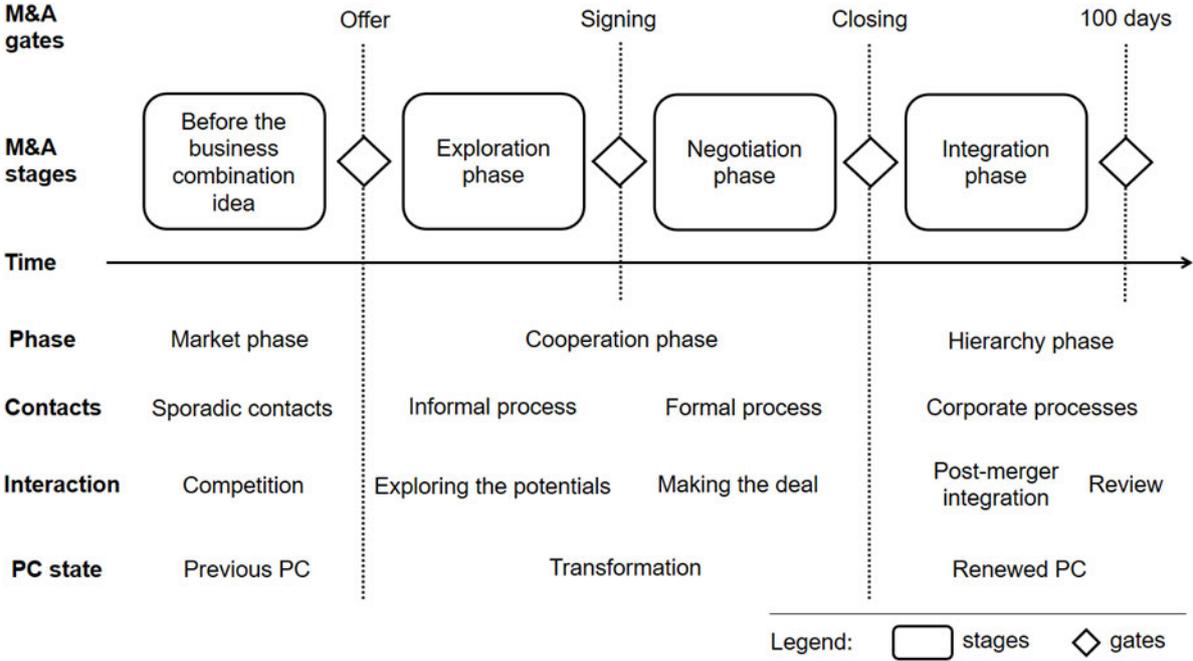
Figure 2: The PC in the Context of M&As

(Author's own illustration)

During the market phase, and before the idea of an M&A is born, a company may have had sporadic contact with others in the market, either when competing for project contracts or tenders, cooperating in bidding consortia or collaborating on mutual projects. Other experiences before an M&A can be former employment with the company, i.e. the SM is a returner, or the perception of the company's

appearance in the market, i.e. at trade fairs, conference presentations, marketing activities, brand image or through the personal networks of employees of the acquiring company. After the initial offer of or request for possible M&A activities, the exploration phase seeks to identify the future potential of the business combination, as well as relevant propositions from both sides. After the signing, the official formal negotiation and evaluation process begins, including the letter of disclosure, data room, exchange of financial data, due diligence, initial purchase price evaluation, definition of the terms and conditions and development of a contract. After the closing of the contract, the integration form, activities and responsibilities are defined, and the PMI begins and is reviewed after the first 100 days.

b. Definitions of Mergers, Acquisitions and Related Terms

Literature, practitioners and scholars often use the terms 'mergers' and 'acquisitions' synonymously and interchangeably, while legally seen, they are different transactions (Marks & Mirvis, 2011). Weston, Chung and Hoag (1990) define M&As in a broad sense as '[a]ny transaction that forms one economic unit for two or more previous ones' (p. 4). Copeland and Weston's (1988) definition emphasises the character of a collective term, defining M&As in a broader sense by including any transaction that forms a single entity from two or more preceding economic units. Thus, the term M&A includes takeovers and similar topics of corporate control, restructuring and changes in ownership structures (Copeland & Weston, 1988). While both terms label forms of combining two or more businesses, their execution differs. Generally, the term M&A characterises either mergers or fusions of two companies to one legal and commercial unit or the acquisition or takeover of business units or the whole company. A 'merger' means that two companies come together to build a single, united, new company. The surviving company takes over the merged target company. During a merger, both companies involved are consolidated into a discrete or newly built organisational unit. If both previous companies were of similar sizes, it is called a merger of equals.

> 'An acquisition is a business transaction between unrelated parties on terms established by the market where each company acts in its own interests. The

acquiring company purchases the assets and liabilities of the target company. (…) A merger is the combination of two or more companies to share resources to achieve common objectives. A merger implies that, because of the operation, only one entity will survive' (the Organisation for Economic Co-operation and Development, 2004, p. 6).

A company acquisition means that the target company is acquired by an investor. Company acquisitions or takeovers are economic and legal transactions that can be realised in two ways: in a share deal, where the investing company purchases another company's participation in whole or in part by acquiring shares from its shareholders or in an asset deal, which means that the investor company purchases the business assets from the operating firm (Germany Trade and Invest, 2016). For example, if a supermarket were being sold, the investor could either choose to buy a legal document saying that they were the owner of the store (i.e. a share deal) or alternatively empty all the shelves and warehouses and even include the cash register in their shopping cart (i.e. an asset deal) (Roedl & Partner, 2018).

In general, business combinations are strategies to combine two or more businesses because of the assumption that they will perform better after being amalgamated into one entity than if they continued to operate separately. The terms 'acquisition' or 'takeover' are more aggressively interpreted as involving a predator and prey, while the terms 'merger', 'fusion' or 'union' suggest the combination of equals. Thus, in practice, the term 'merger' is often used as a general umbrella term, even when an activity is an acquisition, to smooth communication (Risberg, 2012; Risberg, King & Meglio, 2015; Shield, Thorpe & Nelson, 2002). Figure 3 illustrates the types of business combinations in a wider sense, consisting of business cooperation and combinations. Business cooperation comprises strategic cooperation, such as joint ventures or strategic alliances, and other cooperation includes consortia, cartels, interest groups or working partnerships. In a narrow sense, they mean either acquisitions or mergers (Borowicz & Schuster, 2017; Wirtz, 2017).

Figure 3: Types of Business Combinations
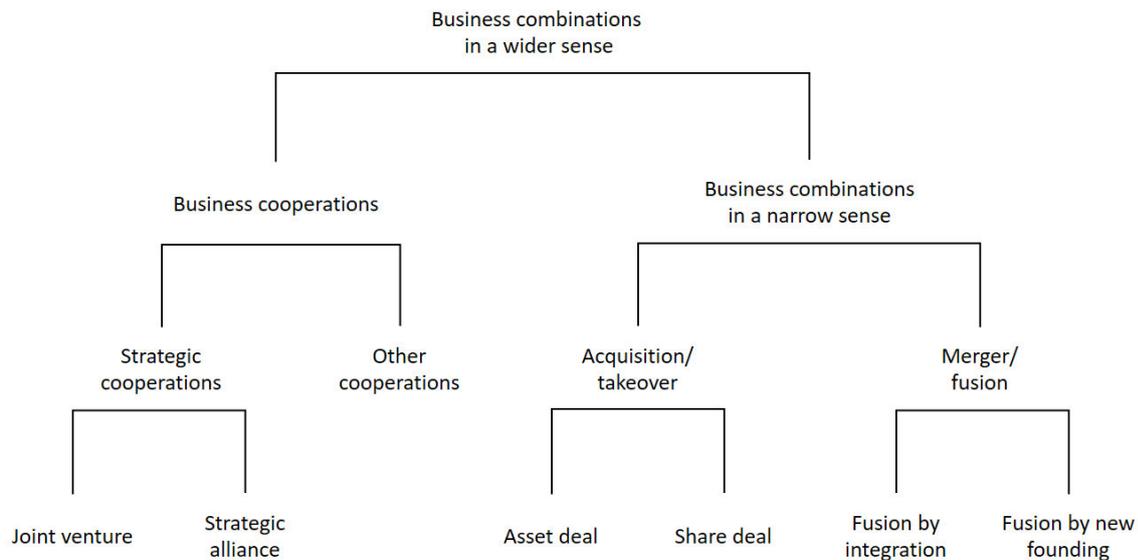
(Borowicz & Schuster, 2017, p. 9; Wirtz, 2017, p. 12, translated)

Absorptions or complete takeovers mean that two entities merge into one, while one entity is absorbed by the other. In amalgamations, two entities combine to form a new one, and both predominant entities cease to exist afterwards. If smaller parts of the entities are separated to build a new one together, the procedure is called a spin-off. Equity alliances or partial takeovers mean that both entities combine while both remain active, but one gains control over the other. The investor company becomes the holding company of the other by acquiring the controlling number of shares. Strategic alliances are cooperative forms without a balance sheet impact on the concerned companies (Ray, 2011).

c. Integration Strategy: Organisational Autonomy Versus Strategic Interdependence

Accordingly, the transfer of skills is seen to be a core element of PMI. 'Integration is an interactive and gradual process in which individuals from two organisations learn to work together and cooperate in the transfer of strategic capabilities. (…) The heart of integration (…) is the transfer and application of strategic capabilities' (Haspeslagh & Jemison, 1991, pp. 106–107). Mueller-Stewens (2016a) sees integration as a

bottleneck because it creates potential synergy and thus determines the success of the M&A. For a better understanding of M&As, it is useful to identify the main phases and essential associated tasks. From the perspective of the buying company, the process can be roughly divided into three key phases: the pre-merger planning phase, the merger phase that describes the transaction and the post-merger phase comprising the integration following the contract closing (Barnikel, 2006). Table 1 characterises the key phases of the M&A process.

Table 1: Key Phases of the M&A Process

Pre-merger phase	Merger phase	Post-merger phase
• Definition of the corporate strategy and the strategic initial situation • Definition of the corporate aim • Determination of the integration goals against the background of the company goals • Determination of criteria for identifying suitable M&A candidates • First evaluation of the candidates	• Beginning of negotiations and detailed analysis • Due diligence • Decision concerning the M&A • Formulation of an M&A plan • Contract signing and closing • Public announcement	• Further elaboration of business combination plans • Definition of responsibilities • Implementation of business combination plans

(Bamikel, 2006, pp. 20–21, translated)

If the aim of the M&A is to gain advantages that are only possible through the merger, there is a need for strategic interdependence. Such advantages are different kinds of synergies. Strategic interdependence is a key factor in integration because M&A management needs to define directions for organisational interweaving to benefit from the synergies. The intensity of the organisational interweaving grows with the increasing number of abilities to be transferred between the merged companies. However, strategic interdependence removes the invisible distinction or boundary line between the companies. This is often met with resistance because leaders and employees wish to keep their own existing corporate identity, culture,

procedures and rules. The strategic abilities of organisations are often deeply embedded and linked with the interdependent culture and identity of the organisation. This constitutes the need for organisational autonomy because such abilities are otherwise lost. Hence, during the M&A, management needs to analyse which level of autonomy is necessary to protect the strategic abilities before designing and initiating the integration process. Therefore, there is a paradox to be solved to define the right degree of integration. On the one hand, borders between the organisations must be removed and converted into interfaces to foster the transfer of abilities, while on the other hand, it can be necessary to keep those boundaries to retain the abilities (Ray, 2011). Ray (2011) believes that this point is of particular interest and has meaning in acquisitions where the abilities of individuals or groups of people are involved, i.e. in the service sector and with knowledge workers. Losing autonomy within an organisation can be a reason for key personnel with crucial knowledge to leave if they are not able to identify themselves with the new-formed organisation. In addition, mergers can be characterised as horizontal, vertical or conglomerate. Horizontal mergers are combinations of companies that compete in the same industry. For vertical mergers, a company merges with its suppliers or distributors. Conglomerate mergers occur between companies from non-related industries (Wirtz, 2017). Figure 4 systematises the different forms.
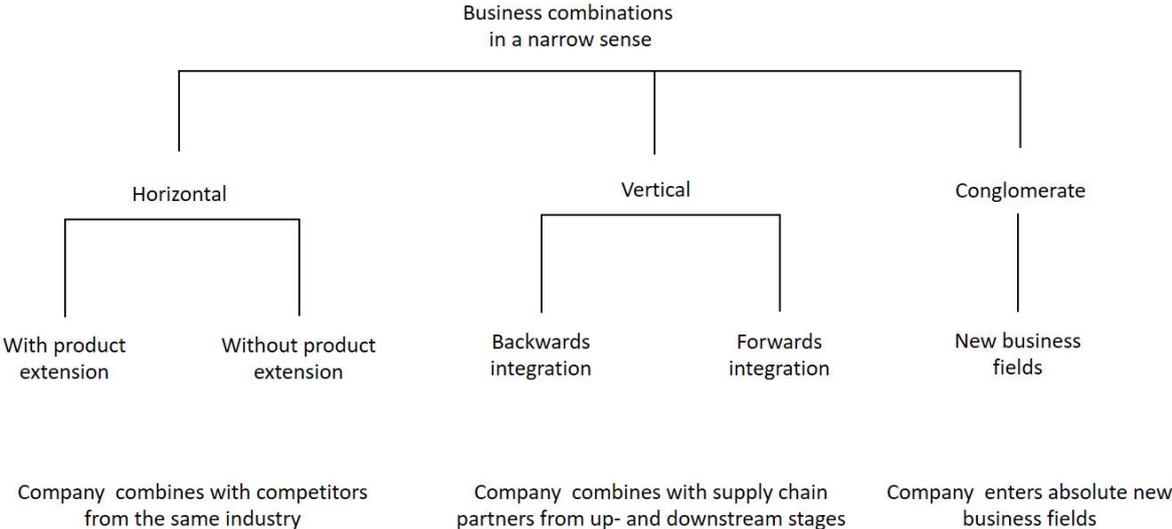
Figure 4: Business Combinations in a Narrow Sense

(Wirtz, 2017, p. 19, translated)

In M&As, there is usually one bigger or dominant company that acquires the other. In M&A processes, there are usually bidding or acquiring companies and target companies, where the latter are potential takeover targets for the former. This research will therefore distinguish between acquired or target companies versus the acquiring, investor or owner company, namely, 'the group'. The participants of this study are SMs from acquired and investor companies.

This research uses M&A as an umbrella term and does not distinguish between mergers and acquisitions, if not explicitly stated otherwise. PMI is used as an expression for the integration process regardless of the form of amalgamation. This study comprises candidates from both forms, but PMI is a set term in literature for the integration process. A comprehensive analysis of existing literature confirmed that PMI is a commonly accepted term for the integration phase after the closing of the contract (Jansen, 2004).

To recapitulate and set the working definition for this research, the umbrella term, M&A, describes activities, such as combining or buying and selling organisations. In conclusion, from the point of view of the dominant party, mergers imply a heavy, transformational organisational change, with both sides adapting to a new future organisational model. In comparison, acquisitions imply changes that reform, while the acquired party contributes assets or abilities for the further development of the dominant party. For acquired companies, this means that they must be subordinates and classify themselves in the new model.

d. General Aims and Motives of M&A Activities

M&As are used for the strategic corporate development of companies reacting to changing conditions in the economic framework (Wirtz, 2017). The literature provides detailed discussions of numerous strategic or personal motives and goals of the managers of acquiring and acquired firms in the corporate transaction, partially derived from assumptions of microeconomic or socioeconomic theories or empirical research (Doan, 2020; Eisenbarth, 2013; Hassan, Ghauri & Mayrhofer, 2018;

Jansen, 2016, Wirtz, 2017). Wirtz (2017) classifies the motives of the acquirer as strategic, financial or personal, as shown in table 2.

Table 2: Acquirers' Motives for M&As

Strategic motives	Financial motives	Personal motives
Market development	Capital market	Hubris hypothesis
Service offerings	Taxation	Managerialism hypothesis
Risk management		Free cash flow hypothesis
		Diversification hypothesis

(Wirtz, 2017, p. 62, translated)

Synergies suggest that the implementation of M&As increases value. In this regard, synergies maintain that the resulting total benefit is greater than the mere sum of the partial benefits. Synergies have quantitative components, e.g. economies of scale and scope, and qualitative components, e.g. economies of time or quality (Jansen, 2016; Wirtz, 2017). According to Eisenbarth (2013), there are four main possible sources of synergies. Operative synergies can result from efficiency gains in revenues and costs, while cost structures can be affected by economies of scale, scope and experience. Financial synergies can appear from a reduction of capital costs and increase in market power. Synergies can occur due to stronger mutual market power enabling the setting of higher prices (Eisenbarth, 2013; Jansen, 2016). Market motives mostly relate to a company's procurement or sales market. Globalisation and industry convergence are transforming the competitive environment by allowing organisations from other industries or countries to compete with established companies. This jeopardises their market position. M&A can be used to expand market power and markets or reduce competition. Horizontal mergers can reduce competition by removing a competitor from the market and incorporating it. In the supply market, the avoidance of bottlenecks is seen in the foreground, as well as the strengthening of bargaining power through larger consolidated volumes, and rationalised warehousing is often mentioned. In terms of the sales market, M&As can contribute to providing customers with more comprehensive integrated systemic packages from a single source, e.g. through acquisitions of companies up- or downstream in the value chain or from companies

with a complementary range of services. These are horizontal or vertical transactions. An increase in market power for customers and competitors can also be the goal (Jansen, 2016; Wirtz, 2017). According to diversification strategy, conglomerate M&A activities are more valuable than horizontal and vertical ones (Eisenbarth, 2013). The management of corporate risks is another strategic motive, which emphasises lateral diversification strategies. The spreading of risks by acquiring a company with different sources of income, i.e. negatively correlated streams of income, can be a motive in this regard (Jansen, 2016; Wirtz, 2017). The goal may be to reduce dependencies on existing products, industries or markets and establish themselves in new industries, markets or with an expanded product range. In the long term, the penetration into new growth markets also serves the purpose of risk management because it secures the continued existence of the company by reducing dependencies on stagnating or highly competitive markets (Wirtz, 2017).

While strategic motives are aimed at long-term value creation and market positioning, financial motives seek to increase profitability by achieving short- and medium-term profits or using taxable profits. The M&A can be motivated by broadening the lending and capital-raising base, thereby improving capital market access. In addition, motivation can originate in the valuation of the M&A object by the capital market, where transaction costs should also be considered (Wirtz, 2017). The improved management or internal efficiency hypothesis claims that companies with an inefficient use of resources and development potential due to inefficient management become targets for M&As with the expectation that the acquirer can better manage the target (Eisenbarth, 2013). Another motive may be the assumed undervaluation and planned restructuring of targets to realise short-term gains. This motive builds on the assumption of information asymmetries. The difference between the current purchase value and possible future market value justifies the so-called maximum raider opportunity (Grant, 2016; Wirtz, 2017). There are also many variations of balance, political and tax-optimising motives (Jansen, 2016; Wirtz, 2017).

This research focuses on SMs and their perceptions. Therefore, the personal motives of SMs on both sides of the transaction are most interesting. While much research exists on decision-makers' personal motives, the four most frequently cited hypotheses derived from principal agency theory are the hubris, managerialism, free cash flow and diversification hypotheses. Strategic motives aim for a long-term

increase in the value of the company, while personal motives comprise psychological motives based on the personal assumptions of the deciding managers. Therefore, they can originate from the intention to maximise personal benefit or from the subjective nature of decisions within limited information (DePampilis, 2010; Wirtz, 2017).

Roll's (1986) hubris hypothesis assumes that the self-esteem of management concerning their problem-solving abilities, integration competencies and synergy gathering motivates corporate acquisitions, and management pay above the market price (Jansen, 2016; Roll, 1986; Wirtz, 2017). The hubris hypothesis is based on the theory of market efficiency, which assumes that the current share price of a company reflects all historical prices and relevant information for its valuation or that this information is available to the public. If one company intends to acquire another, it will value the target company. The hubris hypothesis assumes strong capital market efficiency in a microeconomic view; thus, the evaluation price should equal the market price of the target company. It is based on the theory that strategic decisions are not made completely rationally due to the nature of their process and incomplete information. Accordingly, M&As routinely occur due to the overconfidence of buyer-side management. Takeover premiums imply that the management of the acquiring company evaluates the price of the target company better than the market can. The hubris hypothesis claims that in a world of assumed market efficiency, this can only originate from managerial overconfidence (Blaha, 2008; DePamphilis, 2010; Eisenbarth, 2013; Jansen, 2016; Roll, 1986; Wirtz, 2017). For example, the winner's curse hypothesis claims that acquirers from competitive tenders tend to overpay (Eisenbarth, 2013).

The managerialism hypothesis claims that M&A can result from inefficient incentive and reward systems. Mueller (1969) postulated that 'the prestige and power which managers can derive from their occupation are directly related to the size and growth of the company and not to its profitability' (p. 644). Thus, managerialism maintains that managers tend to force the growth of a company at the expense of profitability, if necessary. Inorganic growth by M&As is a quicker means to foster organic growth. Yet, there exists no empirical proof for the managerialism hypothesis, while the remuneration of management is mainly related to profitability and not the size indicators of the companies (DePamphilis, 2010; Mueller, 1969; Wirtz, 2017).

According to Jensen (1986), the growth of corporate resources improves the power of management and creates new career potential for middle management. Jensen's (1986) hypothesis claims that management invests free cash flows with a lower rentability than capital costs to increase the company's income, which grows with the size of the company, and to improve its power position. This implies investments in inorganic external growth, often in unknown industries, which leads to inefficiencies due to a lack of sectoral knowledge (Jansen, 2016; Jensen, 1986). Therefore, management is motivated to reinvest the free cash flow to foster corporate growth, while corporate acquisitions are advantageous in terms of the managerialism hypothesis. Thus, the owners are interested in the reallocation of free cash flow (Wirtz, 2017). Similarly, the empire-building hypothesis implies that managers pursue egoisms and self-interest with M&As, e.g. income increase or power gain, prestige or reputation (Eisenbarth, 2013; Jansen, 2016). In their corporate control hypothesis, Jensen and Ruback (1983) state that a correction mechanism exists due to a competition of managers in the market for corporate control to keep the right to manage the companies, whereas undervalued companies become targets of management teams that are better able to manage the company and thus improve the corporate value after dismissing the old management (Jansen, 2016; Jensen & Ruback, 1983).

The diversification hypothesis (Jensen and Meckling,1976) states that it is impossible for managers to diversify their HR as much as it is for share owners to diversify their personal share portfolio by building it from shares of different companies because with their highest-valued asset, HR, managers are bound to one sole company. Thus, their income stream depends mainly on the performance of their employing company. The motive of management is to spread the risk by diversifying the company, which smooths the cash flow and hence the income generated from HR. The motivation is also to reduce the risk of bankruptcy to stabilise the company as a source of personal income (Jensen & Meckling, 1976; Wirtz, 2017). SMEs have less organisational complexity, limited market access, less financial possibilities and more dependency on resources than larger corporations, which is why the M&A motives and goals differ and are oriented more towards strategic development than cost reduction (Vretenar, Sokolic & Kastelan Mrak, 2017). There are two motives of sellers: owner-specific motives for disinvestment due to the personal situation of the

owner and firm-specific motives according to the economic situation of the company (Wirtz, 2017). Table 3 illustrates the major selling motives of managers.

Table 3: Personal and Strategic Motives of Acquired Companies

Owner-specific motives	Company-specific motives
Succession plan	Lack of funding for investment and growth
Differences between the part-owners	Debt reduction and liquidity shortages
Cash-in	Lowering the cost of capital or tax benefits
Professional and career advancement	Concentration on core competencies, lacking in size
Better alternative investments	Strategic realignment
Financial distress	Having lost important employees

(Wirtz, 2017, p. 78, translated)

The motives apply mostly to SMEs. When the owner or managers retire from the operative business due to their age, and if there are no suitable family members available to take responsibility and continue the company, one motivation to sell it is to ensure its continued existence. In addition, differences between the shareholders can also be a reason, e.g. the inheritance of company shares that are later sold to existing co-owners. An example of cash-in is when venture capital firms sell their shares to realise accumulated profits and losses. Furthermore, personal motives of the owner-manager can be the reason for the sale, such as speculation of a leading position in the bigger acquiring company or other career-advancing motives. Alongside personal motives, many other motives exist for selling a company. Changing frame conditions and technological developments can require investments, which exceed the firm's capabilities, and thus, management searches for a strong financial investor. This also applies to the reduction of debt. Corporate restructuring is an important motive to foster the realignment of the company, i.e. the strategic positioning concerning new business fields and markets and concentration on core competencies. In professional service firms or high-tech and knowledge-intensive industries, the loss of key employees with critical knowledge can motivate a corporate sale (Wirtz, 2017).

e. The Role of Senior Managers in M&As

M&A transactions are fundamental business decisions and actions in which the SMs of both companies have decisive roles and responsibilities. The SMs lead the decision making, drafting, negotiation, closing and implementation of the transactions. They must represent and 'sell' the M&A decision to shareholders, employees and stakeholders. M&A decisions are influenced by SMs' biases and identities (see chapter 4.5.4 and appendix XVI and XVII). SMs act as deal makers and lead the deal-making process from the first exploratory meeting to the signing of the contract and implementation of the M&A. In doing so, they are supported and supervised by other corporate actors, such as central units, the executive board, co-partners or the supervisory board (Afsharipour, 2020).

Executives, especially chief executive officers (CEOs), dominate decision making in companies. This is especially true in M&A transactions. CEOs set the M&A vision and strategy and participate in milestone meetings, especially for large M&As. The SM's role is to act as 'chief navigator, power broker and decision maker' (Afsharipour, 2020, p. 472) and lead M&A activities as the 'deal captain' (Afsharipour, 2020). In M&As, middle managers have a dual role, being both agents and recipients of radical organisational change. On the one hand, they must be the driving force behind the implementation of the measures and lead and integrate their team. On the other hand, they must process the change for themselves and establish and take on their new role (Terikangas, 2020). SMs act as liaisons and balancers to mitigate negative effects of M&As on their staff through emotional support (Rogers, 2021).

Jansen (2004, 2016) identifies a paradox of the management function comparing pre- and post-merger management responsibilities in the context of M&A activities. There are two contrary management roles: the pre-phase strategist and the post-phase integrator. In the pre-phase, the role of the leading merger manager, often the CEO, is to provide and uphold a clear strategy. These deal-making managers have clear and consequent visions, provide a strong orientation and act as kind of super-parental figures within a participative partnership model. They are characterised by not avoiding discussions just because of a peace-seeking manner. Furthermore, they stand for a reliable consequence of enforcement and implementation. If necessary, they also correct decisions, regardless of if it proves popular or unpopular. The

strategist needs an ability for delegation and accountability for all stakeholders during the process. In the pre-merger phase, acquisition management is dominant, whereas in practice, the leading role for the following step of integration management of the post-merger phase cannot easily be reassigned. This is where the paradox arises because the PMI manager has a different role (Ashkenas & Francis, 2000; Jansen, 2004, 2016). The function of a coordination figure, generally or when problems arise, is often delegated by the CEO to HR or other supportive departments. Often, they do not have the necessary skills or knowledge to elaborate on and enforce the fusion strategy and activities of a transaction. Therefore, the literature recommends establishing integration managers (Ashkenas, DeMonaco & Francis, 1998; Ashkenas & Francis, 2000; Jansen, 2004; Overmann, 1999). The task of the integration manager is to ensure the dynamic speed of the process, create structures, establish social connections and generate success (Ashkenas & Francis, 2000). Therefore, they need to be able to cross-structure organisational tasks. In a kind of libero position, 'they have room to manoeuvre where others, more fixed in their roles in both companies, do not' (Ashkenas & Francis, 2000, p. 113). The integrating manager must act as a kind of CEO of a parallel organisation, while a real organisation exists and while they are not the CEO (Jansen, 2004, 2016). To accomplish this task, integration managers require skills that characterise traditional leaders: entrepreneurial thinking and acting, structuring and organisational skills, leadership skills and assertiveness, as well as a profound knowledge of the goals, strategies and organisational features of the buying company. For this reason, they need to be involved early in the strategic processes to gain the necessary strategic background knowledge, both in terms of the overall corporate strategy and the M&As strategic contribution.

Managing the human change is vital for the success of an M&A. Retaining employees in the new organisation after the M&A is important. Generally, there are three kinds of fluctuations to be identified during M&A situations. First is the loss of employees with high employability, who choose to leave because they are seeking better career perspectives or do not want to work under the new conditions. Second is the loss of employees with mediocre employability in a sort of antedated future dismissal due to a perception of excessive demand. Third is when the company cuts staff due to post-merger restructuring (Jansen, 2004, 2016).

f. The M&A Process and Success Factors

The connection between organisational socialisation, newcomer sensemaking behaviour and the formation or transformation of a PC can be described as follows. Organisational socialisation is the onboarding process of corporate newcomers, such as recruits or people entering the company because of M&A activity. Ardts, Jansen and Van der Velde (2001) define socialisation as 'the learning process by which newcomers develop attitudes and behaviours that are necessary to function as a fully-fledged member of the organization' (p. 159). The new employees can be socialised into their profession or function and the employing organisation (George, 2009; Van Maanen, 1975). Therefore, socialisation is an extensive and complex process (George, 2009; Melia, 1987) to mindfully create identity by conveying an awareness of the culture, norms and values of the organisation (Fleming & Spicer, 2007). The newcomer is transferred from being an organisational outsider to an insider (Thomas & Anderson, 1998). Van Maanen's (1975) initial research on the socialisation of police officers identifies four stages, beginning with the long and formalised selection process. From the start of the job interviews, a PC is formed (George, 2009). In the selection process, the police look for positive and committed applicants (Van Maanen, 1975). Loyalty issues arise in terms of whether the candidate is more committed to their job or their employer (Wallace, 1995). Thereafter, the phase of imitation begins in which candidates are judged better the more they relate to their senior mentor's pattern of behaviour. This modelling behaviour is estimated as a competence. The final phase is that of metamorphosis, in which the officer is no longer considered new, as manifested in the instructor's choice of words, in that they now speak of 'we' and 'us'. Thus, this way of thinking is so deeply anchored that it is not only used in conversations with their colleagues but also lived externally (Van Maanen, 1975). These different phases and the actors involved also shape and influence the PC (George, 2009). Through the socialisation process, newcomers learn about the organisational context and assimilate to it (Boswell, Shipp, Payne & Culbertson, 2009; Fisher, 1986; Van Maanen & Schein, 1979), and their PC renews (Jackson, 2019). Newcomers have different expectations of their new employer due to individual experiences prior to the employment or during the recruitment process and an individual set of values and requirements (Rousseau, Ho & Greenberg, 2006). According to Schein (1965, 1980), the personal values and

past experiences of individuals influence their professional identity. The meaning ascribed to lived experiences affects their professional behaviour and performance (Rousseau, 1996; Weick, 1995). Over time, the newcomers collect more information about the work, corporate values and culture, as well as the terms and conditions of the job, which leads to an evolution of the initial PC due to differences between the anticipated and experienced situations (Boswell et al., 2009). Louis (1980) calls such negative discrepancies unpleasant surprises, which are like breaches and violations of the PC (Boswell et al., 2006; Morrison & Robinson, 1997). Newcomer socialisation fosters positive work attitudes (Bauer, Bodner, Erdogan, Truxillo & Tucker, 2007; Boswell et al., 2006). Without this process, newcomers tend to feel demotivated because they feel detached from and isolated in their new role (Boswell et al., 2006). Newcomers lack the guiding equipment for interpretation and sensemaking or organisational events and experiences that organisational insiders have (Louis, 1980). According to Weick (2001), sensemaking is a self-referential act of how individuals perceive and reflect their own sense, performance and behaviour and the connection of meaning with their lived experience. Saks and Ashforth (1997) define sensemaking as 'a thinking process in which newcomers interpret meanings to surprises through interactions with insiders, attribution processes, and the alteration of cognitive scripts' (p. 238). Sensemaking is an ongoing process of reflective practice that informs an individual's PC (Conway & Briner, 2005; Weick, 1995). In the context of M&As, sensemaking for organisational newcomers is a cognitive, reflective and self-oriented process by which individuals make sense of and assign meaning to experiences and events they are confronted with pre- and post-merger. Major organisational changes initiate intensive sensemaking (Pratt, Rockmann & Kaufmann, 2006). In many cases, integration problems are caused by the convergence of cultures, systems and strategies or the loss of key SMs in the target company. Management turnover during M&As is found to be a reason for poor M&A performance. Activities prior to the contract closing, which signal that the acquiring company wishes to retain the target company's management team after the M&A, stimulate retention. Phases of hostile negotiations between organisations and weak social integration of the leaders increase the turnover intention of the target firm's SMs (Deeds, 2003).

There are certain important aspects to be identified to enable the successful and effective socialisation of newcomers. First is the identification of required knowledge and skills to ensure performance proficiency in the new function and work environment. Second, the establishment of a personal network and work relationships with relevant people is crucial. Third, an awareness for formal and informal work relationships, as well as power and communication structures within the organisation, is beneficial. Next, we consider technical or function-specific jargon, as company-specific language often exists. Organisations constitute the formation of collective identity and culture. Thus, it is also important to learn about the corporate vision, values and culture. Knowledge of the strategy helps to identify and position an individual contribution within the general strategy. Finally, the history of an organisation with its traditions, customs, myths and rituals not only fosters the internalisation of the new culture but also helps to understand the context of behaviours and decisions (Dai & De Meuse, 2007; see figure 23).

1.3   The Backgrounds of the Firm and Market

This chapter introduces the case study and intends to characterise the objects and subjects of the research, bridging the sufficient description of the specifics needed for further understanding and the need for anonymisation and confidentially.

The research object, the dominant investor company, is a larger holding company with HQ in Germany, which operates as a European company (Societas Europea [SE]) and holds various local subsidiaries and associated companies nationally and internationally. The holding company is governed by a board of directors. The company's shares are not traded on public capital markets but are largely held by the founding families and partners, who run the units as executives. Thus, the company is independent of capital markets, and there is no separation between capital and management. The focus of the business's activities is on German-speaking markets and Europe, while the company also has locations worldwide. The company has a history of half a century and developed from German construction project management to being an international integrated professional services company in the construction and RE sector, offering a broad range of services. The company sees itself as the German market leader in some of its disciplines and is proud of its

company spirit, which is characterised by a high degree of freedom and personal responsibility on the part of its employees. The brand is positioned as a quality provider, standing for sustainability and innovation with references to known larger and landmark projects. The wide range of services from a single source with experts in various disciplines and trades is a unique selling proposition of the company. It pursues a growth and diversification strategy in relation to national and international markets and the range of services. With continuous growth concerning annual turnover and the number of employees over the past years, today, the company has an annual turnover of approximately €500 million and employs approximately 4,000 employees worldwide.

Little research exists on M&As of professional service firms. In such firms, the most important value-creating resources, such as technical and consulting knowledge and customer relationships, are often bound to individual people (Empson, 2000; Pickering, 2017). The proprietary ownership of those intangible resources often leads to considerable operational autonomy and high degrees of freedom for such employees within the organisation. Therefore, in M&As, the aim of the purchasing company is to retain such key employees within the company, motivate the SMs to continue their function under the new umbrella and disseminate their knowledge and network into the group (Empson, 2000). According to Empson (2000), the managerial actions of the professional staff on both sides was very limited and within a relatively undirected process. The speed and quality of the PMI was dependent on the networking and commitment of the powerful owners of the value-creating intangible key resources. A two-way knowledge exchange during the PMI of engineering consulting and construction management firms was found to be crucial (Broechner, Rosander & Waara, 2004; Empson, 2000).

1.4   Aim of the Research

This chapter states the aim of the research and the intended contribution to knowledge in theory and practice.

The basic terms and conditions of the employment relationship, as well as the rights and obligations of the employee and employer, are regulated by explicit employment

contracts from a labour law and economic perspective (Rousseau, 1995). However, the PC covers 'individual beliefs, shaped by the organisation, regarding terms of an exchange agreement between individuals and their organisation', which can therefore exert influence (Rousseau, 1995, p. 9). It contains subjective implicit perceptions of mutual promises and obligations of both parties to the working relationship (Guest & Conway, 2003) and supports the understanding of contemporary multi-party job relationships (Sherman & Morley, 2020). Promises can be communicated in spoken or written form or be implied through management, HR activities or interactions with people perceived as representing the organisation (Rousseau, 2001a). Employees often believe that the promises of their supervisors for other agents automatically bind the company to specific activities (Guest & Conway, 2003; Rousseau, 1995, 2001a; Scott, Turnley, Bloodgood & Bolino, 2001; Shi & Gordon, 2020), while there are different motivations to make promises for other agents, often not coordinated in the sense of the company. Promise-making can occur intentionally or unintentionally (Rousseau, 2001a). Research interprets the PC either through promises or obligations, which can lead to different interpretations of its meaning (Cassar & Briner, 2009; Ma, Blenkinsopp & Armstrong, 2020).

When employment begins, a contract is drawn up, with supplementary agreements later added and a replacement only made in the event of significant changes (Schein, 1965, 1980). In conclusion, traditional explicit employment contracts are static, while the concept of the PC helps to explain the dynamic nature of the relationship between employee and employer, as well as relevant behavioural expectations (Dangmei, 2016; Roehling, 1997). Due to the dynamic nature of expectations and obligations, they can be re-framed mutually (Garrow, 2005). The functions of key variables and content of the PC can change over time and in context by self-regulatory mechanisms (Rousseau, Tomprou & Hansen, 2018). Implicit expectations, assumptions or beliefs cannot be recorded in written contracts. Therefore, an implicit PC emerges alongside the traditional explicit employment contract as an additional level that explains behavioural aspects in the employment relationship (Roehling, 1997; Sherman & Morley, 2020). Biele Mefebue (2013) and Roehling (1997) provide detailed discussions on the origins and early development of the construct. The PC reduces uncertainty concerning employees' and employers' mutual performance expectations and thus creates trust (Biele Mefebue, 2013). Both sides have implicit

and explicit expectations of the work relationship, which are regarded as mutual responsibilities, obligations or promises made. Hence, they influence behaviour and performance (Biele Mefebue, 2013; Bligh & Carsten, 2005; Conway & Briner, 2005). Considerable organisational changes cause uncertainty and influence the PC (Bellou, 2007). They can also lead to a mismatch. Maintaining the PC during M&As is crucial because a balanced and renewed PC contributes to success (Raeder & Grote, 2012; Shield, Thorpe & Nelson, 2002). Clear and coordinated counterpart expectation management can provide a basis for this.

Major organisational changes, such as M&As, affect the PCs of SMs (Holland & Scullion, 2019; Joshi et al., 2020; Magano & Thomas, 2017; Senior et al., 2017). The purpose of this research is to explore the influence of the early merger process on the PC. In this sense, the early stages of an M&A comprise notable experiences and perceptions before the merger process, pre-merger exploratory discussions, the pre-merger negotiation process and PMI. This research explores the expectations and perceptions that form the PC but does not examine the merger process itself. Often, different people who act as points of contact are involved as agents. Pre-merger negotiation processes mainly focus on the quantitative conditions of the merger, commercial due diligence, the contractual framework of the organisational transfer and future organisational embedment, while the qualitative mutual picture of the future often remains imprecise, e.g. the future mutual business model, alignment with corporate strategy or roles and contributions of the SMs. Likewise, the unwritten 'rules' of the new organisation are unknown or at least unclear to the SMs, including the degree of freedom, expected dynamics, communication rules and personal development perspectives. Often, this only becomes noticeable to them when it is implemented, i.e. when day-to-day business is integrated and continued under a new guise. Then, however, several tasks often arise in parallel, which must be managed by the SM: the integration of their team into the new organisation, finding and assuming their own role again, the remaining handling of the old company and ongoing projects and the acquisition and handling of new daily tasks, as well as the management and further development of their unit, usually combined with ambitious growth targets.

SMs have executive functions concerning the treatment of the market, acquisition, project supervision and leadership. They have complex and onerous responsibilities,

important influences on corporate success and are difficult to replace. In a hybrid position, they have employee and employer authorities (Biele Mefebue, 2013; Lee & Taylor, 2014; Marks & Mirvis, 2011). As employees, they hold a PC with the company, and as employers, they represent the company concerning the PC of their employees in a dual role (Bligh & Carsten, 2005). Consequently, it can be assumed that SMs hold role and context-specific PCs (Al Mojahed, 2020; Gercek, 2018)

The aim of this research is to explore the effects of M&As on the PCs of SMs in SMEs within the project management and consulting sector.

When smaller targets, which in this sample comprise companies of up to 100 employees, are acquired by bigger companies, which in this sample comprise those with over 4,000 employees, serious changes occur for the leadership team of the target, which may influence its members' PCs. Some examples of changes are the new hierarchical embedment according to the size and earnings before interest and taxes (EBIT) of the entity, a confrontation with new and more structural and organisational aspects, the implementation of management by objectives, a stronger profit orientation, new formal and informal rules and the question of how their previous corporate identity aligns with that of the dominant company. Increasingly, this applies to SMs of previously owner-managed companies when they are acquired by larger, more complex companies and integrated into the operational and organisational structure. A reason for this is that they were either the founder or the manager, and thus the leader, of their small or medium-sized business, which was often owner-managed. Due to their previous company's size, they would have been very visible to the employees and all other stakeholders, mostly in organisations with low hierarchies and a low degree of formalised procedures. Organisational and administrative tasks would have been directly managed by the SMs. In comparison to the acquiring company, the target company is the equivalent of a team in dimensions, such as budget share, the number of employees or accounted markets and customers, within the total context of the larger acquiring company. Therefore, the SMs often reside in a sandwich position between the leadership team of the acquiring company and their own employees. Hence, staff demand answers and directions concerning the future model of the M&A process once they receive notice that it is planned or ongoing; otherwise, gossip and misinterpretation can lead to issues with acceptance or motivation or even fear. SMs are therefore agents for the

renewal of their employees' PCs while their own renews. The research does not focus on the effects of unfriendly, forced mergers. All M&As examined in the study were friendly activities with healthy target companies, i.e. without identifiable major economic or other significant imbalances. All the acquisitions considered were voluntary, although due to different motives, e.g. internationalisation, organisational and administrative structures, market entry, economies of scale, a succession plan, need for capacity and economic reasons. Another characteristic of the sample acquisitions is that they are not only monetarily offer-orientated capital investments but also long-term strategic investments in knowledge and people. Due to the 'people-focused' characteristics of the service sector, HR is one of the most important production factors. Therefore, succession and development plans for the SMs and key employees are important success factors for the PMI of the acquisition.

Business combinations have been largely neglected by psychological research to date, despite often having significant consequences for SMs and employees. The terms 'business combinations' and 'fusions' are used synonymously with M&As in the business administration context. Mergers are combinations of businesses under one single management and are created for the long term (Spiess & von Rosenstiel, 2010). The field of PC research in the setting of M&As is a relatively complex social science topic. Little is known about the PC of SMs in this regard. Therefore, explorative case research methodology is applied because it addresses research problems in a real-life environment and intends to offer an explanation (Carson, Gilmore, Perry & Grounhang, 2001; Wong, 2014; Yin, 2016, 2018). Observations and semi-structured in-depth interviews with SMs of both sides, the target and acquiring companies, allow for deep insights into survivors' PCs and those of related constituents representing the other party as agents of the organisation. The research explores the specific content of SMs concerning their upward contract in a time of organisational change due to a shift of corporate control to the dominant investor company, which seeks demographic stabilisation and control over company resources in the business combination.

1.5   Presentation of the Research Questions

This chapter contains the research questions on which this study is based.

The content of the PC comprises different categories of perceived organisation or employee obligations consisting of relational or transactional forms (Barbieri et al., 2018; De Vos, Buyens & Schalk, 2003; Herriot, Manning & Kidd, 1997). In a representative study, managers representing the organisation and employees identified the same content categories but with different frequencies, emphases and characteristics. The managers mentioned more relational than transactional forms of organisation obligation, while employees quoted more transactional forms of employee obligation, which was justified by traditional input-oriented views of employee obligations. However, the most frequently mentioned employee obligations were also mentioned by managers: timekeeping, good work and honesty (Herriot et al., 1997). These criteria are of a general nature and relate to the PC of the employee, whereas the question arises as to the PCs of SMs. Roles and self-concepts that employees take on at different career stages influence their PC preferences accordingly. Thus, different roles, functions and hierarchical positions lead to different focuses in the content of the PCs of various employee groups. This indicates a link between the career levels of employees and their PC preferences (Low, Bordia & Bordia, 2016). Marks (2001) argues that PCs have variable characteristics in employees of diverse hierarchical levels in managerial and non-managerial roles.

The literature attributes national, organisational and occupational culture as influencing the formation, content and fulfilment of employees' PCs (Arshad, 2016; Balabanova, Ehrnrooth, Koveshnikov & Efendiev, 2019; Barseghyan, 2019; Costa, Coyle-Shapiro & Neves, 2017; Du & Vantilborgh, 2020; Eze, Uchendu & Chinedu-Eze, 2021; Jayaweera, Bal, Chudzikowski & De Jong, 2021; Kraak, Altman & Laguecir, 2018; Lee, Chiang, Van Esch & Cai, 2018; Newaz et al., 2021; Rao & Kunja, 2019; Restubog, Bordia & Tang, 2007; Thomas, Ravlin, Liao, Morrell & Au, 2016). Previous research points out that specific groups of employees hold their own PCs due to group-specific functions, needs and characteristics, such as sociodemographics and education (Adams, Adams Quagrainie & Klobodu, 2014; Bellou, 2009; Freese & Schalk, 1996; Haluga, Zunac & Benjak, 2020; Hamel, 2009);

generational traits (Anggraeni, 2018; Bal et al., 2008; Hurst & Good, 2009; Lub et al., 2016; Moore, 2014; Pant & Venkateswaran, 2019; Solomon & van Coller-Peter, 2019); employment status, such as full-time, part-time or voluntary (Chambel et al., 2016; Conway & Briner, 2002; Freese & Schalk, 1996; McDonald & Mankin, 2000; Vantilborgh et al., 2012; Vantilborgh et al., 2014; Walker, Accadia & Costa, 2016; Yesufu, 2020); sector or occupation (Cavanagh, 1995; Conway et al., 2014; Cortvriend, 2004; Dainty, Raiden & Neale, 2004; Guzzo, Noonan & Elron, 1994; Sherman & Morley, 2018; Thomas & Anderson, 1998; Sparrow, 1996; Willem, De Vos & Buelens, 2010); diverse backgrounds or belonging to a minority group (Deas, 2018; Kong & Jolly, 2019; Pant & Venkateswaran, 2020; Tufan, De Witte & Wendt, 2019); being a student or academic (Bordia, Bordia, Milkovitz, Shen & Restubog, 2019; Iyayai, 2018; Sewpersad, 2019); career stage (Low et al., 2016); national or cross-national culture (Boddy, 2017; Du & Vantilborough, 2020; Rousseau & Schalk, 2000); or having different roles and functions, such as management versus employees (Herriot & Manning, 1997; Sherman & Morley, 2020; Soomro, Syed & Memon, 2016). Consequently, it can be assumed that SMs also hold role and context-specific PCs (Ali, 2020; Al Mojahed, 2020; Gercek, 2018). The question is, how do SMs assess their own PCs, and what content is in the foreground for them?

This leads to the following research question:

RQ1: What is the content of the PCs of SMs in company X in the context of an M&A?

The building blocks and content of the SMs' PCs relate to their subjective and personal assessments of their obligations to the group after the merger and what they perceive the group owes them in return, in addition to what has been agreed in writing in the M&A contract (Holland & Scullion, 2019; Rousseau, 2010; Sherman & Morley, 2015). Generally speaking, the M&A process can be divided into several stages, beginning with explorative talks about basic conditions, general assumptions and the possible future cooperation model. Once a mutual basic understanding is established, both parties begin to negotiate the terms and conditions of the M&A based on a due diligence process. After contract closing, the integration process begins. With the beginning of the talks, the PCs of the SMs involved are influenced and begin to alter with increasing concretion and courtesy of the planned merger or acquisition. In addition, the later PC is influenced by experiences from the phases

before the M&A idea was initially born or the offer was addressed and the pre-merger negotiation phases.

According to Rousseau (2011), PC research focuses on the consequences of the PC and its breach, while little is known about the antecedents and formation of it. Such perceptions about schemas, promises and the mutuality of the agreement are the building blocks of the PC (Rousseau, 2010; Sherman & Morley, 2015). The orientation towards promises emphasises the role that the employer can play in forming and shaping PCs (Bavik, 2020). To establish true mutuality, the dimensions of employability, flexibility and employee training are insufficient because employers manipulate these issues in their favour. The question is even more relevant for SMs of SMEs in the context of M&As (Ali, 2020). With new employees, the building of the PC starts alongside their first interactions and dialogue with the company's agents, in the negotiation phase of the future employment and thus during early recruitment, even before the traditional written employment contract is completed (Dunahee & Wangler, 1974; George, 2009; Wang & Quian, 2018; Young, Stammerjohan, Bennett & Drake, 2019). Before the actual start of the employment relationship and during the recruitment process, the prospective employee's perception of what the company expects and offers in return can lead to a perception of obligations and thus establish the PC (Coyle-Shapiro & Kessler, 2000; Senior et al., 2017; Tomprou & Nikolaou, 2011), which develops further during the work relationship due to the earning (Boswell et al., 2009) and sensemaking of the employee (Conway & Briner, 2005; Weick, 1995). According to Linde and Schalk (2008), prior employment in pre-merger roles at the investor company influences the PCs of the targets' employees. An analogy between the new hires and the corporate newcomers from M&As regarding their early PCs is apparent. Corporate combinations have an analogy to the recruitment of new employees because in both cases, the employees are corporate newcomers, who need onboarding and integration into the new system. M&As show similar patterns: instead of recruiting and onboarding newly hired employees, corporate newcomers from the business combinations are integrated. The M&A also has a form of application and recruitment phase during the pre-merger exploratory talks and negotiation meetings and onboarding, which is the PMI phase, similar to the recruitment process of new hires. Thus, past experiences can influence the PCs of the SMs, as they begin to form far before the formal contract is signed.

M&A decisions are not made solely on declared and economic grounds (Choi & Brommels, 2009). In the pre-merger phase, important factors determine the later success of the merger (Ripoll-Soler & de-Miguel-Molina, 2019). The relative status or relationship of the two companies with each other prior to the M&A determines the potential vulnerability of various aspects of the merger process and thus the successful post-merger identification. Post-merger identification is influenced by pre-merger identification (Lipponen, Wisse & Jetten, 2017). While the literature mainly attributes M&A successes or failures to activities after the contract has been signed and issues around integration, factors from the early pre-merger stages are hardly researched (Battistuzzo, Ogasavara & Piscopo, 2018).

M&As lead to major organisational changes, which influence the PCs of the employees concerned (Cho, Park & Dahlgaard-Park, 2017; Magano, 2017; Magano & Thomas, 2017). According to Idrees & Gul (2019), even in the phases before organisational change, perceptions of breaches or violations of the PC, as well as a lack of trust in the new management team or leadership, can lead to scepticism and negatively influence the motivation for the change. This and the above analogy of the pre-employment PCs of new hires indicate that the PCs of newcomers from M&As begin to build in the pre-merger phases and are affected by events and schemes from these phases. Yet, little is known about pre-merger influences on PCs (Idrees & Gul, 2019).

This leads to the following research question:

RQ2: How do pre-merger experiences influence the PCs of SMs in company X?

Contrary to formal employment contracts, the PC is not created once and does not remain static for the entire length of the employment relationship. Furthermore, it is continuously developing over time during the work relationship with a certain organisation (Rousseau & McLean Parks, 1993). Rousseau (2011) says that the PC becomes increasingly stable the longer the employment relationship lasts, while the growing stability fosters target-oriented employee behaviour with less management supervision. Rousseau (1990) found that new employees begin to build their PCs during the employment process; although, the content was related to the desired type of employment relationship expected by the newcomer. The initial PC is informed by

the personal, family and work background of the individual and influenced by signals the newcomer receives during the recruitment process. During the employment relationship, the employee refines the perceptions of obligations and expected returns (Lee, Liu, Rousseau, Hui & Xiong Chen, 2011; Rousseau, 2011). Organisational agents play a key role in shaping an employee's perceptions by providing PC-relevant information or a supportive workplace (Bankins, 2011; Restubog, Bordia, Tang & Krebs, 2010; Tekleab & Taylor, 2003). The organisation influences the forming and shaping of an individual's PC, as it arises from their relationships with organisational representatives and their perceptions of corporate culture (Lester, Turnley, Bloodgood & Bolino, 2002; Roehling, 1997; Turnley & Feldmann, 1999b).

The literature regards organisational changes from a passive perspective of the employees being subject to the change situation and how their PC reacts. Little is known about managerial staff. They agree actively to the shift of corporate control knowingly or unknowingly affecting their PC. In conflicting change processes, the PC plays a major role in restoring lost trust. M&As bring with them situations of greater uncertainty and ambiguity and thus lead to relational dynamics in which it is important to restore the balance by renewing the PC (Dangmei, 2016; Sverdup & Stensaker, 2018). Even with friendly M&As, conflicts can arise at the employee level because they did not decide on the M&A themselves and at the deal-maker level in the case of unclear or differently interpreted points in deal integration. In the different phases of M&A processes, affective events occur that influence the employees' PCs and thus trigger positive or negative emotions that influence their attitude, behaviour and performance and therefore the success of the M&A integration (Zagelmeyer, Sinkovics, Sinkovics & Kusstatscher, 2018). Hence, events and schemes from the M&A process can influence the PC (Holland & Scullion, 2019; Jackson, 2019; Young et al., 2019).

The shift of corporate control when smaller companies are acquired by or merged into a dominant larger company means a severe change of perspective for the target's leadership team when, in the new company, they are organised as part of a subteam due to budget volume and size. This implies that the former managing director or owner-manager, who previously had high visibility and free decision-making in the target company, is now quasi-demoted to a team leader, having to

report to the board of the holding organisation. The research seeks to explore the effects of this on their PC.

The perceived fulfilment or breach of the PC influences the adaptation of corporate newcomers positively or negatively in the first period of their employment, as it promotes or limits their opportunities for learning and integration, and also affects the attitude and behaviour of employees. Thereby, PC events can change the course of the adjustment considerably (Woodrow & Guest, 2020). The PC changes and forms during the socialisation phase. Awareness of the mutual obligations, and thus of the content of the PC, fosters the adjustment of newcomers (Delobbe, Cooper-Thomas & De Hoe, 2016). In the integration processes of new employees and teams, companies focus on the time to productivity, i.e. they have an interest in newcomers fully integrating themselves in the shortest possible time, networking with colleagues and becoming contributing and productive employees. Organisational socialisation is becoming increasingly important for companies, some of which support this through targeted and formal integration and socialisation programmes to communicate the expectations of the company, its standards, rules and norms. Socialisation tactics inform the PCs of the concerned employees (Bauer & Erdogan, 2011; DeBode, Mossholder & Walker, 2017; Snell, 2006). The uncertainty of the managers during an M&A transition often leads to a lack of strategic communication on both levels: from the investor's top management to the target's SMs and from the target's SMs to their teams. But open and fair communication is expected to explain the rationale behind the M&A (Bansal & King, 2020; Senior et al., 2017). Certain events can not only disrupt the PC but also bring it into the consciousness of those involved, making the implicit PC explicit (Burgess, Richmond & Kiefer, 2020). Particularly in the case of experiences of disagreement or violation, employees revise or reform their PCs (Krause & Moore, 2018). The renegotiation of the PC can repair trust after perceived disruptions during integration (Henderson, Welsh & O'Leary-Kelly, 2020; Sverdrup & Stensaker, 2018). Rousseau, Hansen and Tomprou (2018) developed a dynamic model of the individual change phases that PCs go through. In these phases, key variables of the PC, such as promises, contributions, incentives and commitments, undergo certain changes. The authors distinguish between the phases of creation, maintenance, renegotiation and repair and find self-regulating mechanisms (Rousseau, Hansen & Tomprou, 2018). The PC therefore changes over time and

from organisation to organisation (Dangmei, 2016; Persson & Wasieleski, 2015; Rousseau et al., 2018). Magano and Thomas (2017) suggest research into how leaders can protect and strengthen the PC during M&A processes is necessary. As this affects not only their employees' PCs but also their own, there is also a need for research on the influences of M&A processes. The dynamics of the PC are essentially based on social interactions but are hardly considered in research (Van Der Schaft, Lub, Van der Heijden & Solinger, 2020). According to Yang, Griep and Vantilborgh (2020), the PC is a dynamic construct because employees actively or passively change their attitudes and perceptions of each other's obligations in the employment relationship. Major organisational changes, such as M&As, affect the PCs of the SMs (Holland & Scullion, 2019; Joshi et al., 2020; Magano & Thomas, 2017; Senior et al., 2017). A systematic change management process addressing relevant soft factors and questions can strengthen the PCs of SMs during times of change (Bankins, 2015; Dangmei, 2016; Magano & Thomas, 2017; Sherman & Morley, 2020). There is a need for research on the dynamics of the PC, especially on the processes that drive change and how employees influence it (Bankins, 2015; Yang et al., 2020).

This leads to the following research question:

RQ3: How does the merger process influence the PCs of SMs in company X?

The objective of the research is to explore the perceptions of SMs concerning the impact of organisational change on their PCs. Situational and organisational factors contribute to the change during the early stages of the change process and have implications on the PCs of SMs. Thus, the mediating role of pre-acquisition experiences is explored, as well as the preferences and content of the PCs of SMs after such major changes caused by M&As. The intention is to gain more understanding of the characteristics and states of the PCs of SMs according to their roles and functions and of how they handle times of major organisational change.

1.6   Rationale and Significance of the Study

This chapter outlines this study and describes the strengths and research gap in the field of SMEs' SMs' reactions concerning their PCs during the voluntary sale of their companies to a larger organisation.

1.6.1   Rationale and Motivation for the Research

This chapter describes the researcher's motivation to explore managers' PCs in the context of M&As from a professional and personal perspective.

The desire to explore the PCs of executives came from many years of working with them and was ultimately inspired by a lecture in the DBA programme at the University of Gloucestershire, where Nichol (2011) presented parts of her doctoral thesis on the PCs of the Church of England's Clergy, which brought this construct to my attention, and I began to explore it. My interest in this subject area was awakened years ago by further lengthy training as a systemic-constructivist business coach, who considers the individual-subjective environment and continuously reflects the personal value system, which was a reason for writing my thesis on a constructivist research philosophy. As part of my professional function in the field of strategic corporate development, I work closely with executives on various strategic topics and occasions. As part of my professional tasks, I have been involved in the integration of two M&As, as well as in various exploratory talks and strategy discussions in the field. Through the preparation, follow-up and moderation of numerous exploratory talks on cooperations and possible M&As, my interest in deepening practical knowledge through research in the field increased. Workshops with external career changers to define their areas of responsibility and tasks, the moderation of strategy and team development workshops and business area and strategy development workshops are examples of three further fields of activity that could be enriched in their practical everyday work by a joint reflection of the elements of a PC. This way, the research also benefits from over 20 years of professional experience and in-depth industry and company knowledge because business research intends to systematically explore active and latent problems with practical relevance (Blumberg, Cooper & Schindler, 2011; Denzin & Lincoln, 2011b; Mc Manus, Mulhall, Ragab &

Arisha, 2017; Saunders, Lewis & Thornhill, 2016) and to contribute to the body of knowledge in the field (Kothari, 2008). The DBA is a professional doctorate that has relevance in theory and practice since the researched problem is considered to be relevant to both business managers and academic scholars. Hence, in addition to the objective of scientific research into the problem, the practical transfer of the elaborated findings is a desired contribution that motivated the research (University of Gloucestershire, 2018a). I found the practical relevance of the academic research of the DBA exciting and very enriching because the PC could be used as a tool in my work with managers and employees and supports the coordination of mutual expectations.

1.6.2   Contribution and Originality of the Research

The following chapter describes the researcher's motivation to explore managers'
PCs in the context of M&As from the perspective of the existing body of knowledge in
the field and indicates the identified research gap, as well as the intended
contribution and originality of the work.

Regarding the research methodology applied, the existing literature is dominated by mono-method, cross-sectional, quantitative research using the survey method, while only a few implemented qualitative method designs exist (Argawal, 2014; Bankins, 2011; Conway & Briner, 2005; Garrow, 2005). Concerning the fields covered by the literature, the breach or violation of the PC, including the resulting consequences, has been extensively researched, while far less literature exists on the backgrounds and formation of the PC than on the consequences related to it. Therefore, further research on the context, change and formation of PCs, as well as on contract fulfilment and outcomes, is proposed (Cheng & Lin, 2014; Conway & Briner, 2005; Harwood, 2016; Rousseau, 2011). With regard to the subjects and context investigated, much work exists on the public sector, such as healthcare (Bligh & Carsten, 2005; Cortvriend, 2004; Jackson, 2011; Lees & Taylor, 2004; Linde & Schalk, 2008; Shield et al., 2002); education (Jackson, 2011; Linde & Schalk, 2006); and specific cultural examples, such as southern Europe (Bellou, 2007, 2008), Asia (Chang & Lin, 2014; Fong, 2009; Yan & Zhu, 2013), South America (Quinones-Gonzalez, 2013, 2016) or South Africa (Linde & Schalk, 2008), often related to

specific socioeconomic factors, such as economic crises and restructuring of the health system. Predominantly, samples of non-managerial staff were the focus of the research (Bellou, 2007; Murphy, 2014). To conclude, little is known about the PCs of SMs in the context of M&As.

Concerning the research approach applied, little qualitative PC research exists in the field of M&A; therefore, scholars identified a need for further qualitative research in this field (Argawal, 2014; Bligh & Carsten, 2005; Conway & Briner, 2005; Cortvriend, 2004; Garrow, 2005). Conway and Briner (2005) suggest that as a priority, research on subjects in practice and contexts that are closer to the phenomenon be undertaken. The authors also suggest more empirical priority given to how and if the PC is used in practice, as research is useful to enhance practice, but it is also likely to provide data (Conway & Briner, 2005). The target group of SMs in the private sector is rarely investigated in this field. Conceptual and programmatic papers postulate a need to research the specifics of SMs concerning their role and hybrid position. Existent knowledge is marginal about how SMs handle and maintain their employees' PCs simultaneously to their own during situations of change (Bligh & Carsten, 2005; Marks, 2001). This points to a need for more research on the SM population in the context of M&As – a difficult population to access in a sensitive context, which argues for an insider research approach. This is also indicated by the population and topic analysis of the structured literature review in the field provided in appendix I.

Scholars suggest further research on the management, development and change of the initial PC and on how it works (Bankins, 2011; Conway & Briner, 2005; Parzefall & Hakanen, 2010; Rousseau, 2011). There is a need for more research into the fulfilment of the contract and the factors fostering the mutuality of the agreement between both sides (Guest, 2004; Harwood, 2016; Rousseau, 2011). The comprehensive analysis of the existing research identified requires further studies to investigate the broad research agenda on PCs in the field of M&As comprising concept, context and consequences. The contribution and originality of the research are informed by research gaps stated in previous works and identified by the critical literature review of existing research in the field of PCs in the context of M&As. Thereby, aspects with a need for further research were identified, e.g. the context, formation, transformation, management, mutuality and content of the PC. In addition,

a lack of qualitative empirical research and the need for more research on managerial staff with real-life samples was identified. Thus, a need for qualitative in-depth research on the perceptions and PCs of SMs in the context of organisational change is evident.

Following their study on 64 international PC scholars, Kraak and Linde (2019) identify a need for research on the context and dynamics of the PC. Among other topics, Coyle-Shapiro, Pereira Costa, Doden and Chang (2019) also see a need for research on various contexts of the origin and development of the PC. According to Rousseau et al. (2018), PC theory has hardly been revised or supplemented since the 1990s concerning the conceptualisation and processes of the PC, i.e. how it develops, changes and is influenced. This research contributes by exploring the building blocks, context-specific content and what influences the development of the PC in M&A scenarios. The value of the research is that it includes real participants from the private sector and contributes qualitative insights generated with observations of practice and in-depth interviews with both sides involved in M&As, exploring the PCs of the little-studied sample of SMs in relation to the change management process conditioned by company combinations and a shift of corporate control. Table 4 summarises the contribution of this research.

Table 4: Contribution of the Research

Dimension	Tendency of existing research	Approach of this research
Purpose of the research		
Area of application	Corporate learning and training, employee development, the role of corporate HR	Strategy communication, PMI, executive development, the role of the leadership team, business integration
Methodology and sample		
Research respondents	Postgraduate students, NHS staff, education staff, army staff, a culturally specific choice of mainly non-managerial employees	SMs who experienced M&A activities, different European countries, purposive sampling of managerial employees
Research subjects	Non-managerial employees	SMs
National cultures	Diverse	Austria, Belgium, France, Germany, the Netherlands, Switzerland, the United Kingdom
Research strategy	Predominantly quantitative	Qualitative-oriented

Research context	Sectoral change (NHS, education), economic crises	Organisational change situations in the context of friendly acquisitions
Research methods	Predominantly questionnaire-based	Observation, in-depth interviews
Contribution to the body of knowledge		
Research problems	Predominantly violation or breach of the PC and the consequences, cultural and diversity specifics of the PC	Pre-merger influences on the PC, content of the PCs of M&A-surviving SMs, influences of events during the early M&A stages on the PC, influence of culture of the PC

(Author's own illustration)

In summary, this research contributes to the existing knowledge in three ways. First, it provides deep insights into a population's PCs, i.e. those of managers, about which little is known. Second, it contributes to an area of emerging PC theory that is currently underrepresented in literature and that scholars have unanimously recognised a need for further empirical research on, i.e. the PC's transformation in the context of organisational changes. Third, the study applies a qualitative methodology to closely research the subjects and their perceived daily reality to gain deep insights into the perceptions and opinions of real-life research subjects, intending to give them a voice and benefit from their lived experiences and impressions. The value of the research is that it provides insights into a barely researched population and phenomena using a methodology that allows close observation of the subjects, who experienced real-life events affecting their and their teams' PCs.

Little is known about the PCs of SMs in SMEs in the context of M&As. The analysis of the populations and samples of existing literature from the structured review provided in appendix I shows that papers tend to focus on employees in general. I am examining specific employees, namely, SMs and similar executive staff of SMEs, in a context of which little is known, i.e. friendly M&As. In conclusion, the identified research gap calls for an explorative approach and contributes to the following fields: first, the content and building blocks of the PC; second, the influences on the PC and its building blocks; third, insights into and understanding of the population of SMs in

SMEs; and fourth, research in the context of friendly M&As. Together with the contributions of practical examples and 20 years of work experience, the fifth contribution of insider research conducted close to the subjects and their environment enables deep insights and understanding.

1.7   Dissertation Outline

The following chapter describes the structure of the work and the content of the different chapters of the dissertation.

The first chapter of the thesis introduces the research, presents the author's personal motivation for it and its connection to practical application. Chapter one states the context, outline and aim of the research and the intended contribution to theory and practice. Based on the literature review, three research questions were developed, which have been presented. Then, the rationale and significance of the study are presented. Furthermore, the summary of the main themes provides relevant background information on the subject area, such as definitions of terms and concepts used, classifications, background and contextual information about the research subject and relevant terms. Chapter two describes the theoretical background of the research on SMs within the PC theory in the context of organisational M&As. Chapter 2.1 contains a literature review on the emergent PC theory. Initially, early concepts of the PC are compared with contemporary PC research, and the section concludes with a morphological box showing the major dimensions of the different interpretations of the PC in the literature. Chapter 2.2 contains the structured literature review on the PC in the context of M&As, which compares existing research and apparent themes in this field. This chapter gives an overview of other researchers' work and conclusions on PCs in the context of organisational M&As. Chapter two concludes with the application of the emergent PC theory to the research and a summary of the themes identified from the structured literature review on PCs in the context of M&As. The third chapter states the research methodology, presents the research strategy and explains the journey of data making in the context of the research philosophy and the qualitative methodology applied. Multi-method data collection by observation of pre-merger explorative talks and qualitative semi-structured in-depth interviews is demonstrated.

In the methods and methodology chapter, research ethics are also reflected upon because of the sensitivity of the research topic and scenario. Details concerning the population of the observation and interviews are presented in appendices V, VI and XIV. In chapter four, thematic data analysis and the findings of the research are presented. In addition, data quality, validity and reliability requirements are addressed. The chapter concludes with an interpretation of the evidence and findings elaborated from the observation and semi-structured in-depth interviews with SMs, survivors and agents of the organisational change process. Chapter five contains a discussion of and reflection on the evidence and findings in terms of the research approach and methods applied. The chapter also comprises the discussion of and reflection on new theory and knowledge within the framework provided by the theoretical background and literature review. This chapter comprises a reflective account of how the research process qualifies its conclusions given the applied research approach and methods. The conceptual model and contribution to knowledge are presented, also indicating the practical benefits. The limitations of the research are reflected in the form of a self-critique, and this chapter closes by showing the need and providing suggestions for further research. Chapter seven provides an overview of the references of the research, and the appendices provide additional information.

1.8   Summary of the Main Themes

This chapter provides relevant background information on the subject area, such as definitions, classifications, background and contextual information about the research subject and relevant terms.

1.8.1   Features of Small and Medium-Sized Enterprises

This chapter intends to provide an understanding of the concept of SMEs and related terms.

SMEs form 90 per cent of all firms worldwide and 99 per cent of all firms in the EU and employ 63 per cent of the global workforce, with 60 per cent of all EU employees

working for the private sector. Thus, it can be said that entrepreneurship is more for small firms than big businesses (European Commission [EC], 2018; Munro, 2013; Volery, Fueglistaller, U. Mueller, C. Mueller & Roeschke, 2016). Although qualitative features of SMEs differentiate them from large businesses, quantitative criteria are mostly applied for their dimensional classification (Berisha & Pula, 2015). The EC defines the main quantitative factors that determine whether an enterprise is classified as micro, small or medium-sized concerning its staff headcount and either its annual turnover or balance sheet total. To qualify as an SME, both the employee and independence criteria and either the annual turnover or balance sheet total criteria must be satisfied (EC, 2003, 2018). Thus, 'SME' is a legally defined term.

Table 5: Definition of SMEs

Company category	Staff headcount	Annual turnover (million EUR) or	Balance sheet total (million EUR)
Medium-sized	< 250	≤ 50	≤ 43
Small	< 50	≤ 10	≤ 10
Micro	< 10	≤ 2	≤ 2

(EC, 2003, 2018)

Alongside the aforementioned official EU quantitative dimensions (EC, 2003, 2018), qualitative dimensions, including characteristics of management, ownership structure and other unquantifiable aspects, also differentiate SMEs from large businesses (Berisha & Pula, 2015). According to Loecher (2000), SMEs are characterised by the personality principle in that the SMs of the company play a central role in its decision-making processes and management. In a form of lifelong duty, the SMs hold and maintain direct contact with employees, customers, other business partners and stakeholders. In contrast to quoted companies, where ownership and management are clearly separated, owner-managed businesses are run by those who own them. Due to a unity of leadership and capital, ownership and management of the company are in the same hands. In an owner-operated business, the SMs also cover liability risks. The IfM Bonn (2018) defines micro and small companies according to the definition of the EC but only considers the numbers of employees and annual

turnover figures. Unlike the EC's definition, companies that employ up to 500 employees are medium-sized in the IfM Bonn's definition. Under the German term, 'Mittelstand', the IfM Bonn provides another definition of medium-sized companies, independent to and separate from the definition of SMEs. Crucial for growth, employment and innovation, 'Mittelstand' companies are the success factor of the German economy, according to Germany's Federal Ministry of Economics and Technology (BMWi) (2016). Family-owned small and medium-sized firms represent a culture combining ownership, management, liability and economic independence. Following the IfM Bonn's definition, 'Mittelstand' comprises companies where a maximum of two natural people, or their direct or indirect family members, hold most of the corporate shares. In addition, these people are part of the management board of the company. While the EC's and IfM Bonn's definitions of SMEs use quantitative dimensions, IfM Bonn's definition of 'Mittelstand' is solely qualitative (BMWi, 2016; IfM Bonn, 2018; Welter, Levering & May-Strobl, 2016). Hence, many 'Mittelstand' companies are also SMEs, but there are also companies with 500 or more employees or with more than €50 million annual turnover that fall into the 'Mittelstand' category (IfM Bonn, 2018). The term 'Mittelstand' is frequently used, usually in the context of socioeconomic and political issues, while the term 'SME' is, among other things, the basis for official statistics.

The UK's Bolton Report (Bolton, 1971) defined small firms as meeting four criteria. Consequently, small firms are independent entities and not a subsidiary of larger firms. Small firms only have a relatively small share of the market regarding sales, and therefore, they cannot influence prices. Ownership and management are unified in one person. Thus, small firms are managed by their owner or part-owners. Regarding the number of employees, small firms employ under 100 people (Bolton, 1971; Cressy, 2006; Department of Trade and Industry, 2018).

There are also qualitative characteristics of SMEs. Hence, they are independent companies where the entrepreneur, capital and management are united in one person. The personality of the entrepreneur shapes the business and is vital for the network of stakeholders and therefore for the success of the company. With a low degree of formalisation, personal contact between the employees and between them and the entrepreneur are dominant. Short-term thinking and acting are attributed to SMEs, as well as a limited market size and regionality. It is possible to develop

individualised differentiated services within them. The limitations of SMEs can be identified in the field of market power and coverage, access to external finances, the entrepreneur's succession problems and their personality. Changing frame conditions, such as bureaucratisation, social legislation, environmental and consumer protection and qualification, threaten the flexibility of SMEs. Advantages of SMEs compared to larger firms can be found in the lower administration and operating expenses. Often, they are characterised as being closer to the customer (Froehlich, Pichler & Pleitner, 2000). To conclude, in small businesses, entrepreneurs have more visibility to employees and stakeholders and a direct impact on the business (Beardwell & Clayton, 2007; MacMahon, 1996). The small size leads to closer and often more personal adjacency between the owner managers and the employees (Scase & Goffee, 1987). In contrast, employees of larger companies tend to perceive the environment as more impersonal, with tiered hierarchical escalation and decision levels. Small businesses allow employees direct access to owner-managers, working alongside them and thus building closer relationships. According to Marlow and Patton (2002), a high extent of informality in the management style and work environment is another characteristic that gives small businesses significant flexibility, allowing them to respond quickly and flexibly to environmental impacts and changes.

In summary, it can be stated that SMEs have high economic importance. The quantitative evaluation criteria differ somewhat between institutions or countries. However, they consistently emphasise the high importance of the entrepreneur and their visibility and presence, both internally and externally, i.e. to employees, customers and other stakeholders. The owner-manager holds and maintains direct relationships with the key stakeholders. In addition, the unity between capital and control is an essential criterion. This changes drastically during M&As with larger companies and often leads to significant problems during implementation. The SME owner-manager makes all the significant decisions. The varying definitions of 'SME' also consistently emphasise the independence of the entrepreneur's decision-making from external investors and capital markets, as well as the high degree of flexibility of firms through non-existent formalisms, which in turn are governed by personal relationships and interactions with the owner-manager, rather than by formal rules. There are also problem areas that result in significant changes after business

combinations with larger companies, as decision-making power and processes and the degree of formalisation change.

1.8.2 Characteristics of Senior Managers in Professional Service Firms

This chapter characterises SMs in service companies.

Defining service organisations in general terms is difficult due to their heterogeneous character. Usually, the literature names three constitutional qualities of services: they are intangible, instantaneous and generated in interactions with the customer. The qualities are problematic because they do not exactly fit all kinds of services. For example, engineering design is a service that produces tangible, storable and reusable drawings, calculations and plans. Of course, the actual creative and knowledge-based process is in the foreground, and its result is recorded on media. Professional service firms are knowledge-intensive and deliver services to other firms rather than private customers (Lowendahl, 2005). Leaders of knowledge-intensive firms have particularly strong communication skills (Alvesson, 1993). The redefinition of content and scope of leadership roles during an organisational change complicates the acceptance and commitment and creates ambiguity regarding the role and identity of the leader, which is called the loss of identity (Conroy & O'Leary, 2014; Fenton & Pettigrew, 2006). According to Schein (1965, 1980), autonomy is a significant concept of professional identity and conduct in practice. Restricting, lowering or eliminating a manager's autonomy is interpreted as an effort to control the leader's identity (Petriglieri & Stein, 2012). Comparable to the violation of elementary values, the violation of the autonomy of the professional practice reverses what it means to be a professional and can cause problems in the integration process during M&As (Anteby, 2008). Fenton and Pettigrew (2006) postulate the importance of winning support through ideas and communication instead of imposing instructions for professionals. Existing literature on the PC confirms this demand (Conway & Briner, 2005; McDermott, Conway, Rousseau & Flood, 2013).

Concerning the roles of SMs according to company type, there are two general kinds of managers: employed managers and owner-managers. Table 6 shows their different characteristics.

Table 6: Comparison of Employed Managers and Owner-Managers

The employed manager	The owner-manager
Temporary contract	Unlimited activity
Controlled and supervisory and controlling bodies (e.g. supervisory board)	In a formal and legal sense, largely uncontrolled
Appointed by capital owners or supervisory and controlling bodies	Founder of the company or successor generation
Employed; can be dismissed	Self-employed; cannot be dismissed
Bears no responsibility for capital	Bears responsibility for capital
Carries low risk with wrong decisions (mandatory request of executive boards for discharge by general meeting)	Carries high risk with wrong decisions (personal liability and own capital)
Is not liable (in case of incorrect behaviour, except for intent or gross negligence)	Is liable (even with correct behaviour)

(Buss, 2010, p. 10, translated and supplemented)

The development of the management function can best be illustrated by distinguishing between three general kinds of enterprises. The personal enterprise is an organisation in which decisions are made by a single person: classical entrepreneurs, founders or innovators. This often applies to smaller and highly innovative firms. By constitution, the management function is bound to the finance and capital responsibility, whereas in an entrepreneurial enterprise, the capital owners determine the long-term business policy, and the employed managers only run the daily business. This often applies to medium-sized firms with a close relationship between the (often) few shareholders and managerial staff. The founder of the firm still decides the long-term strategy and the future business model, while, for example, they have withdrawn from the practical business for age reasons and left the day-to-day business to employed managers. However, a managerial

enterprise is a type of company that mainly consists of modern public-owned firms, e.g. public limited companies. Here, management is extensively separated from ownership. In the new decision-making structures, hierarchically regulated board resolutions replace the owners' decisions. The boundaries of the degrees of freedom a manager in such organisations has to make decisions are defined by the enterprise's group structure, time-limited mandate and commitment to regular account filing with shareholders and supervisory committees (Buss, 2012).

Regarding the roles of SMs according to hierarchical levels, Table 7 illustrates management levels by their key fields of expertise. The key tasks of top management are strategic decisions, whereas middle management focuses on giving directions and making dispositive decisions. The major tasks of lower management are operative decisions and directions.

Table 7: Management Levels and Fields of Expertise

Level	Function	Tasks		
Top management	Executive board			Strategic decisions
Middle management	Head of division or department	Directions		Dipositive decisions
Lower Management	Group or team leader	Operative decisions		

(Olfert & Pischulti, 2013, p. 29, translated and adapted)

Executive managers are characterised as having complex and onerous tasks and responsibilities and a decisive influence on the company's success and are thus difficult to replace. For example, they have responsibilities in leadership, entrepreneurship and innovation. This results in issues around steering and control (Biele Mefebue, 2013). SMs are key employees who can give the company a competitive advantage and significantly influence its performance (Xu & Zhang, 2020).

Managers are either owner-entrepreneurs or managerial employees, which have the authority to make, enforce and supervise self-responsible decisions concerning

corporate strategy, HR, finance or other fact-based areas within a given budget due to their assigned position. They build, represent and develop the aims and values of the organisation internally and externally. Management is characterised by its key functions. Externally, managers represent the values, interests, economic and technical performance targets of the company. Internally, they have the function of legitimating aims, values and means, fostering sensemaking and upholding corporate identity and culture. Being an integrator, they ensure team spirit; manage conflict; and coordinate employees, functions, operational and organisational structures and processes. Management also has the function of defining aims and objective agreements. The strategy function comprises the conception and planning of the business model and development of a corporate identity and strategy. Another function is communication, including reconcilements, employee communication and information and shareholder and target group communication and networking. The executive function covers administrative functions, as well as the preparation, enforcement and implementation of decisions and evaluations. Managers also have the function of being responsible for corporate success, development and social responsibility, as well as being accountable to stakeholders and supervisory and controlling bodies, e.g. the supervisory board of public limited companies (Buss, 2012). The active search and realisation of market and revenue potentials is another important role. Entrepreneurial vigilance includes sensitivity to the problems of customers, suppliers and value-chain partners, dissatisfied customers and the recombination of resources, as well as the further development of the range of services. Alertness in this context means that managers recognise and realise market opportunities, even if they have not actively sought them. This is supported by the specific previous knowledge and experience of managers. These form a knowledge and cognition corridor for the realisation of market opportunities, while others that lie outside the corridor are not recognised and remain unrealised. Thus, market opportunities are perceived and interpreted differently by individuals. Personal social networks support the realisation of entrepreneurial opportunities, resource acquisition and organisational development (Volery et al., 2016).

In summary, SMs have a unique role in professional services companies. As outlined above, owner-managers play a major role in the relationships with customers and value-creation partners. They hold and maintain the relationship with key customers,

which means that they are an important point of contact for them and principles of large, key projects in all major project phases to consult them for troubleshooting.

1.9 Conclusion to the Chapter

The conclusion summarises the orientation and priorities of the research.

In summary, figure 5 illustrates the research idea and concept. The research explores the PCs of SMs in the context of M&As. The PC comprises the subjective individual perceptions of the mutual promises and obligations of the SMs and the organisation in the working relationship. During the M&A process, the previous PC from the old setting transforms or renews to adapt to the new scenario after the integration. The research explores the effects of subjective experiences in pre- and early merger phases on the PCs of SMs and the building blocks and content of their PCs in the context of M&As, which imply the transition from an owner-manager to an employed manager. Perceptions of schemas, promises and the mutuality of the agreement are the building blocks of the PC (Rousseau, 2010; Sherman & Morley, 2015) and should gain more attention in M&A processes (Holland & Scullion, 2019). The research explores subjective perceptions of the building blocks of the PC from pre-merger experiences and formal and informal dialogues with different social actors, e.g. agents and deal makers, integrators, employees and other informants. The current planned or ongoing M&A activity provides the social context of the research, as well as the changing role and hierarchical position of the SM through the integration. M&As are competitions of organisations for the control of firms and their resources. This builds the realities and conditions of the organisational change, leading to a new system of control and structure that reframes the relationship between the SMs and the organisation.

Figure 5 shows the conceptual framework of the research.
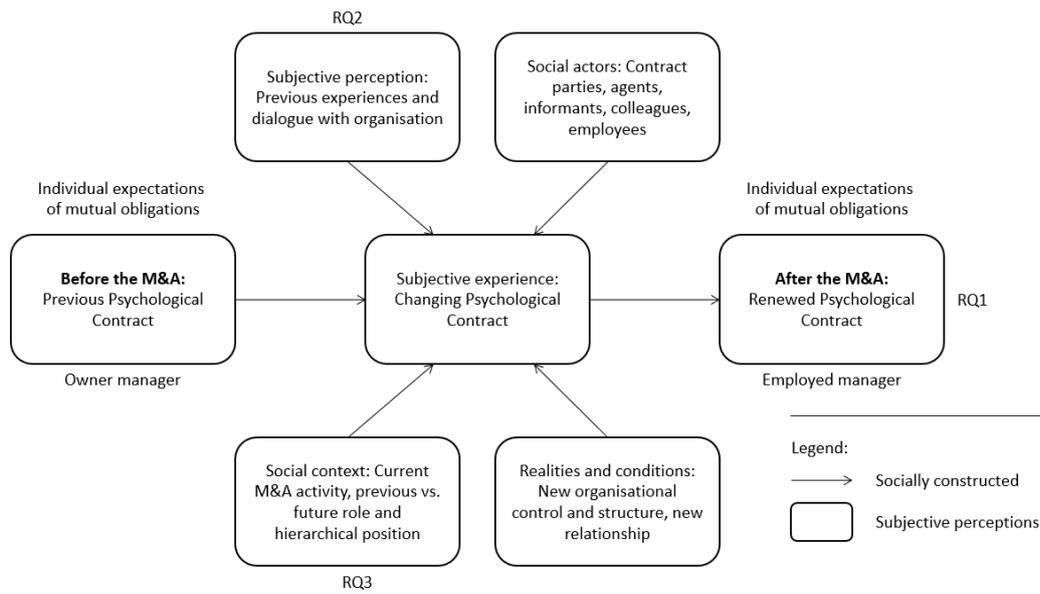
Figure 5: Conceptual Framework

(Author's own illustration)

The PCs of SMs in the context of M&As receive little attention in research, and this paper aims to contribute to closing this gap. The population of the study is difficult to access for external researchers; this is an advantage of the insider researcher, and it is handled with care and prudence.

Chapter 2

2 Literature Review

The second chapter describes the theoretical background of the research. Chapter 2.1 characterises the state of the literature on PC theory in general. Chapter 2.2 contains the results of the structured literature review on PC research in the context of M&As, which is the focus of this work. Chapter 2.3 concludes on the application of PC theory for this research and its major themes in the context of M&As, as identified by the structured literature review.

2.1 The Concept of the Psychological Contract

This chapter examines the development and state of research on the PC, which forms the theoretical basis of the work and charters contemporary PCs. To conclude, a morphological box with dimensions to classify work from the field of PC is proposed.

2.1.1 Traditional versus Psychological Contracts

Normally, the employment contract is completed once when the job begins, remains static thereafter and is supplemented by additional agreements as required. It is only replaced in the event of elementary changes, such as a promotion, demotion or change of function. The PC aims to explain the dynamic component and behavioural expectations in the working relationship between employees and employer because expectations, assumptions or beliefs cannot be recorded in a written contract, as they are implicit in nature. Therefore, an implicit, so-called PC emerges in addition to the traditional explicit employment contract as an additional level that explains behavioural aspects in the employment relationship (Roehling, 1997). Generally, contracts govern the exchange terms and bind the acting parties and their activities through agreements that can be enforced or, at least, recognised (Farnsworth, 1982,

as cited in Rousseau, 1989). Pavlou and Gefen (2005) claim that all contracts have an additional implicit dimension concerning the interpretations of details and perceived obligations beyond what can be described explicitly in a legal form; thus, all contracts are incomplete. Coyle-Shapiro and Conway (2005) postulate that exchange contracts always have a social element, which constitutes the PC. When initially formed, PCs tend to remain fragmentary because an exhaustive understanding or anticipation of the full set of different requirements in a day-to-day routine employment situation does not seem realistic. That is why the PC as a momentum is dynamic and develops over time (Rousseau, 1989; Rousseau, 1995; Rousseau et al., 2018). It reduces uncertainties about the mutual performance expectations of employees and employers and thus supports trust-building (Biele Mefebue, 2013). Both parties have implicit and explicit expectations, which they interpret as their responsibilities and commitments. Therefore, they take effect as stimuli for behaviour and performance (Biele Mefebue, 2013; Conway and Briner, 2005). According to Herriot (1992), corporate careers are the result of a series of PC renegotiations.

The desire for indirect behavioural control in the working relationship gave rise to different contractual concepts. Traditional explicit and written employment contracts are static and regulate the basic terms and conditions, as well as rights and obligations of both parties, from labour law and economic perspectives, e.g. job description, pay, working hours, place of work, travel obligations and holiday entitlement (Rousseau, 2005). Employment contracts usually define a contract's duration, function, remuneration, working time, holiday entitlement, notice periods and social benefits. Additional aspects can be regulated in employee manuals that are contract-binding (Raeder & Grote, 2012). According to Wilkinson-Ryan (2012), 'a contract is a promise that the legal system recognizes; the psychological contract is the promise that the parties themselves recognize' (p. 846). The term PC is a kind of contradiction between 'psychological' and 'contract', whereas the first part implies an intangible picture or feelings in the mind of an individual, while the second part refers to a binding agreement (Wellin, 2016). Generally speaking, the traditional work contract defines 'what to do' in a legally binding manner, whereas the PC is about 'how to do it', sealed by a handshake or even remaining unspoken for the most part. The PC comprises reciprocal expectations for the offers of employees and

organisations, exceeding the formally and legally defined mutual obligations of the employment contract (Raeder & Grote, 2012).

Table 8 illustrates the major subjects of exchange within the employment relationship defined in the legal employment contract and perceived within the PC.

Table 8: Major Subjects of Exchange

Contract types	Subjects of exchange in the employment relationship	
Legal employment contract	Expectations (i.e. work function, job description, job title, place, hours) and offers (i.e. remuneration, incentives, job security and termination conditions), additional legally binding manuals can describe formal processes (i.e. code of conduct, CD manuals, risk management handbook, compliance guide, work processes, total quality management [TQM] guide	
	Organisation $\longrightarrow$ $\longleftarrow$	SM/employee
	Obligations (i.e. working time, workload and results)	
Implicit PC	Work quality and social behaviour, such as loyalty, trustworthiness, commitment, secrecy	
	SM/employee $\longrightarrow$ $\longleftarrow$	Organisation
	Degrees of freedom, expected dynamics, informal processes and corporate culture, unwritten rules, workplace qualities, training, career perspectives, visibility, commitment, impact and influence possibilities, acceptance	

(Author's own table)

The contract of employment and the annual individual objective agreement are examples of explicit contracts. Target agreements are written or verbal agreements concerning performance targets, which must be fulfilled within a defined period (Deich, 2004). Legal regulations are losing importance due to increasing flexibility in employment relationships as a consequence of socioeconomic and technical developments in society. Hence, many companies do not have strict work hours and have payment systems containing variable performance-related parts and incentives. In addition, the number of time-restricted jobs with lower employee protection is

increasing, and job requirements and descriptions are changing fast. Thus, the PC is gaining in importance to fill the grey areas and definitory gaps of traditional legal contracts to reduce uncertainty in times of increasing employment flexibility combined with employees' increasing demand for individuality (Raeder & Grote, 2012).

According to Shore et al. (2004), social, legal, normative and implied contracts contribute to the individual PC. Rousseau (1995) states that the PC exists on an individual and personal level for the employee, while normative, legal and social contracts are related to a group level of social context influences. The PC is a social contract with statements of obligations resulting from a specific kind of societal relationship (Kary, 2000). Social contracts refer to collective cultural beliefs concerning situation-specific appropriate behaviour (Rousseau, 1995). Therefore, social contracts are a normative framework for ethical dilemmas (Shore et al., 2004). In the context of work relationships, this framework comprises internationally agreed best practices, conventions and recommendations, as well as national labour legislation (Grogan, 2009). The PC is a social contract. Employment contracts are legal contracts. Only if they comply with the social contract are they accepted as legitimate. Legal contracts are static because they are fixed at the moment of closing (Eisenberg, 2001). The concept of the PC is used as a framework for researching the employment relationship and is gaining increasing acceptance (Coyle-Shapiro & Parzefall, 2008; Guest & Conway, 2003). It assists in understanding why similar working conditions can be interpreted in different ways by employees (Anderson & Schalk, 1998).

Common moral values of both parties and associated expectations concerning behaviour and performance are communicated and transported via different media, e.g. corporate culture. Hence, corporate culture is decisive for the PC. A company's moral values are learned during the organisational socialisation process and provide guidelines for the behaviour of the employee and employer (Biele Mefebue, 2013). While the PC remains unwritten, it is an influential determining factor of behaviour in organisations, and the idea behind it can be applied to any relationship (Schein, 1965, 1980). If a traditional contract is not fulfilled by one of the defined contracting parties, the other can enforce it using the legal system. However, if a PC is not fulfilled, the emotional system of the PC holder perceives a violation or breach, but the PC cannot be enforced legally (Conway & Briner, 2005; Dadi, 2012).

Furthermore, breaching or violating the PC can lead employees to breach or violate their written employment contract by reducing their work efforts and motivation (Morrison & Robinson, 1997; Sharma, Sahni & Chahal, 2020).

Even today, different interpretations of the mental concept of the PC can be found in the literature. Therefore, researchers need clarity about key constructs when researching PC theory (Conway & Briner, 2005; Conway & Pekcan, 2019; Kraak & Linde, 2019; Kutaula, Gillani & Budhwar, 2020). Understanding the historic conceptual development of the PC fosters the understanding of the concept itself and its application in research. The conceptual development of the PC has two significant phases. While the origins and early concepts of the PC date back to the early 1960s, the contemporary or new PC research began in 1989. After Rousseau's (1989) reconceptualisation, there have been a large number of publications on the subject, suggesting there is a comparatively new concept. Conway and Briner (2005) state that 'in social sciences terms, the concept is an old one, but as it remained largely unexplored for decades [before the reconceptualization], it had only a relatively short period of continuous development' (p. 179); therefore, the authors propose paying more attention to theory building. While researchers used the term PC heterogeneously, they were researching rather different phenomena. Yet, no definition has widely asserted itself so far (Conway & Briner, 2005). Over the last three decades, PC research has developed and grown, and PC has established itself as a theoretical framework for understanding organisational workplace behaviour (Kraak & Linde, 2019).

2.1.2   Early Psychological Contract Works

Although the role of the PC as a contribution to the understanding of behaviour can be attributed to early models in social psychology describing exchange relations, the concept of the PC itself developed in two main phases (Andersen & Schalk, 1998; Coyle-Shapiro & Parzefall, 2008). The early initial phase began with Menninger (1958), who claimed that contractual relationships also involve the exchange of intangible services next to the previously accepted exchange of tangible resources.

The contemporary phase of the new PC began with Rousseau's (1989) ground-breaking work to reconceptualise the concept. The early works assumed an exchange relationship between employer and employee. According to Coyle-Shapiro & Parzefall (2008), the idea goes back to the theory of organisational equilibrium, which refers to an organisation's capability to attract enough contributions to ensure its existence. The position builds on Barnard (1938), emphasising the importance of management activities to motivate employees to continue to make contributions. According to Andersen and Schalk (1998), this view can be traced back to models such as the inducement-contribution model (March & Simon, 1958), the equity model (Adams, 1965) or the social exchange theory (Homans, 1974). The inducement-contribution model is a theory of work motivation based on the fundamental idea that the balance of inducements (e.g. payment, prestige) and contributions (e.g. performance on the job) enables an organisation to continue to exist (March & Simon, 1958). Equity theory compares the fairness of the distribution of contributions performed and benefits received for each employee. Employees' perceived fairness of the input–outcome ratio leads to motivation and the fairness of their own behaviour (Adams, 1965). Due to social exchange theory, relationships between people briefly consist of negotiated exchanges between the participants based on a subjective cost-benefit ratio and the comparison of alternative possibilities (Blau, 1964; Emerson, 1962; Homans, 1974). This line of thought originates in contemporary works, showing the intensified meaning of employee well-being and the influence of the personal input–outcome assessment on the employee's engagement in the workplace (Cable, 2008; Kahn, 1990).

To describe the tacit consent between the employees and their leaders from a leadership-style perspective, Argyris (1960) introduced the term 'psychological work contract'. He discovered that an implicit relationship between employees and their managers had a positive correlation with a passive leadership style, e.g. ensuring fair wages, job security, more productivity and employee satisfaction. Thus, Argyris (1960) first employed the concept and terminology of the PC, although in passing (Anderson & Schalk, 1998). Respecting the informal culture of the employees was an important factor of success, according to Argyris (1960). Early concepts maintain that implicit contracts are based on subjective perceptions and lead to group and situation-specific expectations (Argyris, 1960), but social embedding is not

systematically defined (Biele Mefebue, 2013). Contemporary research follows this line of argument with basic components of the PC, such as reciprocal trust (Jackson, 2011; Morrison, 1994; Schurer, Lambert, Bingham & Zabinski, 2020), expectations (Csoka, 1995) and obligations (Cable, 2008).

Levinson, Price, Munden, Mandl and Solley (1962) emphasised the implicit, unwritten and unspoken nature of the PC. Hence, the PC consists of a bundle of conscious (e.g. fair wages) or unconscious (e.g. career opportunities) reciprocal expectations between the organisation and the employee (Levinson et al., 1962). According to Schein's (1965, 1980) research on employee behaviour, the PC is built up of a set of implicit expectations at the individual and organisational level, is present at any time and between each member of the organisation and other members. Schein (1965, 1980) emphasises that even though it has an implicit nature and remains unwritten, it is an essential parameter of behaviour in organisations. 'The notion of the PC implies that the individual has a variety of expectations of the organization and the organization has a variety of expectations of him' (Schein, 1980, p. 12). Viewing the PC from the perspective of an exchange relationship between employee and employer means that the mutual expectations and commitments of both sides must be considered. Anderson and Schalk (1998) maintain that difficulties may arise from matching expectations and commitments at both organisational and individual levels. Furthermore, it remains open as to who and what represents the organisation, as it consists of numerous different actors with multiple and different expectations, rather than a uniform set of expectations (Anderson & Schalk, 1998).

The literature provides detailed discussions about the origins and early development of the construct of the PC (Biele Mefebue, 2013; Conway & Briner, 2005; Coyle-Shapiro & Parzefall, 2008; Roehling, 1997). The early phase of PC research included a fragmentary theoretical development. There was hardly any empirical research, with only a few exceptions (Taylor & Tekleab, 2004). The imprecision of the approaches of Argyris (1960), Schein (1965) and Levinson et al. (1962) in conceptualising the PC led to a persistently inconsistent interpretation of research regarding the beliefs contained in the PC, e.g. expectations, obligations or needs (Conway & Briner, 2009), as well as concerning the perspective of the PC, e.g. the individual employee versus employees as a collective, individuals or mutually agreed agents and representatives of the employer versus the organisation as a collective.

2.1.3 Contemporary Psychological Contract Research

Rousseau's (1989) seminal work on the PC reawakened interest in the topic and marked a transition to a new understanding of PCs due to two major turning points in the late 1980s. First, the labour environment had changed dramatically since the 1960s, and so had the behaviour, motivation and needs of employees. Second, Rousseau's (1989) article was a landmark transition from early concepts to contemporary developments due to her clear conceptualisation. The literature therefore labels the research on PCs following Rousseau's seminal work publicised in 1989 as contemporary (Conway & Briner, 2005; Coyle-Shapiro & Parzefall, 2008; Roehling 1997). According to Conway & Briner (2005), well over 100 articles have been publicised on the PC since then, which confirms that PC research has reached a more mature development stage. A clear majority of contemporary PC publications refer to Rousseau's (1989) definition (Conway & Briner, 2005, 2012). When comparing Rousseau's (1989) concept with the early concepts, two major distinguishing elements can be identified. Rousseau (1989) focuses on the individual level and on obligations, whereas early PC concepts focus on the relationship level and expectations (Coyle-Shapiro & Kessler, 2000; Coyle-Shapiro & Parzefall, 2008; Roehling, 1997). Internationalisation, the transition to flexible labour and other social changes led to a changed definition of the employment relationship (Raeder and Grote, 2012). Fundamental changes in obligations and expectations resulting from a changing work environment were the momentum that led to the rediscovery of the PC and enabled a renewed focus for researchers (Cable, 2008; Coyle-Shapiro & Kessler, 2000). The traditional early PC has been altered (Rousseau, 1995). The work environment is very competitive nowadays, and employers do not offer lifelong job security or absolute guarantees for wage increases and career opportunities; however, they tend to demand flexible and innovative employees (Argawal, 2014; Cable, 2008). A balanced and healthy employment relationship is crucial for those on both sides (Argawal, 2014). Employees seek to improve their employability, i.e. value in the job market. On the one hand, job markets are subject to a bottleneck of experienced candidates, which is called the war for talent, and on the other hand, employees assume that they will not spend their whole working life at one sole

organisation. In addition, employees in the younger generations have other expectations concerning their work environment, as well as their work–life balance.

Motivated to give employees a voice, Rousseau (1989) reconceptualised the PC in response to the previously dominant focus of the literature on management's perspective, instead of that of employees. In contrast to the early works, newer concepts define the PC from an individual perspective (Rousseau, 1989). According to Rousseau (1995), it comprises 'individual beliefs, shaped by the organisation, regarding terms of an exchange agreement between individuals and their organisation' (p. 9). With this definition, Rousseau (1995) claims that the PC of the individual can be shaped, i.e. manipulated or influenced, by the organisation, according to its needs. This requires that the company is aware of this management tool and can make use of it in a target-oriented way. According to Wellin (2016), the PC is a personal deal that can be managed to increase business performance and job satisfaction.

Rousseau (1989, 1990, 1995) hence defines the PC more narrowly as a set of beliefs the individual holds about mutual obligations within the employment relationship. The implicit beliefs refer to the terms and conditions of the exchange agreement. They assume the promises made by the company ensure a future return for the considerations proposed by the employee. This creates mutual expectations and obligations for both parties concerned. Rousseau's (1998) seminal work was a transitional point for the research from the relational level between the individual and the organisation to the individual level (Cable, 2008; Rousseau, 1995). The promises perceived by the individual are the set of beliefs that form the PC. In turn, the beliefs of the individual are shaped by the organisation (Rousseau, 1995).

A vast amount of literature that emerged immediately after Rousseau (1989) only investigates the employee without giving agents of the organisation a voice, and thus, it does not capture the mutual aspect of the relationship (Andersen & Schalk, 1998; Coyle-Shapiro & Kessler, 2000; Guest, 1998a; Raeder & Grote, 2004; Roehling, 1997; Rousseau, 1995). While the mutuality of the agreement can only be considered combining both sides, i.e. by also asking agents of the organisation, Rousseau (1995) explicitly excludes them in her approach. This constitutes a different perspective between viewing the PC as a mutually agreed contract or

agreement or instead viewing it as an individual perception or attitude. Rousseau's (1995) focus on obligations excludes all elements that are not due to perceived promises. State-owned businesses, for example, can be obliged to guarantee employment security, whereas smaller, privately owned businesses or innovative start-ups may seek long-term employment relationships offering social employee events and unique modern workplaces to bind employees without no obligation because they want to secure them and their knowledge (Raeder & Grote, 2004).

The unilateral view focuses on the belief of an individual employee about their mutual expectations and obligations with the organisation. Thus, the PC consists of an intra-personal perception (Freese & Schalk, 2008). This view was initiated by Rousseau (1989, 1990). The employer's perception has been disregarded in this point of view and was included in later works (Coyle-Shapiro & Kessler, 2000; Guest & Conway, 2002; Tekleab & Taylor, 2003). Within a bilateral view of the PC, it regards a total of both parties' perceptions (Freese & Schalk, 2008; Herriot & Pemberton, 1995; Levinson et al., 1962; Schein, 1965). According to Freese and Schalk (2008), a bilateral PC can be used in practical settings to resolve differences or conflicts between employees and their supervisors. However, Freese and Schalk (2008) assert that the PC is literally psychological, and thus, by definition, it is an individual perception. In addition, a bilateral view is methodologically seen as problematic since the multitude of organisational actors who represent the organisation do not communicate a homogeneous set of expectations and can even disagree with one another (Freese & Schalk, 2008).

While a vast amount of PC literature focuses on the effects of a violation or breach, contemporary research investigates the effects of work engagement, organisational citizenship behaviour, productivity and thus business performance (Abba, Anumaka & Mugizi, 2017; Ahmad & Zafar, 2018; Griep, Vantilborgh & Jones, 2020; Gurumoorthi & Venkatesan, 2020; Kiazad, Kraimer & Seibert, 2019; Rogozinska-Pawelczyk, 2019; Sharma, Wadhwa & Saxena, 2019; Sheehan, Tham, Holland & Cooper, 2019; Soares & Mosquera, 2019; Sobaih, Ibrahim & Gabry, 2019; Song & You, 2021); individualisation by idiosyncratic deals (Bal & Hornung, 2019; Hornung & Rousseau, 2017; Katou, Budhwar & Patel, 2020; Liao, Wayne & Rousseau, 2016; Simosi, Rousseau & Weingart 2021; von Sichart, 2019); and dynamic PC phase models (Farnese, Livi, Barbieri & Schalk, 2018; Griep, Vantilborgh, Hansen &

Conway, 2018; Rousseau et al., 2018; Weinhardt, Griep & Sosnowska, 2019). Taking the PC into account can help to improve employee relations in times of organisational change. Remediation and providing alternative inducements can compensate for the perception of undelivered obligations and thus the breach of the PC (Van Gilst, Schalk, Kluijtmans & Poell, 2020).

Rousseau (1989, 1995) endorses a behavioural definition of the PC as being a voluntary making, keeping and breaking of promises concerning relational and transactional obligations of both sides with a clear focus on the employee's point of view (Garrow, 2005; Shield et al., 2002). That mutuality is essential to the definitions of the PC is challenged by the dominant and higher power of the employer in the relationship (Shield et al., 2002). Increasingly, the literature uses the PC as a framework to research the work relationship (Guest & Conway, 2002), but despite the conceptual and definitional debates and blurring since its reconceptualisation (Rousseau, 1989), the PC is attributed the maturity status of being a construct (Millward & Brewerton, 1999) or an emergent or existing theory (Garrow, 2005). While Rousseau's (1989, 1995) conceptualisation of the PC attributes it to the subjective individual level of the employee, Rousseau & Tijoriwala (1998) later maintain that it shows idiosyncratic and generalist features (Garrow, 2005). Guest (1998b) asserts that because most of the empirical research has been conducted at the individual employee level, little knowledge exists about its mutuality aspect and on how it is shared and interacted with between colleagues within collective organisational systems (Garrow, 2005; Guest, 1998b). The literature disagrees about whether the PC is constantly changing and evolving dynamically (Hiltrop, 1995; Rousseau et al., 2018; Schein, 1980) or whether it is relatively stable, robust and change-resilient (Morrison & Robinson, 1997; Rousseau, 1998, 2001a) until certain events emerge that act as a brake, and only then does it require a redefinition.

There are two specifics of the PC that are crucial. First, contrary to the concept of implicit contracts, where a third party defines the terms of an exchange relation, the concept of the PC exists on the level of the individual's beliefs about the terms of their own exchange relationship with an organisation. Normative contracts comprise the collective shared values of a social group, such as a team, department or organisation. Second, the PC contains perceptions about commitments to reciprocal obligations of both parties. Therefore, the PC assumes the existence of a mutual

exchange relationship, which is jointly understood (Fong, 2009; Rousseau, 1989). The PC is a voluntary mental agreement between employees and their organisation, which enhances the commitment to, predictability and understanding of each party's contributions in terms of behavioural qualities, in addition to the traditional work contract, which fixes the performance quantities (Fong, 2009; Rousseau & Schalk, 2000).

Table 9: Comparing Early and Contemporary PC Research

Key authors (Year)	Characteristics	Context	Outcome	Stage of theory building
Argyris (1960); Schein (1965)	Implicit, employees as a collective, employer or management point of view, expectations/ needs	Employer market	Job security within the company	Early concepts of the 1960s to late 1980s; conceptual arguments
Rousseau (1989, 1995)	Implicit, unilateral, individual perspective, employee point of view, obligations/ promises	Employee market, globalisation, social legislation	Employability in the job market	Contemporary concepts and models of the late 1980s to present; the new PC, reconceptualisation, emergent theory
Conway & Briner (2005); Freese & Schalk (2002, 2008); Guest (1998); Guest & Conway (2002); Linde & Schalk (2008)	Implicit, bilateral, individual perspective, employee and employer point of view, mutuality agreement, obligations/ promises	Employee market, globalisation, social legislation	Employability in the job market	Contemporary concepts and models of the late 1990s to present; emergent theory
Rousseau (2001b, 2005)	Implicit, bilateral, perspective, idiosyncratic deals, mutuality agreements, obligations/ promises	Employee market, globalisation, social legislation, generation shift, diversity, war for talents	Employability in the job market, individuality, work life balance of employees	Contemporary concepts and models of the 2000s to present; emergent theory

| Alcover, Rico, Turnley & Bolino (2017a, b); Anderson & Schalk (1998); Bligh & Carsten (2005); Freese & Schalk (2008); Guest & Conway (2009); Harriot & Pamberton (1996); Kraak, Russo & Jimenez (2018); Marks (2001) | Implicit, multilateral perspective, multiple agents/ constituents, social construction of the PC | Employee market, globalisation, social legislation, relevance of peers and teams | Employability in the job market, individuality, work life balance of employees, health and well-being of employees | Contemporary concepts and models of the 2000s to present; emergent theory |

(Author's own illustration)

Table 9 compares early and contemporary PC research and the tendencies of the respective stage of theory building.

On the one hand, PC theory has a history spanning decades, during which the basic understanding of underlying employment relationships has changed significantly. This divides the developmental history of the PC theory into two phases: the early concepts at the beginning of the 1960s and the current models from the decisive turning point in research, which was Rousseau's (1989) influential article. The second phase of development now includes almost 30 years of intensive research and publication activity. The understanding of work has evolved. Issues exist, such as work–life balance, an increasing individualisation of development models, modern workplaces and other incentive measures to recruit and retain employees, as well as the discussion on the changing attitude of the younger generations towards work, but now, self-image in relation to other employees has begun to grasp the generations equally. Due to the long history under changing framework conditions, the PC did not properly emancipate itself as a theory in the middle of the current research phase, partly because the subject of the research is somewhat interpreted and defined differently by different schools of thought. In recent years, however, the PC has been able to assert itself as an emergent theory (Rousseau, 2001a). As with any theory, there are different streams of research, interpretations, mindsets and ongoing iterative debates of scholars. To conclude, the early phase was rather characterised

by a fragmentary theoretical development, the involvement of different disciplines and the lack of practical empirical research. The term PC was used heterogeneously to describe different ideas (Conway & Briner, 2005; Roehling, 1997). However, the contemporary phase is characterised by complex quantitative work with a limited theoretical advancement, thus, PC theory is emergent (Conway & Briner, 2005).

According to Guest (1998a), the PC captures the spirit of the times and is a concept of high face validity, thus revealing immediate evidence and appearing valid because it is plausible. Regarding construct and content validity, it is difficult to operationalise it for application to research (Guest, 1998a). While Herriot and Pemberton (1995) demand more clarity in the definition of its dimensions, Guest (1998a) states that this could mean that they become real contracts and lose their implicit character. Thus, it is necessary for the researcher to state the understanding of the PC applied in the study. Researchers must decide whether to consider the PC in the broader sense as an explanatory framework (Shore & Tetrick, 1994), a separate construct (Guest, 1998a; Rousseau, 1998) or to understand the treaty merely as a research paradigm (Marks, 2001). Anderson and Schalk (1998) attribute a high face validity to the PC as an explanatory guiding principle with practical use because its existence is non-controversial, and it can be described by nearly all employees. The PC becomes a particularly important topic in situations of organisational change because they have consequences for the employment relationship and therefore affect employee expectations (Anderson & Schalk, 1998; Cartwright & Cooper, 1993a; Herriot & Pemberton, 1995; Rousseau, 1996).

The creation and development of knowledge is a journey and ongoing iterative process, not only for the individual researcher but also for the academic community in the field. So, when conducting a review of the relevant literature, the time the works were published is to be considered, as well as the aim, approach, background and situation, to evaluate the findings and conclusions made. Notably, this also applies to the emergent PC theory and two phases of development, from the 1960s to the end of the 1980s and from the 1990s to the present day, as well as by the various approaches, interpretations and conceptions of the PC as they exist in the literature today, sometimes differing from each other.

Approaches to the PC assuming a mutual agreement compare the expectations at different levels, i.e. individual and organisational levels, which is problematic because on the one hand, companies do not consist of one consolidated set of uniform expectations, and on the other hand, the actors representing the company have multiple differing expectations (Anderson & Schalk, 1998; Freese & Schalk, 1993). This is why Rousseau (1989, 1990) defined the PC in a narrow way as an individual's belief about the reciprocal obligations of the employee and employer (Schalk & Anderson, 1998). There is a debate in the literature about the mutuality of the PC (Conway & Briner, 2005; Dabos & Rousseau, 2004; Guest, 1998a; Rousseau, 2001a; Schalk & De Ruiter, 2019; Ye, Cardon & Rivera, 2012), as it is a subjective set of beliefs and perceptions manifested in the mind of the individual.

In summary, the strengths of the PC are that it enables a deeper understanding of the employment relationship and the ongoing exchange from the subjective and implicit perception of the individual employee. However, the PC has weaknesses. First, there is a definitory contradiction concerning the building blocks of the PC because scholars interpret the beliefs differently as expectations, obligations or promises, while differences remain unclear. Another example is the interpretation of the PC as something more psychological or as a contract. Second, the mutuality of the exchange relationship is weighted and interpreted differently in literature. Third, it remains unclear who the other party is in the relationship: the organisation with human attributes or humans as representatives (Conway & Briner, 2005).

The PC is in danger of over-interpretation, and it is defined to its destruction if one compares the different approaches of the literature (e.g. promises versus obligations versus expectations, psychological thinking pattern versus binding contract or voluntary individual perception versus something that can be managed by the organisation). Somehow, the PC seems to explain everything. This rationalises its reflected use. The following morphological box provides selected attributes of scholars' interpretations of the PC in their publications. It could be useful for characterising research, resulting in profiles that clarify the perspective of each author of the PC. The morphological box (Table 10) intends to foster a better understanding of the different approaches to and understanding of the PC in literature. The following table describes these characteristics according to certain categories that have emerged from the literature review. It may be that not all

dimensions can be applied to every publication. As a result, the morphological box can provide orientation through basic profiles of articles to establish and better appreciate the basic understanding and underlying interpretation. Some points must be made concerning the morphological box: no attempts have been made to be exhaustive – instead, the characteristics identified and described are frequently occurring in early or contemporary PC literature, thus are well-established or promising.

Table 10: Morphological Box with Selected Attributes of PC Interpretations

Dimension	Characteristics				
Publication era	Early concepts (1960s to late 1980s)		Contemporary research (1989 to present)		
Motivation	Employment		Employability		Work–life balance, work-related health and well-being (Guest & Conway, 2009)
Content categories	Expectations		Obligations		Promises (Rousseau, 2001a)
	Relational (Rousseau, 1995, 2000, 2001a)	Transactional (Rousseau, 1995, 2000, 2001a)	Transitional (Rousseau, 1995, 2000, 2001a)		Balanced (Rousseau, 1995, 2000, 2001a)
	Task-oriented		Personal-orientated		Relationship-orientated
Points of view	Employee perspective (Rousseau, 1989)		Employer perspective (Schein, 1980)		Mutual perspective (Conway & Briner, 2005)
	Relationship level of expectations (early concepts)		Individual level of obligations (Rousseau, 1998)		
	Upward perspective		Downward perspective		
Contract parties	Employees as a collective	Individual employee	Organisation as a collective (anthropomorphised)	Individual agents representing the organisation	Multiple agents, multi-agents, multi-foci (Alcover et al. 2017a, b; Bligh & Carsten, 2005; Chambel, 2014; Harriot & Pemberton, 1996; Marks, 2001; Sherman & Morley, 2020)

Individualisation versus mutuality	Individual perceptions (Rousseau, 1989)	Multiple collective perspective (Anderson & Schalk, 1998)		Mutual agreement (Guest, 1998a)
	Generalisable collective deals (standardised group deals)		Idiosyncratic deals (Rousseau, 2001b, 2005)	
Adjacency to contract analogy	Focus on 'psychological' part		Focus on 'contract' part	
	Schema (Rousseau, 2001a)	Promise (Rousseau, 2001a)		Contract analogy
Function categories (Garrow, 2005)	Contracting (process, content)	Sensemaking (reasoning)		Monitoring change (state, fulfilment)
Building mechanism	Resides in the individual, unilateral (Rousseau, 1989, 1995); intrapersonal (Freese & Schalk, 2008); individual perception or attitude (Rousseau, 1995)	Resides in the interaction, bilateral (Guest, 1998a); interpersonal (Freese & Schalk, 2008); mutually agreed agreement (Raeder & Grote, 2004; Garrow, 2005)		
	Perceptions of something (Rousseau, 1998)	Beliefs about something (Hui, Lee & Rousseau, 2004)		
Application to research	Construct, schema (Rousseau, 1989)	Explanatory framework (Shore & Tetrick, 1994)	Integrative concept (Guest, 1998a)	Theory (emergent or mature) (Rousseau, 2001a) — Investigative paradigm (Marks, 2001)

(Author's own illustration)

This research takes the position that the PC is an implicit and subjective perception of the mutual obligations in the employment relationship constructed in the mind of an individual. The mental construction is affected by the senses, cognition, awareness and reflectiveness of the individual. The building of the PC begins with the first pre-employment interactions or communications and increasingly matures during the relationship. It can be directly or indirectly influenced by events and actions experienced. Being an individual's perception and reflection, the PC cannot be directly shaped or controlled by others, i.e. agents of the organisation, but it can be influenced and informed purposefully in an indirect way through their behaviour and communication. An awareness of the PC enables an open discussion and thus a clearing of undecided and open aspects concerning the rules of the employment relationship and job fulfilment.

PC research responds to current issues that affect society, for example, addressing PCs in the context of COVID-19 pandemic-related work situations, such as unpaid leave due to lockdown (Said, Ali, Ali & Chen, 2021), crisis-related PC fulfilment or breaches (Gong & Sims, 2021; Wu, Lin & Wang, 2021), employee safety (Du & Liu, 2020; Nguyen et al., 2021) and new work concepts or digitalisation (Coetze & Deas, 2021; Lopez & Fuiks, 2021).

2.1.4 Features of the Contemporary Psychological Contract

Although approaches to define PCs use combinations of terms, such as 'perceptions, expectations, beliefs, promises and obligations' (Anderson & Schalk, 1998, p. 639; Conway, 1996; Guest, 1998a), no generally accepted definition exists. This can be problematic when discussing the concept in research. Researchers should clearly indicate the definition that forms the basis of their understanding of the concept. This does not inevitably imply that there must be one sole definition. Diversity in opinions and competing theories are part of the scientific process (Anderson & Schalk, 1998; Conway & Briner, 2005; Thomas & Anderson, 1998). In line with Conway and Briner (2005), researchers need to be clearer about key constructs when researching in the field of PC theory, while different interpretations of the concept appear in the literature. According to Rousseau (2001a), the PC represents a mental model of exchanges within an employment relationship. In general, the literature uses two different interpretations: the unilateral and singular perspective of the individual versus the bilateral perspective of the relationship between the individual and the organisation. This can lead to confusion and misunderstanding if not clearly indicated by the researcher (Andersen & Schalk, 1998). There are different views about the contemporary PC to be found in the literature. Rousseau's (1998, 1995) definition encompasses the unilateral level of the individual employee. The PC is viewed from an employee's perspective only. In this interpretation, the mutual aspect of the agreement plays a minor role. Consequently, bilateral negotiations with the aim of a concerted treaty play less of a role in this perspective. In contrast, other key authors hold the point of view of bilateral relationships of two parties at individual and organisational levels (Andersen & Schalk, 1998) by defining the PC as the set of

perceptions of both parties concerning implicit reciprocal promises and obligations. This interpretation emphasises the mutually agreed aspect of the contract, thus, bilateral negotiations are possible (Conway & Briner, 2005; Guest, 1998a; Guest & Conway, 2002). If the PC is a form of an agreed contract, the question is to what extent the PC is honoured or whether over-performance is rewarded or appreciated (Bavik, 2020; Bavik & Kim, 2020; Isabirye & Dhurup, 2013).

Conway and Briner (2005) state that the contemporary conceptualisation of the PC differs from that of early approaches in several aspects. While the early approaches focus on expectations, post-Rousseau (1989) definitions focus on obligations. Rousseau (1989) states that the PC is a subjective phenomenon that is best understood from the individual level because it is defined by the individual themselves. The PC is 'existing in the eye of the beholder' (Rousseau, 1989, p. 123). From the perspective of their PC, individual employees value the actions of their employer. Hence, employees have their own subjective interpretation of the employment relationship (Rousseau, 1989). This is contrary to Schein's (1965, 1980) matching of the expectations between employee and employer. For Rousseau (1989), matching and agreed expectations are not so relevant, as she mainly focuses on what the individual thinks and perceives about the work agreement. The difference is interesting because thereby, the PC only exists in the mind of the individual employee. Consequently, there is more of a focus on the contribution of the individual employee within the work relationship than on the exchange-related view of the early concepts, where performance is only for return and remuneration (Conway & Briner, 2009; Coyle-Shapiro & Parzefall, 2008; Herriot, Manning & Kidd, 1997). Thus, Rousseau's (1998) definition opens and positions the PC as an instrument for understanding employment relationships and for affecting motivation and behaviour.

As a result, in terms of the orientation to the subjective individual perspective, there was a subsequent research trend focusing on the employee's perspective rather than the organisation's and on explicit and implicit promises concerning employee contributions and organisational inducements (Conway & Briner, 2009). According to Rousseau (1989), the PC covers 'an individual's belief that a promise of future return has been made (…) and an obligation of future benefit exists' (p. 126). Contrary to the general understanding of expectations, the PC is not a 'promissory and reciprocal' contract (Rousseau, 1990, p. 309). Conway & Briner (2005) make clear

that Rousseau's (1989) interpretation is not based on deeper motives, such as needs, but constitutes the perception of an individual's obvious behaviour. Accordingly, implicit or explicit promises from the individual or the organisation result from the behaviour patterns of the contracted parties. Thus, the PC focuses on perceived promises. Promises are the communication of future intentions (Conway & Briner, 2005). The emphasis on perceived promises as a constitutional element brings awareness to the fact that organisations can manipulate an individual's PC with implicit and explicit signals (Coyle-Shapiro & Parzefall, 2008). Rousseau (1989) points out that the organisation needs to have stable and reliable demands and promises to enable the individual to develop a consistent understanding of their rights and obligations.

Yet, no consistently recognised definition exists to date. Regardless, a prevalently cited and broadly accepted definition is given by Rousseau (1995) as follows: 'The psychological contract is individual beliefs, shaped by the organisation, regarding terms of an exchange agreement between the individual and their organisation' (p. 5) (Anderson & Schalk, 1999; Cable, 2010; Conway & Briner, 2009). This definition also forms the basis of the research at hand. As defined, the PC is an individual perception (Rousseau, 1989, 1995). Therefore, it is a subjective appraisal of mutual obligations with its establishment and transformation being influenced by many different sources of information. While individuals and their social interactions are the sources of information, the perception of mutuality is a relevant basis for the building of the PC (Bankins, 2011; Robinson & Rousseau, 1994). The literature continues in ambivalence concerning whether it constitutes 'employees' expectations, beliefs about obligations, perceptions of employer promises or some combination therein' (Bankins, 2011, p. 352; Roehling, 2008). The research at hand accepts that the PC constitutes the beliefs of individuals concerning common reciprocal obligations within the employment relationship (Coyle-Shapiro & Kessler, 2002; Rousseau, 2011).

In summary, PCs have the following main characteristics. They are unique individual and subjective perceptions, which vary from individual to individual. They determine attitudes and behaviour. An employee's PC is dynamic and can change over time during the employment relationship. PCs comprise mutual obligations resulting from given promises and raised expectations. PCs are bound to the context of the employment relationship and are influenced by situations of major organisational

changes (Anderson & Schalk, 1998; Rousseau, 1995; Rousseau et al., 2018). It is almost impossible to create a total list of the myriad of aspects that are involved and hence form a PC's content. Meanwhile, the perceived content has changed over the years when comparing the early and contemporary works (Anderson & Schalk, 1998; Hiltrop, 1995). Table 11 compares features of past and emergent forms of the PC.

Table 11: Past and Emergent Forms of the PC

Characteristic	Past form	Emergent form
Focus	Security, continuity, loyalty	Exchange, future employability
Format	Structured, predictable, stable	Unstructured, flexible, open to (re)negotiation
Underlying basis	Transition, fairness, social justice, socioeconomic class	Market forces, saleable abilities and skills, added value
Employer's responsibilities	Continuity, job security, training, career prospects	Equity (as perceived), reward for added value
Employee's responsibilities	Loyalty, attendance, satisfactory performance, compliance with authority	Entrepreneurship, innovation, enacting changes to improve performance, excellent performance
Contractual relations	Formalised, mostly via trade union or collective representation	The individual's responsibility to barter for their services (internally or externally)
Career management	Organisation's responsibility, inspiring careers planned and facilitated through personnel department input	Individual's responsibility, bettering careers by personal reskilling and retraining

(Andersson & Schalk, 1998, p. 642; Schalk & Rousseau, 2009, p.134)

2.1.5   Content and Measurement of the Psychological Contract

The measurement of the changing content of the PC can provide a diagnosis of the situation and an initial point for interventions (Anderson & Schalk, 1998). Morey and Luthans (1984) portray measures as either having an etic or an emic focus and thus being generalisable or idiosyncratic. Alongside a generalisable body of content on PCs, there is much local, unique and personal content that cannot be standardised (Rousseau, 2000). Typical content perceived by employees includes promises from the employer concerning a safe and congenial work environment, job security, fair payment and procedural fairness. From the perspective of the employer, the

employee promises to work the contracted hours, contribute a good quality and quantity of work and be honest (Conway & Briner, 2005).

According to Conway and Briner (2005), imposing change, communicating promises and negotiating mutual agreements are three general ways to manage the PC. According to Rousseau (1995, 1998), PC change can happen through accommodation or transformation. Accommodation comprises smaller changes, which do not generally call the employment relationship into question. Such changes only cause minor changes to some terms of the PC. Otherwise, transformational changes often cause a radical change in the employee's understanding of the terms (Rousseau, 1998). Four stages of the transformation process are suggested by Rousseau (1998). At first, the existing PC can be challenged by the justification of the change. Then, transparent communication about what will happen and the establishment of transitional structures prepare for the change at hand. In the next step, the new PC can be generated while employees are being motivated for their new roles. Attendant to this, it is useful to provide platforms for dialogue with contract makers from the organisation. Finally, it is important to follow through with promises by fulfilling the new contract, including ongoing communication of consistent promises and reinforcement of the new PC (Morrison & Robinson, 1997; Rousseau, 1998). Communication of promises demands that all agents should provide consistent messages, and the organisation should be aware of who acts as an agent (Guest & Conway, 2000). Often, there is not a clearly defined and concerted communication plan in day-to-day business, and the different agents and points of contact vary through the M&A process depending on process steps and topics to be negotiated or defined, i.e. HR managers, IT managers, the board of directors, PMI mentors, future supervisors and specialists. Conway and Briner (2005) maintain that these four stages imply a fairly passive role for employees. Negotiation of the PC means that employees and employers pursue an agreement about relevant content. While the aspect of mutuality is not coercive, according to the definition of the PC as a set of implicit perceptions of the individual (Rousseau, 1998), opening a negotiation dialogue can foster awareness, enable a deeper understanding of each side's position and perception and thus help to identify and clarify weak, unspoken or unclear items. According to Levinson et al. (1962), basic prerequisites for the management of the content of the PC are that the managers can continually monitor

psychological factors. While it is not easy to relate emotions and behaviour to certain aspects of the PC, and while the display of emotions of individuals can be influenced by social norms, it is important to consider the other party's perspective (Conway & Coyle-Shapiro, 2003, 2005). This requires empathic skills, active listening and open dialogue. The current main engagement of research with explicit contracts limits the knowledge about implicit contracts because the understanding of them demands more insight into how employees make sense of behaviours, gestures and symbols (Meckler, Drake & Levinson, 2003). In response, Rousseau (2003) argues for greater attention to be paid to the formation, maintenance and modification of schemata and to the dynamics of the concordant perception of the reciprocity of PCs. The content of the PC represents the 'expectations of what the employee feels he or she owes and is owed in turn by the organisation' (Rousseau, 1990, p. 393). The content does not display what is really exchanged, but subjectively, the perception that promises an exchange of certain behaviour of the employee for expected rewards from the organisation does exist (Conway & Briner, 2005). Due to a variety of employee and organisational contexts, a variety of different content also exists (Guest & Conway, 2003). Several approaches attempt to deliver scales for the measurement or assessment of the content (Freese & Schalk, 2008; Rousseau, 1998, 2010; Sherman & Morley, 2020). However, they all face problems with their generalisability when applied to other contexts. The idiosyncratic nature of the PC is one reason for this (Guest & Conway, 2003). Rousseau (2000, 2010) maintains that a scale should be provided for the assessment of generalisable etic content.

The literature makes different attempts to categorise the content (Coyle-Shapiro & Parzefall, 2008). The distinction between transactional and relational content is commonly accepted (Conway & Briner, 2009; Rousseau, 1995). Earlier research initially assumed that the PC is located somewhere on the so-called contracted continuum, ranging from transactional to relational contracts (Rousseau, 1990; Rousseau & McLean Parks, 1993; Shore & Tetrick, 1994). Considering that employment relationships comprise both elements, which can have different levels independently to each other, later literature agrees that there is no continuum between them. Instead, transactional and relational contracts are two independent dimensions, which can have different occurrences distinct from one another (Conway & Briner, 2005; Coyle-Shapiro & Kessler, 2000; Coyle-Shapiro & Parzefall, 2008;

Taylor & Tekleab, 2004). Table 12 compares transactional and relational PCs (Conway & Briner, 2005, p. 44).

Table 12: Comparing Transactional and Relational Contracts

	Transactional PCs	**Relational PCs**
Time frame	Short-term, time-bounded promises	Long-term, open-ended promises
Degree of specificity	Highly specified	Loosely specified, amorphous
Resources exchanged	Tangible, having a monetary value	Intangible, likely to be socio-emotional
Explicitness of promises	Explicit	Implicit
Negotiation	Likely to be explicit and require formal agreement for both parties	Implicit and unlikely to involve actual agreement by both parties
Example	Pay in exchange for the number of hours worked	Job security in exchange for employee loyalty

(Conway & Briner, 2005, p. 44)

According to Rousseau (2000), PCs have etic features that are generalisable and emic characteristics that are local and idiosyncratic. With her PC inventory, she presents an etic assessment tool. When assessing PCs, the content, features and evaluations of the contract can be regarded (Rousseau, 2000; Rousseau & Tijorwala, 1998). According to whether the contract is short- or long-term and whether the performance terms are specified or not, Rousseau (1995) categorises four different types of PCs, mainly due to the aspired duration of the employment and degree of specification of the required performance: transactional, relational, balanced or transformational. Transactional versus relational contracts differ in five aspects: the focus, time frame, stability, scope and tangibility of the contract (Anderson & Schalk, 1998; Rousseau, 2000; Rousseau & McLean-Parks, 1993). Figure 6 illustrates the different types.

Duration

Short-term | **Transactional** | **Transitional/ no guarantees**

Long-term | **Balanced** | **Relational**

Performance terms

Specified | Not specified
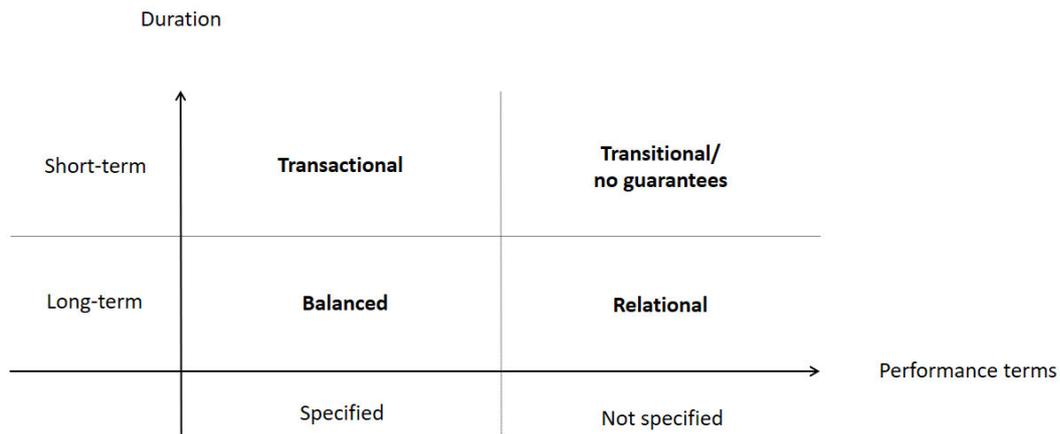
Figure 6: Types of PCs

(Rousseau, 2000, ca. p. 17)

Relational PCs based on reciprocal trust and loyalty and rewards are more oriented towards participation than firm performance (K. Jackson, 2011; Raeder & Grote, 2005; Rousseau, 2000). Balanced contracts are a win–win situation for both sides, with economic success for the firm and career possibilities for the employee. Hence, rewards are grounded on performance and the contribution to success. Transactional PCs are short-term and focus on an economic exchange between the firm and employees with low involvement (Raeder & Grote, 2005; Rousseau, 2000). Transitional employment agreements are unique since they do not constitute PCs because they are cognitive reflections about the results of ongoing change (Rousseau, 2000). Restructuring and fusions question the stability of relational contracts (Raeder & Grote, 2005). Breaches of transactional PCs are more likely to occur and with a higher degree of perceived violation than breaches of relational ones (Young, Stammerjohan, Bennett & Drake, 2018). Responsible leadership allows organisations to influence the type of PC in a sense (Mousa, 2019). Research indicates that relational PCs are more robust than transactional PCs in terms of turnover intentions due to perceived PC violations or breaches (Bari, Abrar & Fanchen, 2020). Relational PCs promote employee loyalty and retention after company restructurings stronger than transactional PCs (Nnaji-Ihedinmah, Ugwu, Kekeocha & Onyechere, 2021).

From their analysis of assessments and measurements used in literature, Rousseau and Tijoriwala (1998) classify them into three categories: feature-oriented, content-oriented and evaluation-oriented measurements. Feature-oriented measures compare the PCs according to characterising attributes, e.g. time horizon (short- or long-term), type (transactional or relational) or scope (work-related or extended to non-work activities). Content-oriented assessments analyse the conditions of the PC, which are the obligations grounded on perceived promises of both contract parties, e.g. flexible working hours, job security, training prospects, an interesting job, non-disclosure, reliability, working overtime when necessary and good-quality work. Evaluation-oriented measures judge the grade of fulfilment, alteration, violation or breach of the contract, e.g. if the employer has offered training or the employee has done extra work (Freese & Schalk, 2008; Rousseau & Tijoriwala, 1998). There are many approaches in the literature that describe the characteristics and resulting PCs of different work relationships with a feature-oriented approach. This results in a long list of possible attributes of the PC. An overview can be found in Freese and Schalk (2008). Since PCs can encompass countless features that may be very specific to a person, company or situation, it is problematic to create a standardised set of dimensions to assess the content. Many scholars, therefore, describe the features, suggesting that this would enable the comparison of PCs between organisations and countries (Freese & Schalk, 2008). The literature indicates a variety of contextual differences leading to different content according to varying cultures, situations and backgrounds (Rousseau & Schalk, 2000; Thomas, Au & Ravlin, 2003; Thomas et al., 2010). Freese and Schalk (2008) conclude that, despite or because of the numerous refinements and differentiations in literature, the results of the research are not unambiguous and often are not cross validated due to a dominance of exploratory approaches applied. In addition, most typologies are mentioned only in one study, except for the typology that distinguishes between relational and transactional contracts, but it is not universally valid, even according to Freese and Schalk (2008). Regardless of much existing empirical research, it remains open as to whether transactional and relational contracts are generalisable and stable in relation to samples and time (Arnold, 1996; Ten Brink, 2004). Schalk and Freese (2008) postulate that therefore, content- and evaluation-oriented measures are preferred to feature-oriented measures. In addition, comprehensive assessments of the PC must contain the perceived obligations of both sides, a measure of breaches and violations

and a broad rating of fulfilment or violation (Schalk and Freese, 2008). Furthermore, the assessment must reflect the organisation, sector and cultural and economic situation. Still, the measurement of the PC remains a complex methodological problem with limitations to operationalise the construct (Schalk & Freese, 2008). Schalk & Freese (2008) confirm the construct and context validity of the PC assessment scales elaborated by Rousseau (1990, 2000).

Standard deals apply to large groups of employees and comprise legislated employment rights or collective agreements. Position-based deals apply to a certain category or type of employee in the organisation. Idiosyncratic deals are negotiated individually (Hornung & Rousseau, 2017; Rousseau, 2001b; Rousseau et al., 2006). The framework of the PC allows the integration of traditional employment relations and individualised ones that are more flexible and often based on implicit arrangements (Guest, 2004). It is supposed that in the future, standard deals will decrease in favour of an increasing number of individual idiosyncratic deals with a focus on continuous negotiation as an ongoing process (Herriot & Pemberton, 1997). Herriot and Pemberton (1997) suggest making this process explicit. Transactional deals can be an integral part of the annual performance appraisal. Formal transactional deals are created with agents of the organisation. Hence, implicit and relational idiosyncratic deals should be formed with the direct line manager and those with direct and frequent working contact within the organisation (Guest, 2004). The determination of when and whether the PC has been successfully negotiated is problematic (Guest, 2004). Rousseau (1995) calls this the zone of acceptance. For Guest (2004), the growing importance of idiosyncratic deals has several consequences. Employers must manage greater complexity, and the resulting diversity means there is wider scope for breaches or violation. There is also the risk of perceived unfairness by other employees. Trust is an important issue, especially when it comes to sensible individual deals (Rousseau, 2001b, 2005; Schurer et al., 2020). Idiosyncratic deals can also affect the attitude and behaviour of other employees, e.g. if they perceive favouritism (Guest, 2004).

2.1.6   Functions of the Psychological Contract

The PC reduces uncertainty in the employment relationship by specifying unwritten elements of the employment arrangement because it fills the gap left by aspects that cannot be formalised in the written contract. It also canalises employee behaviour because employees tend to adjust it according to the result of the weighting of their and the organisation's obligations (Coyle-Shapiro & Parzefall, 2008; Shore & Tetrick, 1994). It is obvious that the unwritten mutual expectations of the PC become more important within less formalised employment relations, e.g. a trust-based working time model. In situations that are unclear, ambivalent and uncertain, missing information often must be supplemented. Due to fact that the PC is based on subjective promises and expectations, interpretation plays an important role (Bamberg, Mohr & Busch, 2012). Most employment contracts are relatively complex and legally binding documents. This requires that both parties are aware of the PC as an additional means of clarifying the terms of the employment relationship alongside the classical written employment contract and that the PC is handled in a way that the important person- and situation-specific unwritten terms are tackled and defined. The PC not only reduces uncertainty but also provides a sense of security to the employees because it enables them to feel that they have understood the agreement (Morrison, 1994; Shore & Tetrick, 1994). Perceived consistency enables a more stable employment relationship (Lee et al., 2011). Employees with more trust tend to accept changing actions rather than interpreting them as breaches or violations. Trust and fairness are important foundations of the PC (Bamberg et al., 2012; Jackson, 2011; Rigotti & Mohr, 2006; Schurer et al., 2020). In addition, they give individual employees the sense of being able to impact their own job and career success or failure. Given that they are one contract party, they can decide to what extent they fulfil the agreed obligations (Shore & Tetrick, 1994). According to Morrison (1994), the PC fosters the understanding of the principle of the trade-off of the relationship. In periods of organisational change, the PC plays a central role in the sensemaking process of the employees (van den Heuvel, Schalk, Freese & Timmerman, 2016).

2.1.7   Formation of and Parties in the Psychological Contract

In line with the definition of the PC as the set of perceptions of an individual concerning their mutual obligations with their employer, it is obvious that the employee is one of the parties in the contract. If the employer is one person or a small organisation, it is obvious who represents the organisation (Conway & Briner, 2009). With larger organisations, however, the question arises as to whether organisations can hold PCs and who represents the organisation if a PC exists. The debate is ongoing in the literature about the extent to which an organisation can influence the PC of its employees (Conway & Briner, 2009). According to Conway and Briner (2005), employees experience the employing organisation through the actions of agents, who represent the organisation and give an overall impression of it. Based on the sum of all views of the different agents, employees attribute human qualities to the organisation that they can reciprocate. This provision is known as an anthropomorphisation of the organisation, culminating in an image of the organisation being a coherent entity (Levinson et al., 1962; Morrison & Robinson, 1997). In this view, organisations even have human traits and qualities, such as being caring, trustworthy or generous (Conway & Briner, 2005). To date, contemporary PC research has mainly focused on the individual employee and neglected the perspective of the organisation. Therefore, contemporary research mainly assumes that the organisation is regarded as one homogeneous entity through humanisation (Conway & Briner, 2005, 2009). Numerous different representatives interact with the employee and therefore influence their PC as perceived agents, informants or contract partners. Some scholars challenge whether the PC can really be contractual at all because it only exists in the mind of an individual informed by their selective and subjective perceptions (Boxall & Purcell, 2003; Guest, 1998). Grant (1999) calls on management to deliver on promises, as he identifies the matching of what they say to how they act as a key fulfilment. Otherwise, it is an indicator of unmet expectations, which leads to negative performance consequences.

2.1.8 Culture and its Link to the Psychological Contract

According to Hofstede (2011), 'Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others' (p. 3). The term culture is not limited to national culture but can also be applied to different collectives, such as ethnic groups, nations and organisations, as well as occupations, genders, generations and social classes. The changing aggregation level changes the nature of the construct of culture. Gender, national and societal cultures acquired in childhood are much more deeply anchored than occupational or organisational cultures acquired at school or work. Societal cultures reside in values, whereas organisational cultures reside in practice. Organisational cultures change from employer to employer (Hofstede, 2011).

Culture and the associated value concepts influence the perception of the employment relationship, daily practices and the formation, shaping and content of the PC (Costa et al., 2017; Du & Vantilborogh, 2020; Kraak et al., 2018; Newaz et al., 2021). According to Triandis (1995, 2001), national cultures can be individualistic or collectivistic and influence people's personal values, attitudes and behaviours. Not all people from individualistic cultures are automatically individualistic. The same is true for collectivist cultures (Dutta-Bergman & Wells, 2002). Individualism and collectivism can be used for the assessment of national cultures (Hui, Triandis & Yee, 1991). According to Triandis and Gelfand's (1998) scale, horizontal orientation emphasises equality, whereas vertical orientation emphasises hierarchy. Individualists want to be independent in their exchange of relationships, attitudes and personal goals. Collectivists emphasise interdependence and communal relationships, norms and in-group aims (Triandis & Gelfand, 1998). Vertical collectivists have an authoritarian and self-sacrificing attitude. They see themselves as an in-group in which each member has a different status. Horizontal individualists value equality and uniqueness. They behave autonomously and independently. Vertical individualists also stand for an independent self-concept but accept status differences. This leads to competition and rivalry among the individuals. Horizontal collectivists are characterised by an interdependent self-concept. They generally regard the members of the group as equals (Du & Vantilborgh, 2020; McLean Parks & Smith,1998;

Singelis, Triandis, Bhawuk & Gelfand, 1995; Thomas et al., 2010; Triandis, 2001). McLean Parks and Smith (1998) see a relationship between cultural orientation and the PC. Thus, their PC typology distinguishes between horizontal or vertical orientations of the individualistic versus collectivist cultural orientations. This forms four culturally influenced PC profiles: a transactional PC with symmetrical or asymmetrical power and a relational PC with symmetrical or asymmetrical power (Du & Vantolborgh, 2020; Thomas et al., 2010; Triandis, 2001). They influence the PC's formation, content and the extent to which employees see themselves bound to the PC and to fulfilling it (Rao & Kunja, 2019; Thomas et al., 2003; Thomas et al., 2016; Zhao & Chen, 2008). In addition, the type of PC – transactional, relational or balanced – is affected (Du & Vantilborogh, 2020). Culture influences the employees' PCs in the degree to which they can negotiate the terms and extent to which they perceive promises and obligations as binding and important. Cultural values influence the perception of the employment relationship and shape the motives and needs of the employees and thus their PCs. Therefore, different cultural backgrounds can lead to different PC content because employees tend to build PCs according to the valuable and desired goals that align with their individual value system (Rousseau et al., 2018; Rousseau & Schalk, 2000; Thomas et al., 2003). Different cultural values shape the PCs of employees from different countries of origin individually (Abdullah, 2017; Du & Vantilborgh, 2020; Shen, Schaubroeck, Zhao & Wu, 2019). As a result, the PCs of employees from different countries can differ significantly (Du & Vantilborgh, 2020; Thomas et al., 2003).

National culture and cultural values influence attitudes about employment relationships and individual PCs. Various pieces of cross-cultural research show that the individual cultural profiles of employees influence the formation of the PCs; the content; perceived importance of obligations; perceptions of fulfilment, breaches or violations; and reactions to perceived breaches or violations concerning job performance, exit or turnover (Arshad, 2016; Balabanova et al., 2019; Barseghyan, 2019; Costa et al., 2017; Du & Vantilborgh, 2020; Eze et al., 2021; Jayaweera et al., 2021; Kraak et al., 2018; Kickul, Lester & Belgio, 2004; Lee et al., 2018; Newaz et al., 2021; Rao & Kunja, 2019; Restubog et al., 2007; Thomas et al., 2003; Thomas et al., 2016). Hofstede (1980, 2001) identifies a set of dimensions of cross-cultural variation. The culture dimensions can influence the formation and content of the PCs

of the employees. National culture can be assessed by the following six dimensions: power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity, long- versus short-term orientation and indulgence versus restraint (Hofstede, Hofstede & Minkow, 2010; Hofstede, 2011). While Hofstede (1980, 2001) provides a concept for the assessment of culture and its dimensions, Inglehart (1971, 1997) defines a dynamic concept to explain cultural change. However, cultural dynamics are not the focus of the research at hand.

Balabanova et al. (2019) question the sweeping generalisability of national cultural explanations for PC breach situations and notice that such explanations may have lower explanatory power in the context of extreme situations. However, extreme situations are not the subject of this study, which is based on friendly M&As and not conflictual, hostile takeovers. It does not focus on breaches of the PC but on the impact of M&As on SMs' PCs. Therefore, culture and its applications are relevant to the study at hand. Cultural factors influence PCs and staff behaviour after organisational change and should be considered in an open and deliberate process (Eze et al., 2021).

The culture dimension paradigm can also be applied to organisational, occupational and other levels of culture (Helmreich & Merritt, 1998). Employee ideologies and organisational culture influence which type of PC is formed, namely, transactional or relational. Furthermore, they also influence the occurrence of organisational citizenship behaviour (Griep, Wingate & Brys, 2017). Organisational culture has an impact on the content and types of PCs of the employees (Dwiyanti & Naimah, 2018). Hofstede, Neuijen, Ohayv and Sanders (1990) identified six dimensions of organisation culture: process-orientated versus results-orientated, job-orientated versus employee-orientated, professional versus parochial, open versus closed systems, tight versus loose control and pragmatic versus normative. The literature confirms the influence of occupational and workplace cultures on employees' PCs (Herrmann, 2019; Kwantes & Glazer, 2017; Schilling, 2018). In doing so, the studies examine different occupational and workplace cultures, such as those of police officers (Duran, Woodhams & Bishopp, 2019), IT professionals (Guzman & Stanton, 2009) and construction workers (Ugural, Giritli & Urbanski, 2020). In summary, besides national culture, organisational (see figure 23) and occupational culture (see table 42) are possible factors that can influence PCs from the perspective of this

study. Therefore, table 13 provides the footprint of the research context in terms of geographical and industry reach.

Table 13: Geographical and Industry Footprint of the Sample

	Target companies	Acquiring company
National culture Countries of origin /HQs	Austria, Belgium, France, Germany, the Netherlands, the United Kingdom, Switzerland	Germany
Occupational culture Industry of the firm	Construction, RE, software, digital services and platforms, business services and data, medical and laboratory technology, hospitality, industrial production	Construction, RE

(Author's own figure)

2.2   The Psychological Contract in the Context of Mergers and Acquisitions

This chapter gives an overview of other researchers' empirical work and conclusions in the field of PC theory in the context of organisational M&As, reflecting the findings of the structured literature review. Structural details about the literature review in the field of PCs in the context of M&As are provided in appendix I.

The following subchapters contain the major identified themes from the existing literature on PCs in the context of M&As structured according to the research questions. Appendix I states the strategy and results of the initial structured literature review of existing research in the field of PCs in the context of M&As, providing an opening base of relevant publications that have been reviewed critically as a first step. The structured literature review was a starting point and identified key publications and authors in the research field and of PC theory. Further literature has been considered by free research, analysis of cited and citing literature of key publications and from further related fields, as stated in the table of references.

2.2.1 The Influence of Pre-Merger Experiences on the Psychological Contracts of Senior Managers

a. The Influence of Earlier Employment Relationships and Pre-Merger Schemas

Rousseau (2001a) identifies three main features of the PC concept: first, the initial, more loosely perceived promises that constitute the PC develop over time into relatively stable and durable mental models or schemas. Second is the individual's belief that the agreement is mutually binding for both sides, which results in certain anticipated actions and reactions. Third is the role of pre-employment experiences that activate the building of the PC and inform it to a large extent, e.g. recruitment measures or early socialisation on the job. Post-recruitment socialisation continues the collection and processing of further information and thus the development of the contract during the active phase of the employment (Rousseau, 2001a; Thomas & Anderson, 1998). The formation of the PC of new employees begins during early recruitment and selection phases (Soares & Mosquera, 2019). The same applies to new entrants through M&As. Pre-employment beliefs about the job and the company activate the recruit's motivation to work for the company and begin to build understanding about reciprocal promises (Rousseau, 1989, 2001a). According to Rousseau (2001a), a schema is a mental abstraction and cognitive connection of aspects that form a complex concept, which develops step by step from previous experience and subsequently influences the processing and interpretation of new information. The individuals' consciousness of schemas and their implicit and explicit features varies. Basic cognitive structures vary between individuals and tend to be more elaborated the closer people are to the schemas, e.g. a professor's schema about his work versus the schema of any passer-by about professorship. It is also found that schemas have different complexities. Initially, they begin as relatively simple constructs with few elements and connections that develop successively over time. The vertical structure of schemas defines the degree of abstraction, whereas the horizontal structure describes the degree of differentiation on the given stage. In this regard, PCs can build schemas with horizontal and vertical extensions that grow from a few isolated beliefs to more detailed structured schemas of various interrelated beliefs. Pre-employment schemas are established by preceding

socialisation and inform the emerging PC, e.g. norms or ideologies linked with the occupation, and legalisms, which are judgements about conduct related to convictions of society about rules and their enforcement (Rousseau, 2001a). Bunderson (2001) found two coexisting ideologies shared by nursing staff about the role of healthcare organisations as either market-oriented enterprises or community servants – two ideologies that can be perceived to be conflicting. Employees who believe in a certain ideology expect the employer to fulfil the attributed commitments, otherwise, they react negatively, such as with lowered productivity or poor service quality. Consequently, organisational changes focusing on business improvement of costs and revenues may produce a breach or violation of the PC of employees with a dominant ideology or care quality (Rousseau, 2001a). For example, residential project development firms in the RE and construction industry are attributed with ideologies such as being either market-oriented enterprises (i.e. building and selling high-priced luxury RE to elite buyers) or community servants (i.e. building and providing social and affordable housing). As another example, construction managers are often attributed either as controllers of the trade activity on the construction site, creating and enforcing defect notifications and extending construction time, or as solution agents, who proactively solve issues to meet budgets, quality specifications and completion dates. The attitude and behaviour of employees differ fundamentally depending on which ideological focus their manager has. According to Rousseau (2001a), legalisms, i.e. the systems of beliefs about rules and laws of the organisation or industry, also influence the pre-employment interpretation in the initial employment relationship. Often, organisations signal the binding character of such rules by making new employees sign documents, such as corporate mission statements, codes of behaviour and work manuals. Informed experts tend to have more accurate and complex schemas than newcomers. Pre-existing belief systems influence the schemas (Rousseau, 2001a). Rousseau (1995, 2001a) found that veteran employees with a longer employment history have more difficulties coping with changes than more recently hired newcomers. Rousseau (2001a) postulates that the transformation of the PC needs employees that are motivated to do so and therefore are willing to deal with it actively and more deeply. Companies often support this process of rethinking in that employees should not experience change as long-term employees but rather from the perspective of a new hire or applicant for the new job, e.g. through job interviews for changing or new

functions or by negotiating new conditions for the post-change role. During the initial phases, PCs are incomplete; thus, the employees look for more information to foster their understanding of the work relationship. This information-seeking phase has a lasting effect on the PC. Hence, the quality of sources and consistency of information provided by the company have a great influence (Rousseau, 2001a). It can be assumed that pre-merger schemes work in a similar way to pre-employment schemes because according to Linde and Schalk (2008), prior employment in a pre-merger workplace influences employees' PCs.

Linde and Schalk (2006) further state that the PC of an employee includes the experience of previously perceived promises and need not necessarily be confined to the contracting parties, i.e. the employee and the acquiring or newly merged company. Furthermore, Linde and Schalk (2006) claim that a previously existing PC can be transferred to a new employment relationship. Any perceived breach or violation of an employees' PC that is related to the old, pre-merged company can incorporate itself automatically into the new working relationship with the merged company. According to the authors, even in the case of an existing positive PC with the old company, the merger process may lead to the perception of a breach or violation (Linde & Schalk, 2006), as 'In a strict sense, breach refers to a failure to comply with the terms of a contract' (Rousseau, 1995, p. 112). According to Schalk, Heinen and Freese (2001), a 'violation of the psychological contract arises when the employee perceives a discrepancy between perceived obligations and promised obligations' (p. 7). Linde and Schalk (2006) emphasise the meaning of the earlier work relationship for the management of the organisational transformation and the formation of a common work relationship. Thus, their study focusing on the collective experience of the PC found that an ex-ante assessment of the employees' perceptions of the PC, job insecurity, satisfaction levels and general health can point to substantial discrepancies that need to be addressed during the change process (Linde & Schalk, 2006).

b. Contract Parties and the Need for Early Participation

Guest (1998a) assumes there is an agency problem concerning the question about who the other party in the PC is. Organisations are unable to perceive, even when they are being anthropomorphised in the mind of their employees, so Rousseau (1989) concludes that the PC only exists in the mind of the individual (Guest 1998a; Herriot & Pemberton, 1996). Morrison and Robinson (1997) affirm that although supervisors are organisational agents, they can harbour private understandings of the contract that do not have to agree with the organisation's intention. Guest (1998b) states that due to the mutual nature of the contract, key parties involved should be considered to gain a richer picture of it, but different agents can be the triggers for very different expectations. In more recent publications, Rousseau (2001a) accepts mutuality and attributes reciprocal benefits to it (Dabos & Rousseau, 2004; Rousseau, 2001a). In their study, Guest and Conway (2000, as cited in Garrow, 2005) found that SMs embody their businesses much more strongly than their junior managing colleagues, in terms of their self-image as well as in the eyes of employees. According to Turnley and Feldman (1999a), the personal commitments of direct supervisors are much more important to employees than statements from their colleagues in the HR department (HRD). It is important during M&A processes that SMs communicate and demonstrate a clear commitment to the change to their employees with credible self-reported messages (Turnley & Feldman, 1999a).

According to Cartwright and Cooper (1994), the capability to integrate with the new firm is crucial and ranked as the most important success factor of M&As. Employee participation is essential for successful integration (Cartwright & Cooper, 1994). Change agents should actively offer employees opportunities to participate and thus foster their involvement and commitment. Insufficient information and communication contribute to the appearance of survivor's syndrome (Lees & Taylor, 2004; Offerman & Gowning, 1990). Lees & Taylor (2004) suggest the early involvement of employees in the decision-making and planning process of the intended organisational change, although effective communication is seen to be a critical issue. The early involvement of key personnel in the planning and execution of business combinations fosters open communication and allows the SMs involved to influence and control what is happening with them and their role because of the process (Davenport, 1998). Davenport (1998) postulates that the PC has a symbolic and milestone quality for the

reinforcement of corporate culture after organisational changes and that individual employees must be supported in their personal change by the organisation. This is because '(W)hen an organization ceases to exist or is fundamentally changed, the psychological contract (…) is broken, becomes unclear and has to be re-established or negotiated' (Cartwright and Cooper, 1994, p. 58). Business combinations cause new PCs to form, and line managers have the role and responsibility to build and negotiate the new deal with their team members; thus, they are the agents representing the organisation in the deal. The HRD can support and optimise the processes, but the personal role cannot be delegated (Davenport, 1998; Garrow, 2003).

Resistance to the change can be reduced by breaking with the past early in the process by legitimising the business combination through open and clear communication of facts and reasons. The communication of clear objectives – with short-term goals, if long-term planning is ongoing – can mobilise the employees for the change (Davenport, 1998). During the realisation of the change, active management of the employee's PC by their line managers is necessary, which comprises the building, negotiation and embedment of the new contract through structural changes. Communication activities sending consistent messages from all agents are crucial (Davenport, 1998; Garrow, 2003). Davenport (1998) suggests that PC management aligns them to business requirements. The author furthermore argues that corporate culture and rewards philosophy, i.e. tangible versus intangible, inform the PC, which must be replaced and redefined after major organisational changes (Davenport, 1998).

Sustaining trust for the organisational changes in survivors' mindsets requires an interplay of what was done and how. Fair and respectful treatment is essential for the maintenance of trust. Trust mainly results from individual experiences, whereas distrust mostly emerges from the experiences of others and gossip. This is particularly common in situations with limited information (Searle & Ball, 2004). In particular contexts, organisational trust or distrust can convert to interpersonal trust or distrust (Yan & Zhu, 2013). Drastic organisational changes, such as M&As, can lead to a mismatch of mutual expectations (Raeder & Grote, 2012; Shield et al., 2002). Uncertainty gives four sources of power to the actors that are relevant to the organisation: first, personal knowledge growing with the meaning of the expertise for

the company; second, the control of networks being given to important personal contacts; third, information brokerage and the control of information and communication channels; and fourth, the formal responsibility assigned by organisational rules (Crozier & Friedberg, as cited in Biele Mefebue, 2013).

Concerning the planning process of the M&A, more effort being made on due diligence and the clear definition of an M&A vision, mission and strategic aims is proposed. It is thought that this promotes the acceptance of the merger by employees and prevents them from acting as separate entities or refusing the integration because they better understand its rationale and their contribution to the mutual future model. PMI needs to aim to form a cohesive team of SMs. While SMs hold a clearer leadership role in the integration process, the supporting role of HRD is proposed to be more strategic (Magano & Thomas, 2017). Furthermore, Magano and Thomas (2017) recommend the development of a clear integration plan with continuous dialogue with the concerned SMs and employees to inform them about the aims, planned actions and contributions during the integration process and to gather feedback concerning personal information and support needs. This leads to a clarification of the expectations, contributes to the maintenance of the PC and precludes breaches or violations. Furthermore, it is suggested that the HRD be integrated into the organisational change phases to support the process and activities. This implies empowerment of the HR function to become a business partner at eye level and that the HRD is equipped with profound strategic knowledge and integration skills. Continuous communication fosters the employees' understanding of the motivation for the change and its overall contribution to the business aims. Then, employees need clear guidance concerning their expected personal roles and contributions within the new organisation. Remuneration structures, career possibilities and development plans should be structured adequately in a fair and transparent manner. Additionally, a cultural audit is proposed to identify and understand possible upcoming causes of friction and enable proactive integration management (Magano & Thomas, 2017).

2.2.2 Influences of the Merger Process on the Psychological Contracts of Senior Managers

a. Cultural Differences and Different Resource Endowments Cause Mental Integration Blockades

HR issues are critical success factors in M&As and determine success or failure (Bari, Fanchen & Baloch, 2016; Bauer, Matzler & Wolf, 2016). Cartwright and Cooper (1994) identify major salient HR issues in M&A activities, and above all, they emphasise the relevance of the cultural fit and the kind of organisational combination envisaged by the parties. The most common measure for M&A success is financial performance. It can be assessed by indicators, such as share value, fluctuation rate, profit–earnings ratio or net income. Due to the relevance of the people being affected by the merger, behavioural measures assess the success according to the impact of the change on workforce outcomes, including employee turnover, workplace satisfaction, commitment, pressure and emotional reactions (Cartwright & Cooper, 1994, 2014). During the integration phase, employees can slow down the realisation of latent synergies arising from the interaction and mutual use of intangible assets if they avoid disclosing and exchanging information, e.g. because they believe that the other side will bring fewer intangible assets worth exchanging. Differences in the levels of intangible assets, such as knowledge and skills, in companies can therefore make it difficult to realise latent synergies between combinations of professional service providers (Bari et al., 2016; Empson, 2001). Differing resource levels of companies reinforce the importance of active expectation management and the maintenance of employees' PCs during the integration phase as key success factors for the business combination. The literature agrees that cultural differences between companies have proven to be particularly problematic for the implementation of M&A activities (Bari et al., 2016; Cartwright & Cooper, 1993b; Cartwright & Cooper, 2014). Perceived cultural differences in such situations can lead to negative effects on employees, such as tension, shock or counterproductive behaviour towards the new organisation and management (Bari et al., 2016; Buiter & Harris, 2013; Weber, 1996). Frequent mutual interaction, e.g. through joint training, coaching and projects of the transitioning teams, can help to minimise human problems. Interaction

promotes mutual understanding, which in turn supports the realisation of synergies and helps to overcome insecurity, stress and trauma (Bari et al., 2016). When companies merge, the management and effective coordination of interdependent activities during the change to clarify the interaction between each party involved in the M&A also play an important role (Bari et al., 2016; Jarzabkowski, Le & Feldman, 2012). Bari et al. (2016) propose the introduction of targeted coping programmes that include personal motivation, counselling and training, as well as a survey-based company diagnosis for coping with uncertain situations.

b. The Relevance of the Human Dimension, Merger-Fit Staff and Coping with Stress

Extensive literature examines business portfolio fit approaches, systematising deals according to the strategic logic and activities between partner organisations, which is why motives such as market strategies, strategic fit, synergies and added value dominate (Porter, 1980). The high reported failure rates that could not completely be explained by financial reasons elevated interest in human and psychology-related aspects (Garrow, 2005). According to Garrow (2005), many mergers do not have a clear vision. Even if they do, it has become apparent that employees of an acquired company are more guided by their direct supervisors' statements and behaviour than by the promises of the acquiring company's managers. Schweiger and Weber (1989) conclude that top managers have hardly attached importance to human dimensions, such as the talent of acquired top managers or their management philosophy. Most other HR-oriented aspects were considered less important, with a clear focus on the deciding top managers on financial considerations of the business combination (Schweiger & Weber, 1989). Deals of the knowledge industry increasingly target the transfer of knowledge and skills, strategic abilities and intellectual capital, which are more difficult to identify and value using traditional due diligence activities than tangible assets are (Garrow, 2005; Gupta & Roos, 2001). The psychological effect of mergers and the integration of employees are crucial issues in business combination activities (Cartwright & Cooper, 1993a; Garrow, 2005; Schweiger & Walsh, 1990). Further research in this field is necessary but is gradually emerging (Garrow, 2005) to cover descriptive studies on merger syndromes and stress (Cartwright & Cooper,

1993a Marks & Mirvis, 1991), the meaning and role of management (Schweiger & Weber, 1989), work satisfaction or dissatisfaction (Johnson & O'Leary-Kelly, 2003) and employee sensemaking and expectations (Chaundry, Wayne & Schalk, 2009; Searle & Ball, 2004). A larger amount of empirical research focuses on corporate culture or identity (Elsass & Veiga, 1994; Morrison & Robinson, 1997; D. Van Knippenberg, B. Van Knippenberg, Monden & de Lima, 2002; Zaheer, Schomaker & Gene, 2003), communication and information (Schweiger & DeNisi, 1991) or the role of the HRD (Cropanzano & Greenberg, 1997), while still missing integrated concepts that would contribute practically (Garrow, 2005).

Even though M&As have established themselves as a strategic management tool to gain control over different corporate resources – not just in large companies but also in medium-sized ones – high failure rates of 50 to 80 per cent are still reported and attributed to a variety of reasons (Bellou, 2008; Cartwright & Cooper, 1994, 2014; Dangmei, 2016; Garrow, 2005; Marks, 1998; Marks & Mirvis, 1985), while most causes of success and failure are related to human factors (Cartwright & Cooper, 1989, 2014; Weber, 2013). Employee attitudes and behaviour are critical to the success of business combinations (Bellou, 2008). Employees who trust themselves to be comfortable with change are less likely to feel a breach or violation of their PC. Because continuing changes are normal and vital to businesses, organisations should prepare their employees so that they develop a positive attitude towards change (Bellou, 2008). The PC has become a key concept for examining the impact of organisational changes on the workforce and executives (Bellou, 2008; Cortvriend, 2004; Garrow, 2005; Schalk & Freese, 2000) and for the understanding and development of the work relationship (Conway & Briner, 2002; Freese & Schalk, 1996), which is an exchange relationship of employee contributions for returns from the organisation (Blau, 1964). In addition, the relationship comprises the exchange of loyalty and effort for corporate inducements (Rhoades & Eisenberger, 2002). The absence of mutual trust, failure to integrate the workforce with the new organisation or share organisational knowledge and a low cultural fit are specific HR-related reasons for the failure of business combinations (Armenakis & Harris, 2009; Azzone & Palerno, 2011). In times of organisational change, employees often feel vulnerable and insecure concerning their job (Searle & Ball, 2004; Senior et al., 2017) and begin to question their career prospects, job security and levels of uncertainty (Saunders &

Thornhill, 2006; Senior et al., 2017). Negative post-merger employee behaviour has been found to reduce productivity due to distraction from perceived job insecurity or a feeling of helplessness because the company or the employee's relationship to it ceases to exist (Fong, 2009).

When M&As are announced, employees tend to react similarly to perceiving a sense of loss, like personal grief. M&As are unpredictable events for employees, so they cannot develop strategies for how to handle them. In addition, M&As are highly emotional occurrences in day-to-day business, and employees are reluctant to voice their fears so as not to risk their further careers. It was found that managers who have expressed their objections to the M&A have, on occasion, been referred to as preventers resisting the change, and in some cases, this label was so strong that they were replaced afterwards. The perceived demand on the managers and employees to appear outwardly merger-fit and willing leads to the perception of pressure and stress. According to Cartwright & Cooper (1994), poor initial selection decisions are the main causes of problems that arise during merger situations. When an organisation ceases to exist or makes a fundamental change, it affects the PCs of the employees concerned because the expectations of the individuals are broken by the other party and need to be renewed. Hence, mergers are stressful situations due to a high degree of perceived uncertainty. Stress mainly results from job insecurities and overwork. Successful merger management, therefore, is advised to start initiatives that push employee participation and reduce stressors (Cartwright & Cooper, 1994). Early employee involvement and participation are necessary to foster their buy-in to the transformation process (Garrow, 2005).

c. The Need for Early Involvement and Open and Just Communication

The literature agrees that PCs play an important role in situations of organisational change because the instability and uncertainty causes employees to question their situation and PCs, which in turn leads to renegotiation needs (Bligh & Carsten, 2005; Pate & Staines, 2000; Shield & Nelson, 2002). Organisational change situations and corporate transformation can alter the foundations of the employees' perceptions and beliefs about how they should be treated (Bligh & Carsten, 2005). SMs have

responsibilities to both employees and their employers. As employed managers, they play an important role in the implementation and enforcing of the restructuring process, and they are important contacts for the PCs of their employees, whereas meanwhile, their own contracts are changing. The question arises as to how managers can simultaneously act as agents and employees of companies during times of organisational transformation (Bligh & Carsten, 2005; Jackson, 2019). Scholars consistently confirm an increasing eminence and sensitivity to obligations, such as communication and information, workplace security, social networking and support and stability of the functional role, in situations of transformation and reorganisation (Bligh & Carsten, 2005; Marks & Mirvis, 1998; Rousseau, 2001a). During situations of organisational change, the relationship between SMs and employees is crucial. Employees will ask questions about how the restructuring is going to impact the business, to whom they will report in the future, how approval and communication processes will alter and how their compensation and benefits will be affected (Bligh & Carsten, 2005). Hubbart and Purcell (2001) found several factors that form the expectations of employees during the implementation of corporate acquisitions: quality and trustworthiness of communication and information, comprehensibility and trust in management action, integrity and fairness of management and logic and reliability of management actions or behaviour. Similarly, Schweiger and Denisi (1991) emphasise the importance of direct pre-merger communication to announce the organisational change, as well as previewing it to help employees cope better with the change. Research shows that the way SMs deal with the merger affects the satisfaction of employees and their sense of stability (Marks & Mirvis, 1998) and that pre- and post-merger communication, plus maintaining good employee relationships, foster the employees' trust in the organisation (Nikandrou, Papalexandris & Bourantas, 2000). SMs play an important role in the communication process in the top-down distribution of information from the upper-management levels of the company to the lower hierarchical levels of the employees. During transformations, employees usually rely on their supervisors as sources of information. This is why SMs often feel a dual responsibility towards their employees and top management. Employees' PCs are vulnerable, as organisational changes lead employees to perceive a breach of the contract if important factors, including organisational support, workplace security and social networking, are discontinued (Bligh & Carsten, 2005). Pate, Martin and Staines (2000) found that

experiencing management incompetency was counterproductive to the survivors' work satisfaction and commitment. Shield et al. (2002) revealed evidence that a just, credible and authentic communication policy from management can prevent fears of change. Actively maintaining and renegotiating the PC during the whole merger process positively affects the transformation of the new, merged organisation. SMs play an important role in the dissemination of information (Cartwright & Cooper, 2000; Shield et al., 2002). Effective business combinations terminate the preceding PC, and the organisational change process needs to be supported by a renegotiation or renewal (Cartwright & Cooper, 2000; Cartwright & Cooper, 2005; Jackson, 2019).

SMs are responsible for informing their employees fully and frankly during all stages of the change, which supports the organisational readiness for the transformation (Weber & Weber, 2001). Cartwright and Cooper (2005) state that although SMs play an important role in the PMI process, they themselves often have reservations about the change. In a situation where their own PC changes, and while they must process the new information themselves, they must communicate correct and complete information to their employees and answer multiple questions. In conclusion, the role of SMs in transformational situations is contrasting and difficult because they must be available for questions from their employees and be active communicators during the entire change process while being confronted with their own reservations and open questions. While feeling obligated to actively keep their employees informed about the ongoing and planned activities and the reasons for them, they also need such support from top management (Bligh & Carsten, 2005; Hubbard & Purcell, 2001). Alongside being an active communicator, i.e. being a spokesperson, it is crucial that SMs allow and foster open dialogue because they are important points of reference for their employees, i.e. they are central contacts and go-to people for all kinds of questions.

Rousseau (2001a) suggests that after an M&A, employees should be fortified to negotiate the terms of the employment relationship and thereby revise their PCs because processes such as negotiations, information searches and dialogue encourage profound reflection. This brings with it a significant responsibility for the other contracted side, which is represented by SMs (Guest & Conway, 2000). Trust plays an important role in this situation because it is found to smooth the effects of a perceived breach of contract (K. Jackson, 2011; Robinson, 1996). According to

Garrow (2005), M&As are specific kinds of major change, where parallel to the employment contract, the PC must also be transferred from the prevalent to the new organisation. Garrow (2005) maintains that the PC is not voluntary because the organisation is credited with being able to intentionally influence the PC of its employees. The orientation towards promises as being essential building blocks of the PC emphasises the role that the employer can play in forming and shaping it (Bavik, 2020). The new organisation's choice either to continue, renegotiate or build a transitional contract causes its obligations to accomplish the terms of the pre-merger contract. The M&A alone does not cause any break of the PC. It was found that pre-merger communication can install the possible upcoming merger into the existing contract and thus can lower the hurdles for the upcoming change. According to Garrow (2005), communication related to the maintenance of employees' PCs was rated to be more important than simply disseminating information about the merger. If there is no certainty about the future, it is advised to focus on transitional PCs to avoid the creation of wrong expectations. Garrow (2005) groups the literature that defines the PC by its function into a framework consisting of three stages: contracting, sensemaking and monitoring of change. In the contracting stage, the PC has the function of clarifying the mutual obligations and rules of the exchange relationship (Garrow, 2005). In terms of contracting, the PC enables understanding of the deal-making process and the terms of the deal (Millward & Bewerton, 1999), support of the contracting process (Herriot & Pemberton, 1995) and the contribution of intangible goods for the exchange deal, such as organisational commitment and citizenship (Setton, Bennett & Liden, 1996). During sensemaking, the content of the contract fosters the interpretation of organisational practices and realities. The PC can also help in monitoring and reviewing the deal by evaluating its fulfilment and maintenance (Garrow, 2005). According to Baruch (2009), the PC is a crucial element of the relationship between the employee and the organisation and a factor that mitigates stress. The perception of a breach or violation of the PC generates stress. In this context, Baruch (2009) evaluates the building of the PC as an essential career-planning management practice, which also applies in analogy to the integration of employees. After breaches, a process of repair can restore the PC and lead to positive perceptions of an exchange (Bankins, 2015).

There is an ongoing debate between scholars on whether to define the PC strictly as a personal perception in the mind of an individual or as a combination of beliefs of the individual employee and the organisation (Garrow, 2003), whether it is viewed as an anthropomorphised collective or represented by agents. Garrow (2003, 2005) states that regardless of the definition of the PC, the other side has an important role to play because it impacts trust and loyalty. Meetings and communication in the early phases of the M&A have a signalling effect on the formation of the PC. If promises are made that are not fulfilled in the later process, a breach of the contract is perceived, resulting in negative consequences for the employment relationship. Relational contracts are grounded on trust and loyalty, while transactional ones refer to short-term compensation and monetary rewards. It is therefore suggested that previous transactional contracts should be managed in the same manner with clear short-term economic rewards. However, when previously relational contracts are treated in a transactional manner, the employees perceive the work relationship as no longer being based on trust. Relational contracts are more complex than transactional ones. The breach of the PC can lead to critical business risks; therefore, Garrow (2003) suggests that responsible M&A managers assess the predominant type of contract and ground their communication and integration strategy on whether it is more relational or transactional. The agents representing the organisation are key influencers of the employees' perception of the change and thus influence the PC. While early-stage communication is crucial and informs the formation of the perceived deal, agents should communicate consistent messages and be aware of the explicit and implicit promises they make (Garrow, 2003). Sverdrup and Stensaker (2018) suggest a trust repair model to restore trust after conflictual change processes in the context of M&As by renegotiating the PC and focusing on the relational dynamics that formed during the change and led to uncertainty and ambiguity. The idiosyncratic nature of the PC is commonly agreed on in literature (Bellou, 2007; Robinson & Morison, 2000; Rousseau, 1989; Shore & Tetrick, 1994). Personal dispositions and characteristics affect different perceptions of a contract breach or violation (Ho, Weingart & Rousseau, 2004). Bellou (2007) found that employees who are more successful at coping with changes feel less that the change has negatively changed their setting, i.e. they are less prone to perceiving breaches or violations of their PCs.

Communication and information are key instruments of organisations to foster a positive transformation during organisational changes. It is essential to inform the employees of changing demands and expectations, as well as the remaining synergy of the existing team in the new environment, to fight uncertainty (Seale & Ball, 2004). Searle & Ball (2004) claim that gossip is an important social skill fostering the social integration of individuals and that when it concerns managers' behaviours, it can play an important role in improving vigilance and thus influence trust. It was found that certain managers' reputations were perceived by employees as symbolising the fundamental intentions of the company, which is why they were targets of gossip. Gossip incorporates storytelling about past behaviours and events, either strengthening or devaluing people's reputations. Thus, it can be positive or negative. The authors maintain that gossip supports the creation and sustainment of work relationships, while it forms groups based on who talks to whom about what. Furthermore, gossip builds and strengthens trust within dyadic relations, but it can also raise concerns (Searle & Ball, 2004). Despite gossip's trusting and unifying function, it is critical to consider because it can also have negative consequences, including the separation of groups; exclusion; a negative influence; an office grapevine; cheap propaganda; the spreading of rumours, half-truths or insubstantial information; or even bullying.

Communication during the change process, which on the one hand refers to the merger itself and on the other hand deals with topics of the workforce, was important to SMs. In one study, while some managers mentioned that they became aware of the merger through the office grapevine, others perceived the communication about the deal closing as being reactive to rumours, while another group indicated that they would have preferred face-to-face communication instead of emails, but all respondents agreed that people issues were not being tackled by communication, and most participants missed having the opportunity to respond (Magano & Thomas, 2017).

Fundamental organisational changes impact the employees' view of their employment relationship. Such changes are likely to reconstitute their expectations of the less formalised aspects of an organisation. The concept of the PC helps to understand employees' reactions (Bellou, 2007; Bligh & Carsten, 2005; Fong, 2009; Garrow, 2005; Huiyuan & Xin, 2008; Sherman & Morley, 2020; Shield et al., 2002;

Quinonez-Gonzalez, 2013, 2016). According to Morrison (1994), 'change alters the contract' (p. 365). Bellou (2007) compares previous and post-merger PCs. From an employee perspective, M&As are situations that are uncontrollable and characterised by uncertainty. The ability of the employee to cope with the change correlates negatively with the perceived differences of the PC after the organisational change. The PC is a useful means to foster sustainable PMI, and organisational agents carry weight to shape it in a desirable way (Bellou, 2007; Bellou, 2008; Cartwright & Cooper, 2000). Maintaining the PC during the merger process contributes to a successful integration (Cartwright & Cooper, 2000; Rousseau, 1995; Shield et al., 2002). Management practices, such as procedural justice, a coordination approach, communication system, integration strategy and coping programmes, influence the merger performance. Therefore, the PC is a mediator between management practices and merger performance (Bari et al., 2016). A well-organised and attractive work setting can contribute to organisational newcomers forming trust (Baer et al., 2017). It is essential to inform them during early socialisation stages about corporate values, formal procedures and the informal norms and skills they need to perform their roles. This strengthens their commitment to the organisation (Sobral, Furtado & Islam, 2017). Senior et al. (2017) show the importance of communication even in the early stages when announcing an upcoming merger. Communication plays an important role in minimising negative perceptions and creating a positive psychological climate (Nugraha, Ardiwinata, Kadiyono & Zulrizka, 2016). SMs play an important role in the top-down dissemination of information. Employees often rely on their direct supervisors to gain information and understand organisational changes. In this regard SMs, have a bidirectional obligation to their own and their employees' PCs (Bligh & Carsten, 2005). Existing research confirms the relevance of the integration process, early involvement and open and fair communication with credible explanations to M&A success (Bansal & King, 2020; Garrow, 2003; Marks & Mirvis, 2011; Robinson & Rousseau, 1995; Quinonez-Gonzalez, 2013, 2016).

Merger integration phases are often characterised by a deficiency of official communication and management support (Cartwright & Cooper, 2000; Senior et al., 2017), as well as by anxiety and uncertainty in employees (Thornhill et al., 2000; Senior et al., 2017). The literature postulates a strong need for effective managerial communication from the top down as an integral part of the change process (Searle

& Ball, 2004; Senior et al., 2017). A lack of formal communication increases the need for employees to fill the gaps in information by discussing with colleagues, which can lead to even more uncertainty in the case of bad connections, misinterpretations or half-truths if they had negative experiences (Searle & Ball, 2004; Senior et al., 2017). Functioning communication mechanisms for everyday, top-down and organisation-related communication are important during a merger situation, can promote the exchange between organisation and employees and have a positive influence on the PCs by stabilising it against perceived breaches (Conway & Briner, 2005; Guest & Conway, 2002; Senior et al., 2017). Bansal and King (2020) found that the perceived fairness of the communication explaining the rationale behind the decision for the merger is important for its effectiveness and to foster employees' acceptance of it. According to Cortvriend (2004), leadership style influences how the merger is perceived by employees. Communication interventions are suggested to support the understanding and shaping of the employees' PCs during changes (Cortvriend, 2004; Searle & Ball, 2004). Strong top-down messages make PCs more resistant to being breached or violated (Searle & Ball, 2004; Senior et al., 2017).

d. Disruption of Existing Relationships and Merger Syndrome

According to Marks (1998), M&As are above other organisational changes in terms of their high speed, the extent of change and the uncertainty caused by numerous unknown issues. M&As are situations that disrupt the old agreement, and thus, the new organisation must create the foundations of the new work relationship by managing PCs (Garrow, 2003). Such organisational changes imply consequences on both personal and organisational levels (Lees & Taylor, 2004). Organisations are composed of numerous different components with complex interactive structures; thus, restructuring often brings forth previously unanticipated consequences. If individuals or whole entities resist the change while new settings are introduced, there arises a risk of structural instability. Survivor's syndrome builds such a source of instability because employees who perceive it tend to react with low morale, job frustration and reduced efficiency, which persist and increase with time. While some scholars attach survivor's syndrome purely to the emergence of a change scenario (Noer, 2009), others postulate that it is a consequence of poor management and

enactment of the change by the organisation (Garrow, 2005; King, 1996) because many organisations are not well-prepared to deal with consequences on a personal level (Lees & Taylor, 2004). The planning of the business combination is based on rational decision-making, while the human factor is often critical to success but hardly considered. The literature reports different possible negative consequences from suboptimal organisational change processes. Lees and Taylor (2004) identified a high level of perceived stress due to an altering pace of work or the new physical layout of the workplace in their study. Negative perceptions of the employees suggest being consistent with the outcomes of survivor's syndrome, the breach of the PC and deficient communication activities (Lees & Taylor, 2004). Highly committed employees with the confidence to handle the change are more likely to demonstrate civic virtue and are more robust to the perception of a PC breach (Bellou, 2008). Careful M&A management requires more than just skilled planning implementation, namely, to support employees in their personal change, often in an environment in which the existing culture is more resistant to change (Shain, 1996). Lees and Taylor (2004) found evidence for survivor's syndrome resulting from an M&A process being dominated by rational planning, project enforcement and implementation, while the human factor, the support of personal changes, participation and employee information and communication are neglected (Lees & Taylor, 2004). In an acquisition, usually, a smaller firm is taken over by a stronger, often larger company, which dominates the business combination strategy and process. While the employees of the acquired firm must adapt to the dominant acquiring firm's corporate culture and identity in a one-sided transformation, the employees and managers of the acquired company often try to protect and maintain their existing identity or aspects they deem relevant, fully or in part (Linde & Schalk, 2006). This often becomes visible during the pre-merger explorative talks and negotiation process on M&A activity, for example, when SMs outline the specifics and uniqueness of their company, sometimes the maintenance of certain characteristics is even agreed on as a premise for further negotiations and influences the kind of integration, e.g. retention of the target's brand or work culture.

Marks and Mirvis (1985) describe that those managers who suffer merger syndrome are seized by insecurity, shock and loss. Symptoms that have been identified are losing objectivity, postponing painful decisions, behaving aggressively in

negotiations, reverting to crisis management, making compulsive decisions, 'horse-trading' and omitting information (Marks & Mirvis, 1985). Merger syndrome leads to the increased self-interest of employees because they are most concerned with what the implementation of the merger means to them, their salaries and their careers (Marks & Mirvis, 1985). It can even lead to employees perceiving the merger as the loss of a loved one and treating it as a personal crisis (Sherer, 1994), and they then lack motivation, drive and commitment (Cartwright & Cooper, 1990; Marks & Mirvis, 1992), which results in negative attitudes and behaviours, including dissatisfaction with the job, loss of affiliation, loyalty and productivity and an increase in errors, unhappiness and withdrawal (Latack, 1986; McHugh, 1997). Merger syndrome is based on the experience of stress and unsettled conditions during major organisational changes and causes grief, separation fears and other negative consequences, such as uncertainty, absence and low self-esteem (Cartwright & Cooper, 1993a; Cortvriend, 2004; Marks & Mirvis, 1992). The integration process of business combinations entails a behavioural marriage of the employees because it means a union or blending of central functions of the companies involved. The acculturation stress is bound to the degree of harmony and agreement of the companies, while in practice, one stronger part often dominates the activities instead of the alleged mergers of equals communicated over media (Cortvriend, 2004). Effective management and implementation contribute to a positive experience of business combination (Cortvriend, 2004; Marks & Mirvis, 2011), but often, management shows a lack of expertise and capacity to give low management support in terms of significant participation and sustainable communication (Cortvriend, 2004). While the individual capacity for rapid and continuous change is restricted, most employees have a positive attitude towards it but want to have some control over it, too (Guest & Conway, 2002).

The measurement of the success of the M&A activity depends on the view of the assessing party. As stakeholders focus on dividends and the value enhancement of their stocks, managers may consider sustained growth and the expansion of services and markets, while employees are interested in their satisfaction, i.e. with work, employment security, compensation and incentives, plus their occupational safety and health (Linde & Schalk, 2006). Decision-makers base their expectations on future M&A achievements primarily on the productivity of the workforce before the

M&A without considering the possible negative impacts of stress from the change situation or the initial experience curve of the new collaboration model and work relationships. This is precisely the task for managers to introduce the change so that employees remain motivated and confident, referring 'to the experience of perceived promises made and kept': the PC (Linde & Schalk, 2006).

e. Renewing Corporate Culture and Retaining Identity and Strengths

Cultural integration plays an important role in PMI. Shield, Thorpe and Nelson (2002) found that '(t)he change process can be facilitated by creating high-profile 'coalitions' of senior staff from each organization, which may be adjusted as organizational dynamics develop' (p. 361). To overcome differences in the cultural heritages of the merged organisations, the authors suggest implementing thoughtful integration management programmes that create a movement towards a mutual campaign for both organisations. Cultural integration can be encouraged by quick reviews of processes and the daily routine, revealing myths and fortifying the use of technical terminology and the targeted composition of mixed teams from both organisations. The renewal of the signs and symbols of the new organisation (e.g. manuals and process descriptions), as well as the clarification and adaptation of power relations, further fosters cultural integration. In terms of integration project management, mind-mapping proves to be a good support system for the documentation and structuring of complex interrelations (Shield et al., 2002). Strategic HR management is critical to the success of M&A processes because it can encourage the cultural fit, incorporate the management practice, foster communication and dialogue, support employees and enable cyclical reviews of the activities and achieved results (Cartwright & Cooper, 2000; Shield et al., 2002). The similarity of the identities of the merging companies highly influences the success of the merger and should be considered in the integration process. Therefore, it is suggested to include the evaluation of identity in HR due diligence (Joshi et al., 2020).

In the context of M&As, culture should be considered holistically because cross-cultural research shows that national, organisational and occupational culture influences the formation, content and fulfilment of employees' PCs (Arshad, 2016;

Barseghyan, 2019; Balabanova et al., 2019; Costa et al., 2017; Du & Vantilborgh, 2020; Eze et al., 2021; Jayaweera et al., 2021; Kraak et al., 2018; Lee et al. 2018; Newaz et al., 2021; Rao & Kunja, 2019; Restubog et al., 2007; Thomas et al., 2016).

f. The Importance of Sensemaking, Building and Maintaining Trust

PCs are socially constructed interpretations and perceptions of reality comprising varying implicit content, such as career, training and performance expectations. These expectations grow even before the actual start of the employment and develop over time into increasingly robust and stable mental models or schemas. Schemas are stores of experiences, which provide a structure to organise and apply information about earlier experiences and expectations and thus are useful for sensemaking (Searle & Ball, 2004). According to Weick (1995, 2001), individuals seek to create order by retrospectively making sense of the situations they are currently in with active and reflective 'processes through which they attempt to make situations rationally accountable for themselves and others' (Weick, 2001, p. 11) by an 'ongoing retrospective development of plausible images that rationalize what people are doing' (Weick, Sutcliffe & Obstfeld, 2005, p. 409). Therefore, sensemaking aims to make situations and events rationally comprehensible by constructing meaning as clues within an existing pattern of thought. Meaning is seen to be a result of attention; thus, sensemaking is a retrospective reasoning. Weick (1995) states that 'the feeling of order, clarity or rationality is an important goal of sensemaking, which means that once this feeling is achieved, further retrospective processing stops' (p. 29). Trust is based on the awareness of imperfect information, and hence, it is an information and control surrogate that replaces the obtaining of further information. The PC is characterised by incomplete information from both parties. Accordingly, trust is a mental model for the interpretation of phenomena linked to it. The leap of trust depends on verbal commitments and contextual aspects that cause the extent of understanding and emphasis given to the promise (K. Jackson, 2011; Rousseau, 2001a; Searle & Ball, 2004). According to organisational justice theory, trustworthiness can be perceived in three major regards: distributive, procedural and interactional fairness. Interactional fairness subsumes intrapersonal and informational justice. The employees' perceptions of fairness can influence their

subsequent attitudes and behaviours (Greenberg, 1987; Searle & Ball, 2004). Distributive justice concerns the result of decisions, i.e. whether a planned restructuring followed by redundancies is necessary and fair. Procedural justice comprises the fairness of procedures applied for the decision-making, i.e. how the redundancies were identified and justified. Participation, consistency, ethics, impartiality and correctability are important aspects of procedural justice. Interactional fairness incorporates intrapersonal and informational justice and deals with the treatment of the people who are subject to the transformation process. Intrapersonal fairness builds on respect, decency and sensitivity in dealing with people, although informational justice requires openness, justification and explanation. Perceptions of the forms of justice affect the trust and commitment of the employees. Additionally, it was found that trust changed to distrust regarding consent to the method and nature of the implementation of the measures. Primarily, this comprises interactive elements of justice in which management plays an important role, e.g. the way the measures have been implemented (Searle & Ball, 2004). Searle & Ball (2004) found that while trust was built on an individual level, mistrust was created and encouraged by the experiences of others. In situations where formal communication is lacking, employees tend to rely on these, and in uncertain situations, negative examples receive more attention. Throughout times of organisational change, active relationship management by the organisations is suggested, instead of relying on the survivors to take leaps of trust (Searle & Ball, 2004). Credible explanation is a communication strategy that fosters the sensemaking of employees about the M&A activity because it provides trustworthy reasoning and thus reduces the risk of a perceived breach or violation of the PC. Credible explanation intends to justify the M&A decision by providing insights and facts about the background and objectives of the M&A, the process and activities to implement it and expected benefits for the company. The PC is found to be an appropriate means to manage the behavioural reactions of the workforce to major changes and assess attitudinal reactions (Quinones-Gonzalez, 2016).

The literature identifies three main measures of employee contributions that are critical to the determination of organisational productivity and the success of the business combination: the employees' intention to leave, their wilful neglect of in-role responsibility and liability and their disposition to engage in organisational citizenship

behaviour and activities outside their role (Fong, 2009; Gurumoorthi & Venkatesan, 2020; Robinson, 1996; Turnley & Feldman, 2000). A breach or violation of the PC negatively affects organisational citizenship behaviour and fosters deviant workplace tendencies (Griep et al., 2020; Gurumoorthi & Venkatesan, 2020; Sharma, Pandey & Sinha, 2019; Song & You, 2021). Transactional PCs are short-term, inflexible and lack long-term commitments (Restubog et al., 2008, 2010). Companies should therefore classify employees according to their strategic importance and the resulting desired level of loyalty to develop transactional or relational PCs (Sharma et al., 2019). Perceived organisational justice and psychological resilience positively affect the commitment to organisational change and the building of a relational PC (Cho et al., 2017). Incomplete, inadequate or skin-deep communication (Demers, Giroux & Chreim, 2003; Lesowitz & Knauff, 2003; Schweiger & DeNisi, 1991); a lack of trust due to perceived corporate injustice; and low reliability of company representatives (Thornhill et al., 2000; Searle & Ball, 2004; Stahl & Pablo, 2003) can cause unwanted consequences and circumstances for employees during the integration process. A clash and incompatibility of cultures can lead to a cultural shock (Weber, 1996). Therefore, the understanding and controlling of the behaviour and attitudes of employees are critical success capabilities of companies that can prevent major implementation problems and help to maintain the PC between the individuals and their company (Conway & Briner, 2002; Rousseau, 2004). During periods of organisational change, the PC plays a central role in the sensemaking process of the employees, i.e. to communicate with staff on key issues, such as what they get out of it, what will happen to them and what is expected of them (van den Heuvel et al., 2016).

g. Promotion of Organisational Citizenship Behaviour

Globalisation, competitive pressures and ever-changing environmental conditions present companies with large dynamic challenges today. This requires them to have, at least temporarily, a high level of engagement in behaviours that cannot be captured by traditional job performance metrics but without which the company cannot survive in the long run (Bellou, 2008; MacKenzie, Podsakoff & Rich, 2001). For example, companies would like to see employees who support each other,

respond to customers' special requests and anticipate what clients need to be satisfied; in other words, to provide real solutions in the interests of the customer and at the same time act in the same way as the company is good, rather than just going back to simply fulfilling their duties. A common term for this is organisational citizenship behaviour, which Organ (1988) calls the 'good soldier syndrome', referring to employees that voluntarily go the extra mile for their company. Organisational citizenship behaviour comprises the willingness of the employees to work for the company beyond the required task or role without expecting anything in return. Therefore, employees act like good corporate citizens by putting the interest of the collective before their own individual interest (Arunachalam, 2020; Gurumoorthi & Organ, 1988; Song & You, 2021; Venkatesan, 2020). Positive organisational citizenship behaviour works inwardly and outwardly and thus contributes to employee and customer satisfaction. Organisational citizenship behaviour emerges from the intrinsic motivation and the self-understanding of the individual and is lived without demanding formal rules, regulations, or direct rewards from the company. Since the company takes note of such positive behaviour, it is worthwhile for the employee in the long term. Therefore, they sometimes consciously use this behaviour for impression management, but still, the intrinsic motivation dominates. Organ (1988) identifies various behaviours that make up organisational citizenship behaviour, which at first glance and regarded as individual acts may sound rather trivial: altruism, conscientiousness, courtesy, sportsmanship and civic virtue. Only in interaction and in their entirety do organisational citizenship acts increase the functioning of the organisation. Altruism means helping others voluntarily, e.g. colleagues overworking, training or offering additional support to customers. Consideration aims to actively prevent the emergence of problems of cooperation through anticipatory action and also involves not keeping knowledge and information to themselves but rather sharing and multiplying it. Conscientiousness includes punctuality, reliability and the careful handling of resources and work equipment. Sportsmanship is the ability to remain calm in the face of unavoidable trouble, inconvenience or stress and to maintain a positive attitude. Civic virtue embraces responsible and constructive behaviour, e.g. by constantly striving to improve processes and practices in the company's best interests, identifying and closing potential for optimisation and vulnerabilities, gaining insights from the market or bringing customers or new recruits into the company. Voluntary behaviours are also

an important part of civic virtue, e.g. participating in industry associations or working groups, whereby knowledge is created for the enterprise or is placed as a knowledge driver or social engagement in the context of corporate social responsibility (Gurumoorthi & Venkatesan, 2020; Organ, 1988). Civic virtue, i.e. the employee's own initiative, has a special role to play because it is the only dimension of organisational citizenship behaviour that has an exclusive effect on the organisation and not the employees (Bellou, 2008; Robinson & Morrison, 1995). For example, employees do not ignore arising problems and merely sympathise with their colleagues that are involved. Instead, they take the initiative to actively work with colleagues or prevent issues conscientiously and politely, even when this is difficult or means unpopular topics need to be addressed (Bellou, 2008). Employees are self-motivated to actively monitor the company's environment for opportunities and threats, even at a high personal cost. In situations where the organisation does not meet its obligations, employees tend to reduce their own initiative to restore a kind of balance between performance and consideration. Thus, breaches of the PC lead to reduced civic virtue and the avoidance of extra-role behaviour (Bellou, 2008). To retain a committed workforce that wants to remain with the new company after the merger and is motivated to contribute beyond the obligations defined in explicit contracts, organisational agents must focus on the fulfilment of corporate obligations to prohibit the occurrence of PC breaches or violations (Bellou, 2008; Gurumoorthi & Venkatesan, 2020; Song & You, 2021; Thornhill et al., 2000). M&As can positively impact the employees' job involvement and engagement and thus foster commitment and organisational citizenship behaviour if the PC is fulfilled with the merger. To achieve this, it is important to have open communication with and provide information for employees throughout the process (Arunachalam, 2020).

h. The Perception of Unmet Promises, a PC Breach or Violation

The definitions of PC breaches versus violations are unclear, and many scholars use the terms interchangeably to label an individual's perception that another person did not sufficiently fulfil obligations that were promised to them (Garrow, 2005). The 'identification of perceived unmet obligations' (Pate, Martin & McGoldrick, 2003, p. 557) constitutes a breach of the PC, which is connected to immediate events related

to the work or workplace (Conway and Briner, 2005). However, violation typically occurs after the breach and leads to long-term or continuing negative attitudes and behaviour (Guest, 1998). Violation lowers affective commitment and entails a long-term reduction of emotional contributions and work engagement (Senior et al., 2017; Turnley & Feldman, 2000). According to Garrow (2005), the symptoms associated with the violation of the PC are like those of the various merger syndromes; hence, this raises the question as to which negative effects are attributable to the poorer situation or violation of the PC. There exists a broad range of empirical research on the breach or violation of the PC and corresponding deviant workplace behaviour, as well as worsening or even negative attitudes towards the job or organisation (Danilwan, Isnaini & Pratama, 2020; Garrow, 2005; Robinson, 1996; Senior et al., 2017; Turnley & Feldmann, 2000; Young et al., 2018).

Organisational socialisation strategies should consider the type of predominant PC. Transactional contracts are based on monetary profit and short-term rewards, while relational contracts are based on relationship qualities (Garrow, 2003; Linde & Schalk, 2006; Rousseau, 1995, 2001). Breaches of the PC impair employees' performance, organisational citizenship behaviour, job satisfaction or involvement and lead to organisational deviance or turnover intention (Arunachalam, 2020; Griep et al., 2020; Gurumoorthi & Venkatesan, 2020; Murphy, 2014; Quinones-Gonzalez, 2013, 2016). A breach of trust also reduces job involvement. Organisational justice is an important factor fostering job involvement, even if the employees perceive a breach (Chang & Lin, 2014; Murphy, 2014). Injustices can arise from ineffective communication and lead to the opinion that the PC has been broken. The consequences are lower corporate citizenship behaviour and organisational commitment and an increasing intention to leave (N. Jackson, 2011; Lees & Taylor, 2004). Management and leadership styles significantly impact the acceptance of change. Changes from a formalised to a more democratic style need explanation during the integration process (Cortvriend, 2004). Likewise, the qualities of the previous employment relationship should be considered in the planning of the integration process (Linde & Schalk, 2006, 2008), but Garrow (2005) found evidence for a necessary but often-missing re-negotiation of the PC during the integration process. Garrow (2005) states that PCs are never completely individual because of their collective and social interpretation. In situations of major change, the acquiring

company and its representatives play an important role in the redefinition of the post-merger PC (Garrow, 2005).

In the context of organisational change, employees reinterpret the employer's perception of the PC, thereby adjusting their perceived obligations and those of the employer. While PC fulfilment fosters the adjustment process during organisational socialisation, a perceived PC breach interrupts it (Woodrow & Guest, 2020). During the socialisation process of employees after M&As, trust and communication play a major role in the formation of a binding relationship with the new organisation, which is accompanied by a renewed or newly established PC. The renewal or formation of the PC is based on an assessment of the perceived changes to the mutual obligations. The experience gained in the assessment of the extent to which the organisation fulfils its expected obligations may lead to a breach or violation of the PC in the event of non- or under-performance. Particularly in times of organisational change, employees tend to test things that normally involve trust. Trust has proven to be an important mediator between a perceived breach of the PC and resulting work behaviour. Early promises made in pre-merger talks can turn out to be unrealistic, difficult or even impossible to implement in the later integration process, which can lead to conflicts with the PC (Jackson, 2019). Holland and Scullion (2019) state that the PC can be used as a tool to foster post-merger talent retention by regarding talent on a personal and individual level. Therefore, it is suggested that HR due diligence activities should consider and form the building blocks of the PC purposefully (Holland & Scullion, 2019). Young et al. (2018) found that employees with fewer managerial responsibilities are more likely to perceive a breach of the PC than SMs. Breaches of transactional PCs, such as pay rises, bonuses or promotions, occur more frequently and with greater perceived violation than breaches of relational PCs, such as job security, career development or job responsibilities. Many employees have temporary negative phase-related experiences during M&As. It is proposed that the buying company deals with the expectations of the employees of the purchased company and gives them a voice during times of uncertainty because mutually coordinated expectation management can reduce the risk of PC breaches or violation (Young et al., 2018). Open communication has a positive contribution to how employees perceive the relationship with their organisation and thus supports the acceptance of organisational changes and reduces the risk of perceived

breaches of the PC (Nugraha et al., 2016). In case of breaches or violations of the PC, compensation through other incentives is proposed as a remedial measure. This requires open dialogue and the existence of alternative jobs or other appropriate inducements (Van Gilst et al., 2020).

2.2.3 Preferences and Content of the Psychological Contracts of Senior Managers in the Context of Mergers and Acquisitions

a. Dynamics and Changes of the PC

The literature recognises the critical importance of the human factor in the success of M&As (Houghton, Anand & Neck, 2003; Lesowitz & Knauff, 2003; Stahl & Pablo, 2003). It is suggested to assess the PCs of employees during organisational changes and M&As to support the transformation and integration process and uphold job satisfaction and performance (Bellou, 2007; Cartwright & Cooper, 2000; Coyle-Shapiro & Kessler, 2000; Dangmei, 2016; Morrison, 1994; Robinson, Kraatz & Rousseau, 1994; Rousseau, 1995; Shield et al., 2002). Organisational changes lead to a disruption of the existing employment relationship because they terminate existing contracts and start new ones due to changed needs and obligations (Herriot & Pemberton, 1996; Rousseau, 1995). Such situations force the employees to examine and rethink their understanding and perceptions of the PC (Linde & Schalk, 2008), while the specific employee and employer obligations perceived by the employee form its content (Rousseau & Tijoriwala, 1998). The literature distinguishes between three kinds of assessments: content measures, which assess the terms of the contract; feature measures, which evaluate the attributes including being static or dynamic; and evaluation measures, which comprise the judgements of the individuals about the state of their PC, such as whether it is fulfilled, breached or violated (Rousseau & Tijoriwala, 1998). There is an almost unlimited range of possible content, which might be the reason why there is no clear consensus in the literature on the best measurement scale for assessment (Linde & Schalk, 2008). A comprehensive overview of obligations and associated promises of employees and employers is enclosed in appendix II.

The content of the PC alters during major changes (Weber & Weber, 2001), and employees periodically review their PC to keep up with continuing changes (Raeder & Schalk, 2021; Rousseau & McLean Parks, 1993). Hence, a transformation (Cartwright & Cooper, 1993a; Coyle-Shapiro & Kessler, 2000) or replacement (Baruch & Hind, 1999) of the PC is necessary during organisational restructuring. Organisational agents actively need to re-establish the employment relationship suitable to the new setting and needs while promoting the development of trust and commitment (Bellou, 2007). This is necessary even if the employees in the day-to-day business do not seem to experience any change by maintaining the same workplace, colleagues, supervisors and so on. Often, the changes are not announced, but the staff recognise them gradually by making comparisons with the previous state (Bellou, 2007). M&As are similar situations to organisational socialisation, and in both processes, the new employees need to familiarise themselves with the new setting, assimilate to its rules and values and adapt their attitudes and behaviours accordingly (Bellou, 2007; Chao, O'Leary-Kelly, Wolf, Klein & Gardner, 1994; Schweiger & DeNisi, 1991). During M&As, survivors act as newcomers by making sense of the new setting (Bellou, 2007). Employees tend to assign a less relational character to the post-merger PC than the pre-merger one, possibly due to their short tenure, disappointments from the merger process or an inner resistance to change (Bellou, 2007). During organisational change, employees re-interpret their mutual obligations to their employer. They rethink their perceived contributions and the employer's obligations in return; thus, their PC renews, and they adjust their job behaviour accordingly (Raeder & Schalk, 2021).

b. The Dual Role of Senior Managers and their Upward PCs

Traditional concepts of the PC focusing mainly on the individual perspectives of the employees are limited in their understanding of the complexity of managerial contracts due to their sandwich position and dual role during PMI. Managers have a bi-directional obligation to the organisation and their subordinates; therefore, they have upward and downward PCs (Bligh & Carsten, 2005). This research focuses on the upward PCs of SMs with the organisation. The literature credits mid- and top-level managers as having a central role in maintaining the PCs of their employees

because, for the employees, they are the most important point of contact regarding contract issues. Thus, mid- and top-level managers are often used by the organisation or upper management to negotiate contracts with their employees (Bligh & Carsten, 2005; Guest, 2004; Guest & Conway, 2002; Lester et al., 2002; Marks, 2001). According to Bligh & Carsten (2005), 'it is likely that managers have a duality in maintaining their contractual obligations as both agents and employees of the organization' (p. 499). Bligh & Carsten (2005) identify two fundamental kinds of PCs from their research on nurse managers, i.e. upward contracts with supervisors and management and downward contracts with their staff. Within the maintenance of downward contracts, open, honest and direct communication was seen to be most important, whereas the upholding of upward contracts has been linked to material support and resources for the consolidation process expressing a perceived lack of support. In a situation of simultaneous renewal of their upward and downward contracts, managers reside in a complex role with a high potential for disillusionment. Research confirms the importance and exclusive role of SMs in organisational changes and restructuring activities. They foster the change process by providing emotional support and information to their employees and maintaining the downward contracts with them. Often, the information policy is restricted by top management. It was found that managers prioritise downward contractual issues with their direct employees more than upward contractual issues to the top management. Managers' complex roles mean that they have different perspectives on information when they are either the consumer, guardian or distributor, at the same time as a necessity to take different positions when deciding what they pass on (Bligh & Carsten, 2005). While research postulates the importance of managers integrating and involving employees with open, clear and honest communication (Bligh & Carsten, 2005; Shield et al., 2002), this leaves managers in a critical situation in which two different target systems pull on them and can collide. Therefore, mid-level managers are sometimes in a position where they cannot freely communicate existing information decisively and need to avoid perceptions of a contract breach or violation. Concerning their upward contract, managers perceive a lack of top-down support from upper management, while they are expected to support their own employees, so to speak, with empty or bound hands (Bligh & Carsten, 2005). Managers tend to value relational aspects of their contracts more highly than transactional ones, while lower-level employees tend to be the opposite (Bligh & Carsten, 2005; Herriot et al.,

1997). The findings of Bligh and Carsten (2005) point to the importance and meaning of the close relationship between middle management and their direct subordinates and the dominance of the social element of the work relationship, with both forming the backbone of the PC. Upward and downward PCs constitute bidirectional obligations and a dual role of SMs in the process of organisational changes (Bligh & Carsten, 2005). Due to the dual role, breaks in the PCs by the employees in turn have a negative effect on their superiors and can even lead to stress for them (De Jong, Clinton, Bal & van der Heijden, 2021). The socialisation process in new organisations is a challenging experience for SMs, as they are confronted with high expectations from both their previous team and the new organisation. In addition to the familiar and ongoing day-to-day business, this requires a high level of commitment, as the newcomer's knowledge of the organisation is still limited. Therefore, the alignment and connection with the leadership team and the establishment and building of a strong network and coalitions with other SMs is crucial for the successful integration of SMs (Korte & DeVitis, 2010). SMs have a complex dual role in organisational change, arising from the fact that they are both recipients and facilitators of change. As agents of change, they influence their teams' awareness, sensemaking and response to change (Balogun, Bartunek & Do, 2015).

c. Multifocal Perspective of the PC and Constituents

During M&A activities, SMs are confronted with multiple changing formal and informal agents of the organisation. Thus, literature proposes encompassing more diversity in the concept because the unidimensional perspective on the relationship between the employee and the organisation ignores important aspects, such as the mutuality of the agreement and the relevance and influences of the diverse agents representing the organisation, hence building the other contractual party. The organisation itself is simply a mental construct of a collective entity unable to act and communicate, therefore acting through the people representing it (Alcover et al., 2017b; Bligh & Carsten, 2005; Harriot & Pemberton, 1996). So, Carsten and Bligh (2005) conclude that '[e]mployee obligations may no longer be explained solely by the unidimensional focus on employee-to-organization relationships, and the focus on "the organization" as the primary contractual anchor may be misleading' (p. 498). As an analogy, Marks

(2001) postulates a multifocal concept of the PC pointing to the findings that multiple groups represent the organisation, including the team the employee is part of, top management and supervisors or subordinates. Individuals from those groups who interact with the employee are constituents of their PC. It has been found that the numerous different constituents' expectations of compensation for their directions, backing, information and enablement may vary. Thus, Marks (2001) concludes that although the organisation is represented by different groups, the contract develops on a bilateral level between individuals, the employee and the constituent. Consequently, the author claims that each employee holds several separate contracts with each constituent dependent on the personal closeness and cohesiveness of the working relationship (Bligh & Carsten, 2005; Marks, 2001).

In this regard, it remains open as to who, in the end, is a constituent or agent and who perhaps just informs closed PCs with other people, i.e. whether the employee automatically forms a PC with all the superiors they have a working relationship with or only a select few. Due to the voluntary nature of the PC being a mental construction of individual perceptions, the question arises as to whether constituents of the PC can be nominated or appointed by the organisation, like the organisation is able to nominate and appoint agents for classical contracts who negotiate, formulate and complete them with solicitors (Garrow, 2005). It also remains open as to whether, initially, PCs are influenced by informants who do not act as a contracted party. But as soon as they provoke perceptions, would they remain as informants or become constituents? Does the employee choose or accept certain people to be constituents and reject others? For example, it is plausible that senior colleagues at the same hierarchical level informally play a kind of mentoring role and can grow into the role of being accepted to represent the company and thus become a constituent of one of the PCs. The claim that each employee holds several different contracts with different agents or the company seems to be difficult and confusing for them. Each employee would have to form a picture of their perceived obligations and would therefore be faced with the choice of weighting these individual pictures because the contract partners all ultimately speak for the same, although their communication does not necessarily reflect the wishes of the company or is not automatically coordinated with each other.

Marks (2001) argues that contracts show variable characteristics at diverse hierarchical levels of managerial and non-managerial employees. The author further maintains that countless possible relationships between the individual employee and the colleagues, direct supervisor and members of the leadership board can lead to the development of certain separate PCs with those company representatives, while it remains open as to what exactly makes certain colleagues a constituent (Marks, 2001). Literature makes clear that the organisation is a virtual collective entity, which is not able to negotiate or communicate itself but rather does so with a number of individuals representing it in volatile roles, whereby different contracts between the employee and the organisation may be established (Alcover et al., 2017a, b; Harriot & Pemberton, 1996; Guest, 1998a). Bligh and Carsten (2005) suppose that it will be more important for the employee to maintain contracts with those in their close and immediate personal network at work.

Major organisational changes, such as restructuring, downsizing or outsourcing, or business combinations, such as M&As, are critical events during employees' time at an organisation and often lead to disruptions of their PC (Morrison & Robinson, 1997; Schalk & Freese, 1997; Tomprou & Hansen, 2018). The focus of research in the field of organisational change has switched in recent years from the legitimation of the change to giving relationship management a greater focus, still agreeing that only sustainable change endeavours can promote the viability of functional PCs during and after the organisational change (Tomprou & Hansen, 2018). The existing literature often leaves it open or unclear as to who represents the organisation in the social exchange relationship as the other party in the contract. It is either assumed that each employee holds a unique PC with one sole representative of the organisation, i.e. that the organisation is only represented by a single person, which is usually the employee's direct supervisor or team leader (Alcover et al., 2017a), or suggested that an individual can hold multiple contracts with different organisational agents, i.e. constituents (Herriot & Pemberton, 1995; Marks, 2001). Becker (2016) maintains that the team is the most important orientation group for the employee, being more important than the organisation collective. However, present job relationships have multiple foci because employees depend on many agents of the organisation to interact with them to determine jobs and objectives and reward them for having fulfilled their duties (Lester et al., 2002; Tekleab & Taylor, 2003). A

qualitative study of public university professors identified multiple organisational sources as being involved in the development of the PC, with each party contributing perceptions of mutual promises and obligations to form the overall PC of the individual; thus, the authors suggest taking a multifocal perspective to fully understand the complexity of the mental construct (Alcover et al., 2017b). It is argued that individuals tend to attach human-like attributes to the organisation and thus humanise it, while they assume that the supervisor or team leader represents it in a dyadic relationship (Alcover et al., 2017a). PCs develop between the employee and many different agents of the company, i.e. recruiters, supervisors, management and colleagues, as well as with the humanised company itself (Rousseau, 2001a). Employees are likely to have multiple relationships with different agents with different levels of power and authority (Conway & Briner, 2009), such as supervisors, management, high-level administrators, representatives of administrative and supportive departments or colleagues in their team (Alcover et al., 2017a).

> The 'employees pick up perceptions of mutual obligations from a whole range of sources, and their actions may simultaneously fulfil obligations to more than one agent (…), and it must also be recognized that the messages sent by organizational agents to employees are often inconsistent' (Alcover et al., 2017a, p. 421).

According to Schalk and Rousseau (2002), the different agents do not always speak in one coordinated voice. Alcover et al. (2017a) state that the building and advancement of the PC are contingent on a multitude of different agents who represent the company from the top down, such as supervisors, team leaders or line or top-level managers, as well as colleagues in their own team. Therefore, the agents can belong to different peer groups, hierarchies and have different corporate functions. Thus, the PC is multifocal, including the dynamics among team members and between team members and the leader or supervisor (Alcover et al., 2017a; Becker, 2016). In this regard, it would also be interesting to explore the multiple perceptions of construction project managers working on single, large-scale projects for years in separate project offices and of interdisciplinary project teams consisting of employees of different separate firms as a suggestion for future research. Table 14 illustrates the possible types of PC relationships.

Table 14: Types of PC Relationships

Kind of PC	Number of parties	Relation	The other party	Constituents
Idiosyncratic	One, unilateral	No feedback	Organisation	Employee to the organisation (humanised)
Dualistic	Two, bilateral	1:1, hierarchical relationship	Organisation	Employee to one agent of the organisation (officially representing it; management, supervisor, team leader)

(Table continued from previous page)

Kind of PC	Number of parties	Relation	The other party	Constituents
		1:1, project hierarchy	Project (large-scale, long-running, prestigious or landmark projects)	Employee to project lead, principal contractor, architect or investor (temporary for as long as the project lasts, often many years)
		1:1, non-hierarchical	Organisation	Employee to one agent of the organisation (de facto agent; go-to people, father figure, senior colleague)
Multifocal	Many, multilateral (internal)	1:1, 1:1', both	Organisation	Employee to one agent (changing over time; M&A deal maker, PMI manager, HR manager, deal realiser, supervisor)
		1: n, both	Organisation	
		1: n, both	Team	Employee to team colleagues and team leader
	Many, omni-lateral (internal and external)	1: n, project-hierarchy	Project (large-scale, long-running, prestigious or landmark projects)	Employee to project team's internal and external colleagues and project leads (principal contractor, constructor, architect, investor; temporary for as long as the project lasts, often many years)

(Author's own illustration)

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d. The PC of Construction Project Managers and Engineers

The PCs of construction project managers and engineers have specific characteristics. Dainty et al. (2004) investigated the effects of restructuring in the construction industry on the PCs of key employees, such as project managers. Many companies have experienced high growth rates, restructured themselves internally and reduced hierarchies and are handling more and more projects with increasing responsibility given to project staff, alongside increasingly high customer expectations. A fundamental problem inherent in the PC is that it is difficult to define until it is broken or violated. This makes it difficult to clearly identify its content (Dainty et al., 2004). Dainty et al. (2004) suggest that the PC of construction project managers is dominated by relational elements over transactional ones. The delayering of the organisational structures in the industry has led to empowerment and a clear focus on project-level autonomy, which has created a climate of interconnectedness and commitment that forms the basis for sustainable relationships between project managers and their key executives. However, aspects have been identified that undermine the relationship. They result mainly from restructuring and expansion efforts to increase the performance of the construction companies to meet the rising customer expectations. Many aspects of the management function have been transferred to the project level, which has given the project managers not only more autonomy and control over their own work environment but also many additional responsibilities. As a result, their functional expectations have increased considerably and gone beyond the already great responsibility of the production function. This delayering expanded the primary production function with a clear project focus to additional management functions outside the project at an organisational level. As a result, the career and salary expectations of project managers have increased, which cannot always be fulfilled because due to the delayering of the company hierarchy, potential career stages for project managers have been eliminated. Thus, delayering simultaneously promoted and terminated important relational elements. In addition, the rapid growth of companies has meant that communication and HR development measures have not been sufficiently established. The depersonalisation of the working relationship and the lack of measures to maintain the PC mean that, despite the more relational relationship, transactional aspects, such as remuneration, play a role with tight

margins and a bottleneck and struggle for talent in the industry (Dainty et al., 2004). Dainty et al. (2004) conclude that relational aspects of the PC dominate, but transactional elements, such as remuneration, gain importance. The companies are advised to establish HR practices to manage PCs and tackle missing career options due to the delayering, as well as managing employees' expectations due to the increased responsibilities and additional workload.

It is claimed that engineers have a kind of behavioural paradox in their employment relationship because, on the one hand, they are seen to be more loyal to projects than firms if the project engagement lasts. On the other hand, the typical tenure of senior engineers is very long at over 20 years. Engineers often mainly hunt for larger, more interesting and challenging projects and identify with them strongly (Lowendahl, 2005). Therefore, project experiences can influence PCs depending on the project acquisition or implementation constellation.

More recent research on the application of PCs in the construction industry examines it in the context of construction site safety, e.g. how workers' perceptions of safety, mutual fulfilment of workers' and supervisors' safety obligations and their manifestation in the PC can lead to increased construction site safety and improve safety management (Newaz, Davis, Jefferies & Pillay, 2016, 2019, 2020) or on the use of the PC to preserve mutual project experiences to develop and strengthen project networks and collaboration routines (Kaulio, 2018). Jiang, Lu, Xia & Chen (2019) have identified three key areas where the PC is applied to the construction management context in research: HR, safety and procurement management. The research thus focuses on PCs in the context of construction workers, construction material procurement and construction site safety (Jiang et al., 2019).

2.3   Conclusion to the Chapter

This chapter concludes on the application of the emergent PC theory to the research and on the major themes identified in the structured literature review of works on PCs in the context of M&As.

The emergent PC theory is ideal for exploring mutual expectations in the context of M&As and captures the SMs' assessment of promises or obligations on both sides in the employment relationship. Rousseau (2010) identifies schemas, promises and mutuality as essential building blocks of PCs (Rousseau, 2010; Sherman & Morley, 2015), which should gain more attention in the M&A process (Holland & Scullion, 2019). This work follows on from this and explores the influence of pre-merger experiences and schemes, as well as of the M&A process on the PCs of SMs. The present work interprets the PC as the set of subjective perceptions an individual holds in relation to the contributions and considerations of both sides within the working relationship, whereby the expectations can be composed of perceived promises and estimated obligations. The distinction between transactional and relational content is commonly accepted (Barbieri et al., 2018; Cho et al., 2017; Conway & Briner, 2009; De Vos et al., 2003; Herriot et al., 1997; Rousseau, 1995, 2010; Sherman & Morley, 2015); some scholars do not distinguish between the two forms but rather see the PC somewhere on the contracted continuum of being either more transactional and less relational or vice versa (Coyle-Shapiro & Parzefall, 2008). Nevertheless, the classification of relational versus transactional components and the definition of the PCs' building blocks will be applied to the research in that the building blocks of the PC are schemas, promises and mutuality (Rousseau, 2015), and the content shows transactional and relational components (Conway & Briner, 2005; Sherman & Morley, 2015).

Figure 7 displays the research idea by inserting the RQs into the theoretical framework. Little is known about the PCs of SMs, especially in the context of M&As. Therefore, the research contributes knowledge about a rarely studied population in a unique context.
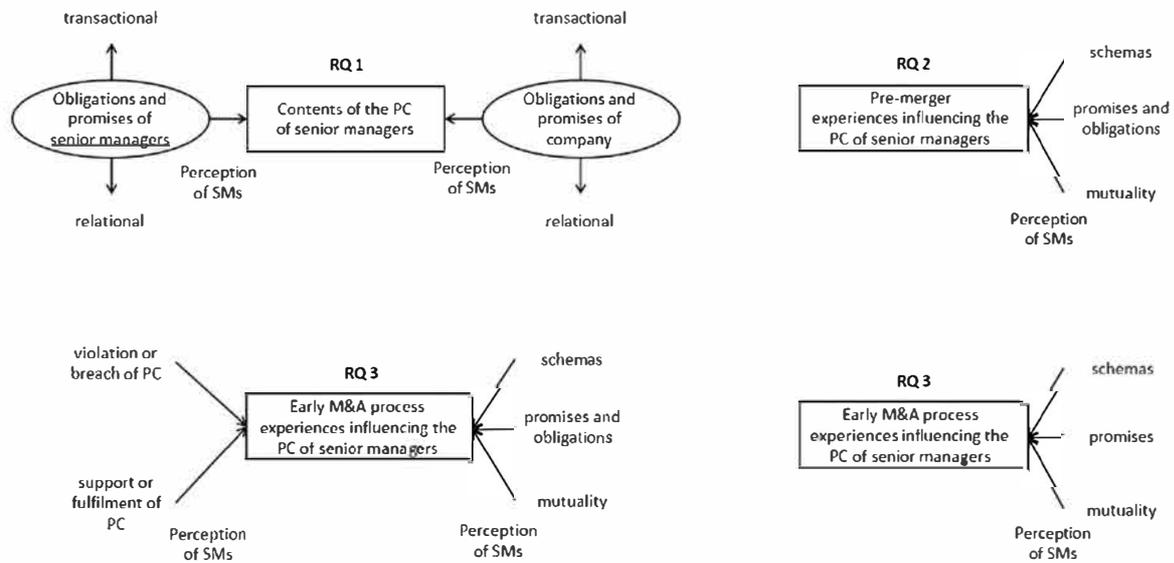
Figure 7: Theoretical Framework of the Research
(Author's own figure)

The structured literature on PCs in the context of M&As provided the major themes outlined in the table below, which are compared to the findings of the research in the discussion chapter. The major themes identified are indicated in the outlined points.

Table 15: Major Themes from the Structured Literature Review of PCs in M&A Contexts

Chapter, outline point	Major themes (structured according to the RQs)
2.2.1 (RQ2)	*Influences of pre-merger experiences and schemas on the PCs of SMs*
a.	Influence of earlier employment relationships and pre-merger schemas
b.	Contract parties and the need for early participation
2.2.2 (RQ3)	*Influences of the merger process on the PCs of SMs*

a.	Cultural differences and different resource endowments cause mental integration blockades
b.	The relevance of the human dimension, merger-fit staff and coping with stress
c.	The need for early involvement, open and just communication and information
d.	Disruption of existing relationships and merger syndrome
e.	Renewing the corporate culture and identity retaining existing strengths
f.	The importance of sensemaking and the building and maintaining of trust
g.	The promotion of organisational citizenship behaviour
h.	The perception of unmet promises, PC breach or violation
2.2.3 (RQ1)	*Preferences and content of the SMs' PCs in M&A contexts*
a.	The dynamics and changes of PCs
b.	The dual role of SMs and their upward PCs
c.	A multifocal perspective of the PC and its constituents
d.	PCs of construction project managers and engineers

(Author's own table)

Chapter 3

3   Methodology

This chapter explains the journey of data making in the context of the research philosophy and the qualitative methods applied. Thus, this chapter provides a theoretical underpinning to understand the research paradigm and its patterns of thought, as well as the choice of methods.

3.1   Research Philosophy

The purpose of this chapter is to reflect on the philosophical positioning of the author in terms of their reasoning for the choice of research methodology and methods employed for data making to contribute to the body of knowledge.

A researcher reviewing their own philosophical positioning is seen to be crucial to providing a concise picture of their philosophical journey before and during the research and to see through their personal lens by adopting their view on their choice of methodology and the way the research was conducted (Mc Manus et al., 2017). The decision about adequate methods for the research project is based on philosophical assumptions and positioning concerning the view of reality (ontology), knowledge of this reality (epistemology) and the different ways of knowing that reality (methodology) (Guba, 1990) because 'different ways of viewing the world shape different ways of researching the world' (Crotty, 2008, p. 66). The debate about the adoption of one position concerning ontology and epistemology has opposing camps, which often contrast positivist and interpretivist research philosophies or quantitative and qualitative methods. Nonetheless, there have been recommendations for researchers to take the philosophy adopted as a multidimensional set of continua instead of them being distinct positions (Crotty, 2008; Niglas, 2010; Saunders et al., 2016). The methodology builds the philosophical framework for the research (Brown, 2006; O'Leary, 2004). Issues of epistemology and ontology tend to occur in conjunction, are closely related and include each other. Therefore, epistemology also comprises reflection on ontology, and it is reasonable to describe them in a cohesive

way. Researchers do not have to be purist in their determination of the theoretical perspective; furthermore, it is legitimate to pick and choose, if the methodological choice is consistent (Crotty, 2008). Ultimately, the ability to reflect on and defend the philosophical choice is eminent and essential for business research (Crotty, 2008; Johnson & Clark, 2006; Mc Manus et al., 2017; Saunders et al., 2016). The literature encourages a flexible way of thinking about the research approach and methods adopted because practical reality shows that an RQ seldom fits into just one certain philosophical domain. In addition, listings in literature do not claim to be complete, and definitions of terms are often used heterogeneously (Crotty, 2008; Saunders et al., 2016).

This thesis examines the attitudes and perceptions of SMs about mutual behavioural expectations in the working relationship. The PC addresses the non-written subjective expectations of SMs regarding the 'how' of the work relationship. These are the obligations they believe they have towards the company and the perceived obligations the company has towards them in return. Thus, objective aspects of management, such as job or process descriptions or written employment and M&A contracts, are not the focus of this work. Rather, this exploration focuses on the subjective attitudes and perceptions of the SMs, what the individuals think about the M&A activity, how they attach importance to their changed job, what they believe that the M&A will change in their field of work and how they should perform their job. The research does not examine the M&A processes but rather the individual beliefs and perceptions of the survivors. Therefore, this work takes subjectivist and interpretivist views concerning the research philosophy.

There are also people who have not yet consciously dealt with the PC or who are not interested in the construct. This must be accepted. But it also means that the PC remains voluntary. Often, the PC only receives attention after perceived breaks or injuries. The perception of the PC varies from person to person and depends on their reflectivity and preoccupation with their own ego, existence or meaningfulness. It is therefore important that the researcher explains their underlying research philosophy. The choice of a subjective constructivist and qualitative approach is based on this consideration, as explained below.

Schwandt (1998) calls interpretivism the natural science of the social. Whereas positivism follows the methods of natural sciences, interpretivism 'works for culturally derived and historically situated interpretations of the social life-world' (Crotty, 2008, p. 67). The behaviour of the individuals is merely apparent because their beliefs cannot be captured or measured directly. The determination of the beliefs is contingent on the awareness of the individuals concerning their beliefs if they know them and are able and willing to communicate them. In the progress of data making, i.e. during the interview, the respondents interpret their beliefs and verbalise them. The researcher again interprets the verbalised answers and interprets the beliefs. The interpretive approach is often connected with Max Weber's view. Hence, the interpretative approach of the social sciences focuses on understanding ('Verstehen') and is contrasted by Weber with the explicative approach of the natural sciences, which is oriented in causality and explanation ('Erklaeren') (Crotty, 2008). Thoughts, ideas and cultural expectations affect the behaviour of individuals to such an extent that positivist ideas are seen by some scholars as totally unsuitable for human or social sciences (Hayes, 2000). Hence, interpretivism is an appropriate philosophy for the research into the PCs of SMs. Social and natural sciences are concerned with two different kinds of knowledge: on the one hand, the natural sciences deal with quantification, prediction and causal explanations for external events, and on the other hand, social sciences are interested in human, real-life experiences (Hayes, 2000). Researching natural reality and social reality have different purposes. Natural sciences are nomothetic because the aim is to identify consistencies and regularities, i.e. the law behind it, whereas human sciences are idiographic because the aim is to research the individual (Crotty, 2008; Hecht & Desnizza, 2012). This research focuses on the individual and intends to explore perceptions, attitudes and behaviours in a real-life context. The philosophy adopted will also be somewhat influenced by practical considerations (Saunders et al., 2016). This is particularly true of the situation of a part-time researcher doing insider research while being part of the system and thus being subject to certain limits resulting from the activity for the investor organisation. The population of the study, for example, is very small and is in a major personal and organisational change situation, which burdens the participants temporally and emotionally. At the same time, the subjects of the research are human and thus subjective, complex and require explanation. The exploration aims to understand complex thinking patterns and relationships in the context of reality.

Together, these aspects speak very strongly in favour of a subjective constructivist approach.

Individuals affected by M&A processes are bound to historical and cultural concepts and uncertainty from the organisational change, which have an impact on their perception of the action, information and communication from the new organisation. This research is designed and conducted under a constructivist view of reality and knowledge intending to gain an integrated perspective in line with Remenyi, Williams, Money and Swartz (1998), who postulate the need to research the details of the situation to gain an understanding of the reality or possible reality working in the background. Whereas reality is independent of human thought, meaning and knowledge are always results of human perception and mental construction. Constructivism follows the interpretivist philosophy that demands the exploration of the subjective meanings that inform the PC, which in turn motivates the actions of the SMs and thus leads to the success or failure of their integration in the new organisation (Saunders et al., 2016). Scholars postulate the potential of the constructivist perspective for management research due to the non-parting of theory and practice and its context-driven theory creation process, with the researcher being an authentic part (Charreire-Petit & Huault, 2008; Mir & Watson, 2000). The research establishes the subjective perceptions and attitudes of SMs involved in M&A activities, i.e. real protagonists, who have experienced such activities themselves. A context-driven theory creation process is important for the research at hand. This informs the choice for a constructivist perspective. The SMs have different backgrounds and experiences that influence their attitudes, and they interact with different people who in turn have direct or indirect influences. Within the scope of his professional tasks, the researcher participated in several pre-merger exploratory talks and integration strategy workshops with SMs on both sides.

3.1.1   Ontological Reflection

This chapter reflects on the nature of reality.

Ontology addresses the nature of reality by questioning, 'What is real to us?' (Creswell & Poth, 2017; Crotty, 2008; Saunders et al., 2016). A constructivist or

interpretivist research paradigm follows the worldview of relativism, where multiple realities exist as mental constructions dependent on the individual who holds them. People construct knowledge through their interactions with others and lived experiences. By participating in the research process and interacting with the subjects, the developed knowledge reflects their reality. Realities thus are perceived, constructed and co-constructed (Lincoln, Lynham & Guba, 2011). Neumann (2014) notes in summary that '[i]nterpretative social science emphasizes meaningful social action, socially constructed meaning, and value relativism' following the primary goal of empathetic understanding (p. 103). Constructivism is one orientation of interpretivism, which postulates that beliefs and meanings created and used by people essentially form their perception of reality (Neumann, 2014). Objectivism claims that social entities exist independently from the social actors concerned with their existence, while the subjectivist position maintains that social phenomena are created from perceptions and the resulting actions of the actors concerned with their existence. An objectivist view would claim that management is similar in all organisations, e.g. due to job descriptions or organisational charts showing hierarchies, etc., and emphasises formal structures and structural aspects of management (Crotty, 2008; Saunders et al., 2016). For the study of the PCs of executives in situations of major organisational changes that have personal consequences for the parties involved, objectivism would limit the research's formal and structural aspects. The PC is a concept about personal beliefs, assumptions and expectations that are implicit. Thus, the research can be viewed in the field of constructivism as being interested in the way executives attach their own individual meanings, beliefs and expectations to their job in the new regime after an M&A. Subjectivism implies the effort to understand the meanings that individuals attach to social phenomena because of their perceptions and their consequent actions. Therefore, social phenomena are under constant revision due to social interaction (Saunders et al., 2016). The influences on the PCs of SMs resulting from the social interaction during M&A activities will be examined. While the objectivist perspective views the culture of an organisation as something the company 'has', the subjectivist view sees it as something the company 'is', actively evolving from continuous social enactment (Saunders et al., 2016; Smircich, 1983). The PC cannot be treated like a variable or something the organisation 'has' that can be manipulated and changed according to the desired state of the managers of the new company. From a

constructivistperspective, this view is too simplistic, as the PC is dynamic in nature and is formed and revised through a complex array of phenomena, such as social interactions beginning in the pre-merger phase, and physical factors, including the relocation from offices to which the parties involved attached certain meanings, assumptions and expectations.

Constructivism is closely associated with pragmatism and relativism and is related to a qualitative type of research. In research, a constructivist researcher positions themselves within the context and collects data with meanings generated by the participants. For a constructivist, it is important to include personal values in the research, explore the context of the participants and interpret the data collected. Understanding is generated by reflection. Often, the researcher is involved in a collaboration with the participants, as in the present insider research (Creswell & Poth, 2017; Crotty, 2008; Saunders et al., 2016). Under the constructivist worldview, the ontological nature of reality grounds itself on relativism, which accepts local and specific constructed realities (Denzin & Lincoln, 2011b; Mc Manus et al., 2017). Idealism postulates in a subjectivist manner that the world does exist, but it is studied differently by different researchers. The aim is to explore how the world is perceived and interpreted by different people; therefore, the individual is the item for consideration. The methodology often comprises an interpretative analysis of reality (Cohen et al., 2007).

This research investigates the perceptions and attitudes of managers that manifest themselves in their PCs. As there is little literature on executives' PCs, especially in the context of M&As, this work is an exploration to gain deep insights and understanding from a selected sample. The attitudes, perceptions and behaviour of the individuals are explored in their professional context and environment using a qualitative, subjective approach and following a constructivist research philosophy for these reasons.

Constructivism is increasingly gaining importance as a research paradigm, challenging the predominance of objectiveness in some areas of research and allowing a plurality of opinions and thoughts. According to Crotty (2008), 'all knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and

their world and developed and transmitted within an essential social context' (p. 43). In this regard, a meaningful reality is not discovered but constructed. Meaning or truth are neither objective nor subjective in a constructivist perspective. Moreover, they are intentional, which refers to the interdependence of subjects and objects, whereas meaning arises from the interplay of human beings with their world. Constructivism states that interpretations are never true or valid, as reality can be interpreted in different ways. Instead, interpretations can be useful or enriching (Crotty, 2008). Crotty (2008) demands 'a radical spirit of openness to its potential for new or richer meaning' from constructivist researchers instead of sticking to conventional meanings (p. 51). In the constructivist view of the world, realities are 'multiple, intangible metal constructions' built on the social experiences of individuals or groups (Guba & Lincoln, 1994, p. 110). Constructivists assume that the researcher interacts with the individuals being researched and that findings are thereby influenced during the research process (Guba & Lincoln, 1994). Their own personal, cultural and historical experiences enable the researcher to refine research findings and interpret them in the constructivist point of view (Creswell, 2011).

3.1.2   Epistemological Reflection

This chapter reflects on the nature of knowledge.

Epistemology studies the nature of knowledge and is grounded on acceptable knowledge in the field of research by asking the question, 'What do you know?' (Saunders et al., 2016). It encompasses the process of thinking and the relationship between what we know and what we see. In a constructivist point of view, epistemology is subjective, and knowledge originates from the interaction process of the researcher with the subject. Individuals construct their personal interpretation of reality. Meaning is generated from the interactions with the environment and is informed by the reference framework within the setting. According to constructivist epistemology, the researcher and the knowledge generated are interlinked and cannot be separated. The researcher is shaped by lived experiences, which influence knowledge generation (Lincoln et al., 2011). Being a researcher with an interpretivist point of view the aim is to find differences between people in their roles as social actors. To ensure this, an empathetic approach allowing them to enter the social

world of the research subjects and understand their perspective was applied (Crotty, 2008; Saunders et al., 2016). Therefore, the interpretivist perspective seems to be appropriate for research on HR topics, such as the transformation of the PCs of SMs against the background of a phase of major change in their career.

The human brain does not produce an exact photographic image of reality, but it creates its own image of the world through sensory perceptions. Yet, constructivism does not deny reality itself; hence, it only claims that statements about reality originate from individual experience and history, personal development and the limited physical possibilities of perception. All views of reality are constructed. Constructivism does not believe in the existence of an absolute truth. Thus, individuals create a subjective constructed perception of reality based on sensory impressions, which is strongly dependent on the individual imprint (Feess & Thommen, 2018; Poerksen, 2001). This is a clear statement in favour of a plurality of thoughts. Von Glasersfeld (1992, 2013) replaces the term 'truth' with the term 'viability', i.e. usability, usefulness or the ability to fit so that a theory needs to be useful, but it does not claim to be the absolute, exclusive truth at all (Poerksen, 2001; von Glasersfeld, 1992, 2013). Business reality already implies its construction under the specific lenses of the participating individual managers according to their ways of perception, past experiences, values and historical and cultural knowledge about the company and the business field. This demonstrates that executives have numerous opportunities to develop and design companies (Feess & Thommen, 2018).

In the context of the PCs of SMs in M&A scenarios, this means that knowledge cannot be transferred from one person to another but is reconstructed by every human being. For example, if a board of the dominant, acquiring company presents the company's strategy to the managing director of a target company, the SM does not simply store the information but rather constructs it based on the recorded information and their personal, individual image of reality. This is dependent on their prior knowledge, i.e. the manifold experiences before and during the M&A negotiations, their attitudes and perceptions of the current situation, which can be different depending on the motive and background of the M&A talks. Strategy communication by top management often presents strategies in pictures or sketches or uses narratives. As a result, learning is not a passive storage but an active processing of knowledge. This applies not only to the negotiation of contractual

conditions and the future structure of the new company but also to the jointly agreed future business model. From a constructivist view, the task of top management is not to assign tasks to the SMs of the targets and to control their completion but to provide them with a balanced level of instruction to achieve the jointly defined objectives and personal development process and to motivate them. The SMs should deal independently with the goals and their contribution to the achievement of the corporate strategy instead of only processing instructions.

Constructivism is a form of interpretive sociology that assumes that we do not recognise the world we consider to be independent and thus produce the world we know by mental processes (Beushausen, 2002). Like most basic paradigms of social science, constructivism is not delivered as a single homogeneous school of thinking or a detailed formulated concept. Furthermore, it is a stream of development in some social science research disciplines united by their joint fundamental critique of realism. Realism claims an independent objective ontology where science exactly reflects reality. Compared to realism, constructivism does not see itself being a totally new view of the world and does not neglect reality, but it doubts that knowledge equals reality exactly, while knowledge creation is not discovery but rather interpreting and constructing reality. Von Glasersfeld (2013) compares realism and constructivism by using the terms 'true' ('Stimmen') and 'to fit' ('Passen') to describe the relation of knowledge and reality. In realism, 'Stimmen' means that human knowledge resulting from scientific research equals reality and therefore is true. However, in constructivism, 'Passen' stands for the functional connection between knowledge and reality. Here, knowledge is not judged to be true or false at all. Furthermore, knowledge is either useful, relevant or life-enabling in the constructivist view. For the constructivist, it is relevant to what extent knowledge proves itself in human experience. Therefore, constructivism attributes knowledge as having the function of finding a useful way to reach a given target (Fried, 2001; von Glasersfeld, 2013). The diverse constructivist approaches have different focuses concerning the process of knowledge generation, but some general basic assumptions unite them: reality is not denied, but reports of reality are informed by the individual's experience of it. The construction of reality is a result of individual perception and cognitive processes, and the human brain generates a picture of reality that is not an exact image. Human perceptions are sensual experiences. Reality is not directly accessible

and perceived indirectly over the human senses and their qualities. Thereby, the human senses enable, influence and limit perception. There is no absolute truth and objectivity about perceptions of reality. Truth is what humans define it to be according to the specific situation, knowing that all perceptions are subjective (Fried, 2001).

3.1.3   Axiological Reflection and Ethical Consideration

This chapter reflects on the roles of values and ethics.

Axiology is a branch of philosophy that refers to the researcher's judgements about value. Therefore, it considers the role of the researcher's value system within the research journey (Saunders et al., 2016). The term 'research journey' refers to the research being a process of discovery. The word 'journey' expresses that there are different stages, targets and stopovers and that the way itself is an important part of the experience and a learning process, next to reaching the planned target. Lee and Lings (2008) state that axiology intends to categorise the aims of the research, i.e. whether the researcher seeks to explain, predict or understand what they are researching. The answer to this question determines how the research is conducted and what is valued in the findings. This study is an exploration intended to understand the influence of organisational change on the beliefs and behaviour of SMs and their PCs. The voice of the researcher is that of a facilitator of multi-voice reconstruction to reach increased and deeper understanding and knowledge about how the participants perceive and interact within a social context (Lincoln et al., 2011).

There is a coherence between the research philosophy and axiology. Research is value-bound in the mindset of interpretivism. Hence, the researcher is part of what is being researched; they cannot be separated, and thus, it will be of a subjective nature. This thesis outlines insider research, grounded on semi-structured interviews with colleagues, both longstanding and newly acquired from acquisitions. In my professional role, I had repeated professional contact with most of the interviewed colleagues before and after the interviews. Contact points have been mostly during early M&A exploratory and definition phase. Therefore, a clear separation between the profession and research is not always possible but was actively addressed before

and during the interviews. Many interviewees were hearing about PCs for the first time when asked to participate in the research, so its idea and aim were often explained to them. Often, they resumed this question in later professional meetings or talks. In addition, there have been numerous valuable impulses derived from professional workshops or personal talks alongside professional leadership meetings, other diverse talks or issue-focused workshops that informed the academic research. Nevertheless, this was enriching for both parties. It also helped the researcher to get as close as possible to the participants being studied. Consequently, it is accepted that this research is of a subjective nature. The observation included professional M&A exploratory meetings, which the researcher participated in due to his professional role. There was deliberately no contact with the subjects outside of these official appointments. Popular data collection techniques in line with the research's philosophical position of interpretivism and constructivism are qualitative in-depth studies of small samples. The researcher collects subjective evidence based on individual views. This results in valuable information being gathered from participants (Creswell & Poth, 2017; Saunders et al., 2016).

The reason why the data collection is in the form of semi-structured personal interviews, alongside observations, is to gain richer information because personal interactions with respondents are more likely to result in open answers than an anonymous questionnaire. For complex topics that require explanation, an impersonal questionnaire is not appropriate. The advantages and disadvantages of the different techniques and procedures must be evaluated accurately. Ultimately, the success of data collection depends on the interest, openness and willingness of the respondents to take part in the research (Saunders et al., 2016; Yin, 2016, 2018). Precisely because of the sensitive nature of the topic, it is also a question of trust in assured anonymity, i.e. accepting the audio recording, giving open answers, the interviewer being part of the organisation, the use of the data and research ethics.

Gathering sensitive information demands a careful and reflected way of handling the data collection, storage and presentation to prevent causing harm to participants and to maintain absolute confidentially (Kumar, 2019). Possible ethical issues related to the different stakeholders of the research have been considered and addressed. There are various stakeholders of the research project, namely, the research subjects and participants, who have direct or indirect involvement; the researcher,

who designs and performs the study; and, normally, a funding body, although this research is fully self-sponsored (Kumar, 2019). Before beginning the data collection, it is important to seek informed voluntary consent from the participants without imposing any pressure on them (Kumar, 2019; Sieber, 2009).

> According to Kumar (2019) '[i]nformed consent implies that subjects are made adequately aware of the type of information you want from them, why the information is being sought, what purpose it will be put to, how they are expected to participate in the study, and how it will directly or indirectly affect them' (p. 244).

Considering ethical issues related to the researcher avoids bias, which does not mean subjectivity. Rather, subjectivity is related to the researcher's philosophical perspective. Nevertheless, it must be ensured that the findings obtained are presented according to their actual appearance and that aspects are not hidden or unduly emphasised (Kumar, 2019). Under the constructivist point of view, the values of the reflective researcher are important and cannot be separated from the research and the findings. Constructive research includes research ethics, which play a role in all aspects of the research process (Lincoln et al., 2011). This research conforms to the Handbook of Research Ethics (University of Gloucestershire, 2008). It focuses on the experiences of deciders, survivors and agents of business mergers. The information obtained will be used to understand their behaviours, experiences and evaluations related to that situation. SMs who have experience with M&A activities will be invited to participate in the study, as well as SMs of the acquiring company. Before taking part in the study, the participants were asked to give their informed consent. This is one of the most important procedures governing research on people. The participants were informed about the purpose and use of the study in advance. If they agreed, their participation consisted of taking part in a personal one-to-one, telephone or video conference interview using MS Teams, where they were asked questions about their experiences and evaluations of the M&A process and their PC. Participation was voluntary. Participants could skip questions they did not want to answer. If they wished, they could withdraw at any time. In that case, all information about them would have been deleted. However, no respondent asked to withdraw during the interview. The interview was audio recorded and transcribed verbatim if acceptable. The results of the interviews were anonymised. Neither the participants'

nor the target organisation's names are mentioned. In this study, the participants and organisations involved are anonymised and treated confidentially because the topics and situations are sensitive, and it avoided the risk of misuse of the data. Company-specific strategies behind the M&As, as well as strategic insider knowledge, are kept confidential. This also applies to the data from the observation, which was considered in the ethical reflection, as explained later. For this reason, the results could be presented in a form from which no conclusions on the participants or companies involved could be derived. The case and the embedded cases are structured according to patterns and themes found in the data. Data will be stored securely and will be deleted when no longer required for the research project in accordance with the DBA regulations of the University of Gloucestershire (University of Gloucestershire, 2018b).

3.1.4   Methodological Implications

This chapter discusses the methodological implications of the research's philosophical position.

The methodology supports the process of knowledge generation. Being a constructivist researcher, a methodology of a qualitative, interpretative, hermeneutic and dialectical nature, which allows adequate, open and profound dialogue between the researcher and the subjects at eye level, was chosen (Denzin & Lincoln, 2011; Mc Manus et al., 2017; Remenyi et al., 1998). The constructivist or interpretivist aim of this research is to understand and interpret phenomena from lived experience, bridging gaps between theory and practice. An in-depth understanding is favoured over scientific generalisability. Findings must have a meaning with practical use. The research must be reliable, authentic and promote action. From a constructivist perspective, the nature of knowledge is grounded on the constructed meaning of the actors involved. Realities are multiple mental constructions of individuals. The interaction is intentional and part of the approach. Knowledge is cognitively constructed according to perceived experiences in the physical limitation of human senses and brain. Therefore, knowledge is subjective, individual and co-created through the interactions of the researcher with the subject. Knowledge cannot be discovered in a positivist point of view; thus, it is constructed. But knowledge can

develop to be a more informed and sophisticated reconstruction (Lincoln et al., 2011). The constructivist epistemological view sees knowledge as being constructed from subjective findings. Thus, the methodological research strategies applied must be open for discourse (Denzin & Lincoln, 2011b; Mc Manus et al., 2017; Remenyi et al., 1998). Research under a constructivist perspective is inductive and designed from the bottom up from individual standpoints to comprehensive patterns and eventually to broad comprehension. The elements of the worldview influence the practice of research. Because constructivism accepts multiple realities, researchers often quote statements from their interview partners in the report to provide real-life examples of the different views. Constructivist qualitative approaches seek to research close to the participants; therefore, data collection on instruments, e.g. internet-based online surveys, would create too much distance, which is not appropriate for a constructivist qualitative study. Due to the subjective nature of the research, an active reflection of the bias and interpretations is essential (Creswell, 2011).

3.2   Research Design

This chapter explains the choices of methods according to the research philosophy and aim.

The research design states the general architecture of the research (Hakim, 2000). The purpose of the research is to seek new insights into the PCs of SMs during friendly M&As between their SMEs and a larger, dominant company. Therefore, the research can be classified as exploratory (Robson, 2002). The research is conducted in three ways: a literature review, observation and interviews with experts on the subject, i.e. SMs who had experienced M&A activity either on the target or investor side. Explorative research is flexible, but this does not mean that it lacks direction. The initial broader focus narrows during the research process (Adams & Schvaneveldt, 1991). There is limited existing research in the area; therefore, this research is explorative. A summary of the research design is provided in appendix XVII.

3.2.1   Rationale for a Qualitative Case Study Approach

Qualitative research is characterised by a great openness that enables an authentic gathering of the lived world of the subjects and their points of view. Quantitative approaches tend to lose this possibility due to their standardisation. However, qualitative methods are typically linked to the interpretivist pattern of thought (Bankins, 2011; Mayer, 2009). Central to all interpretative methods is that the researcher does not limit their analysis to the literal textual content of the transcription but also interprets the meanings behind it. A limitation of text interpretation is that there exists no sole unique and universal interpretation. But there are many ways to interpret one text. This is why it is essential to record and transcribe all interviews verbatim and then analyse and interpret them considering the social context, the interview situation and the language used (Mayer, 2009). The intermittent selective citation of key messages in the research report is understood as selective plausibility and used to clarify and validate statements (Flick, 1999; Mayer, 2009).

Qualitative methodology is frequently used in behavioural and social science because it captures the underlying reasons for human behaviour (Kothari, 2004) by regarding the world from the perspective of the actors (Bryman, 2016). To date, quantitative designs using a cross-sectional survey method are a predominant approach used for PC research. But such research designs are not able to assess processes, and they study effects between people rather than within an individual (Conway & Briner, 2005). The focus of this research is not to investigate M&A processes but to explore the PCs of individuals, i.e. effects within the individuals and what has influenced them during M&A activities. Hence, qualitative research approaches enable the researcher to better capture individuals' interpretations and experiences of the development and change process of their PCs, as well as influencing factors (Bankins, 2011). Qualitative research is context-sensitive, and therefore, it enables an exploration of the research topic. It provides the possibility of revealing hidden features and an in-depth exploration. Limitations can be found in terms of generalisation and representativeness, induction and replication of the findings, as well as transparency and immersion by the researcher (Whipp, 1998).

Research refers to two broad methods of reasoning: induction and deduction. In an inductive approach, a theory will be developed because of the data created in the research, i.e. theory follows data. Informally, it could be called a bottom-up approach. Deduction tends to formulate a rigid and inflexible methodology, which does not allow alternative explanations. Following an inductive approach, the research includes the context of the research objects. For the in-depth exploration of PC issues in the context of business combinations, the intensive study of a small sample of subjects is more appropriate than studying a large number under a deductive approach in a more general manner. A qualitative case study approach focusing on the M&A activities of one company can create more in-depth insights for theory and practice than approaching more companies quantitatively to gain a wider understanding (Saunders et al., 2016). The journey of collecting data applies qualitative methods in the form of a case study to gather rich in-depth results (Stake, 1998; Yin, 2016, 2018). Figure 8 illustrates the inductive approach chosen for this study in comparison to a deductive approach.

Figure 8: Inductive versus Deductive Approach
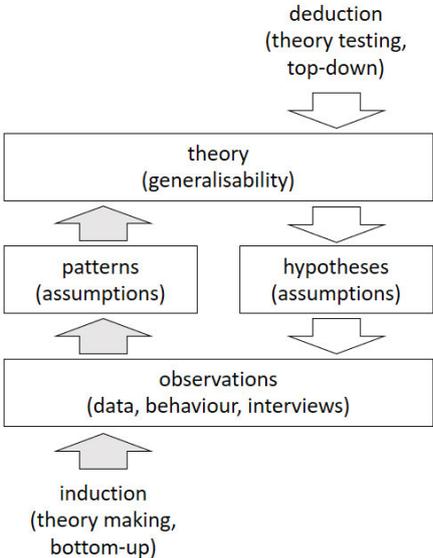
(Author's own illustration)

Qualitative research methods explore how and why things happen because they are contextual and allow data to be collected in a real-world setting (Saunders et al., 2016; Yin, 2016). Exploratory studies make it possible to ask open-ended questions,

e.g. through expert interviews or in-depth individual interviews (Saunders et al., 2016). This research uses a qualitative methodology because the research topic focuses on a complex, contemporary phenomenon in the context of real professional life (Yin, 2016). Therefore, a case study is used as a research strategy because these research topics can be explored in real contexts, with a greater proximity between the phenomenon being studied and its context (Saunders et al., 2016; Stake, 1998; Yin 2016). Case studies use multiple sources of data, stressing the importance of context (Hancock & Algozzine, 2017; Stake, 1995; Yin, 2016, 2018). The purpose of the study is to gain rich insights into the PCs of SMs and how they are influenced by activities and events at the early stages of M&As. In this regard, case studies allow a rich understanding of the context and the processes being enacted and answer the RQs related to the 'what' and 'how' (Hancock & Algozzine, 2017; Lauckner, Paterson & Krupa, 2012; Stake, 1998; Yin 2016). The single case study was chosen because it provides the opportunity to observe and explore the PCs of SMs from SMEs that planned to merge or had completed a friendly merger with a larger company, a phenomenon that few have considered before. Access to this sample was gained because the researcher is part of the investor organisation. Due to the strategic meaning, time constraints, disclosure agreements and other reasons, external researchers gaining access is hardly possible and very limited. This is especially true for access to the population of executives and managers, i.e. the SMs, who are the subjects of this study. Direct approaches and the researcher's personal network were used to try to gain access to subjects in other companies. Ultimately, this was not possible for the aforementioned reasons. The investing organisation and the regarded SME newcomers in the company group from M&A activities build the single case of this research. The different SMs from the target SMEs are embedded cases (Yin, 2016, 2018). The research was undertaken within the organisation the researcher is currently working for because it provided interesting opportunities for management research and facilitated access. Existing knowledge about the organisation helps to better understand the context and complexity.

The selection of the number of cases for the research is a critical decision. Recommendations vary in the literature. There is no ideal number, but there is a broad agreement that the number of cases and interviews should be customised

individually to the research content and aim, while also considering cost and time issues. The number of interviewees should be selected in accordance with the intended richness of information (Wong, 2014). Case studies focus on individual units of study, which are bounded systems. Therefore, an important factor when applying case study methodology to research is to define the individual unit of study by clarifying its boundaries (Flyvbjerg, 2011). Case studies dominantly use qualitative research designs but are also applied in quantitative approaches. Case studies treat the whole study population as one entity covered under the case study (Kumar, 2019; Stake, 1998). They enable an intensive, complete and in-depth exploration of a specific occurrence or a few carefully chosen cases (Gilbert, 2016). According to Burns (1997), 'to qualify as a case study, it must be a bounded system, an entity in itself. A case study should focus on a bounded subject/unit that is either very representative or extremely atypical' (p. 364). The case study at hand is representative of M&A activities by SMEs in the construction and RE sector. Thus, a single case allows for rich findings on the specific complexity of events and situations of the group building the case but not on the entire population of cases, which is considered as a single entity (Burns, 1997; Kumar, 2019). Hence, case approaches normally use purposive, judgemental or information-oriented sampling. A limitation of the case study approach is that it does not allow for the generalisation of findings beyond the cases, but the findings are applicable to similar organisations or groups of organisations (Kumar, 2019). This is reflected in chapter 6.4. A single case study approach implies that one sole social element is used as an object for the research. The case comprises different social entities, such as individuals, groups, organisations or patterns of behaviour (Lamnek & Krell, 2016). The research at hand follows the single case study strategy. The single case study approach was chosen because the different M&A activities under the umbrella of the holding company X form a bounded system, and the aim of the research is to gain deep insights into the effects of the M&As on the PCs of the SMs. Another reason for combining the different acquired and merged companies into a single case study is confidentiality because the description of each activity as a separate case study would enable the recognition of the companies and interview participants due to the company's characteristics, such as its size. This study, in part, adopts a single case study approach to manage issues of company and participant anonymity. If the individual M&A activities carried out or planned were presented as individual case studies,

there would be a risk that the companies and SMs involved would be traceable. The anonymity and confidentiality of the persons and companies would not then be sufficiently guaranteed. For this reason, an individual case study was chosen. Several attempts were made to bring in other external companies for the research through personal contact and mediation via the researcher's personal network, but these were unsuccessful. This was due to issues of confidentiality and external data protection, as well as a lack of time. Access to SMs who had experienced M&A activities in other companies within the industry and in other industries was not possible due to the sensitivity and company-specific strategy of such events and disclosure agreements signed by the parties involved to exclude external parties. In addition, this would implicate complex clearing procedures or embargos for the thesis publication and thus are excluded due to a lack of feasibility. Interviews were conducted with SMs from the different target companies of M&As with company X. The findings were mirrored in interviews with SMs responsible for M&As from the acquiring company. Participation is voluntary, and some SMs who were approached refused to participate directly or indirectly or could not do so due to difficult arrangements and therefore were not disturbed further. In summary, the qualitative and case study approaches are well suited and complementary, as both have the same objective, namely, to explore complex issues in a natural context and environment. In conclusion, the combined qualitative and single case study approach chosen for this research offers many advantages for the exploration of SMs' PCs in the context of multiple M&As of different target companies with one investor company. The literature advocates using a combined qualitative case study design for management research (Creswell & Poth, 2017; Denzin & Lincoln, 2011a; Easterby-Smith, Jaspersen & Valizade, 2021; Eisenhardt & Graebner, 2007; Gaya & Smith, 2016; Hyett, Kenny & Dickson-Swift, 2014; Yin, 2009, 2012).

3.2.2   Cross-Sectional Multi-Method Approach

The following chapter explains the combination of the cross-sectional and multi-method approaches.

Cross-sectional or status study designs are commonly used in social sciences. They are characterised by one interaction with the research subject. Designs involving two

or more interactions are called before-and-after studies, and those with three or more are called longitudinal studies. Cross-sectional designs enable the study of a phenomenon on a cross-section of the given population and provide an overall snapshot of it at one time. They comprise comparatively simple designs, are cheap to undertake and easy to analyse. The disadvantage is that cross-sectional designs are unable to explore change dynamics (Kumar, 2019). However, although the interviews took place at a specific point in time, the interviewees had the opportunity to report on developments and changed dynamics.

A multi-method approach combines different qualitative methods: the preliminary study uses observation to gather data, and the main study uses semi-structured in-depth interviews for data collection (Hunter & Brewer 2015; Silverman, 2019). The qualitative data is analysed by thematic analysis (Belotto, 2018; Braun & Clarke, 2006, 2013, 2014; Clarke, Braun & Hayfield, 2015; King & Brooks, 2018; Terry, Hayfield, Clarke & Braun, 2017). The research has a cross-sectional time period capturing a specific point of time because of limited access to the sample and the risk of losing participants with a longitudinal design. In my professional role, I have punctual or temporary contact at the early stages of potential M&As, when new business models emerge. As a part-time researcher, time and cost restrictions must also be considered, as well as general access possibilities and restrictions to access for interview participants resulting from professional activity and obligations as employees of the organisation.

The research is a cross-sectional study using participative observation and in-depth personal, telephone or video conferencing interviews. The interviews are semi-structured, i.e. based on interview themes and guiding questions, which can be altered or skipped during the interviews. All interviews are recorded and transcribed verbatim. The personal transcription by the researcher is seen as the first step of familiarisation with and analysis of the data to prepare it for the coding process. A three-step iterative coding process in analogy to the coding proposals of grounded theory prepares the data for thematic analysis, a method of qualitative content analysis. The findings of the research are presented as a single case study, and patterns of thought and behaviour are structured under themes. Data collection and presentation are strictly undertaken to maintain the anonymity of the people and firms involved.

3.2.3 The Qualitative Approach to Data Collection

The following chapter explains the use of qualitative research.

Qualitative research is connected to interpretative, theory-creating thought (Denzin & Lincoln, 2011a). Much qualitative research takes an indicative approach, especially when using an emergent research design to enrich the predominant theoretical perspective of existing literature. Researchers intend to establish subjective and socially constructed meanings articulated about the studied phenomenon. Qualitative data include non-numerical information, e.g. text documents, literal interview transcripts, field notes or sketches, audio or video recordings and images (Saunders et al., 2016; Yin, 2016, 2018). Therefore, qualitative research enables the social and cultural contexts of the perceptions, opinions, decisions and actions to be understood in discussions. Interviews allow rich data to be gathered from people in different roles and situations. Good interviews help to focus on the subject's point of view. Semi-structured interviews provide some structure while being open and flexible for improvisation. The previously prepared themes or guiding questions help to keep the focus and thus reduce the risk of digressing or forgetting aspects. Nevertheless, the interviewee is free to add any insights that occur during the interview. The number of interviews conducted must ensure that the interviewees represent different voices. As soon as saturation has been reached and further interviews do not reveal new insights, no additional interviews need to be conducted (Myers, 2009). While some authors claim a neutral nature of the choice of methodological tools in research designs, e.g. arguing that strictly constructivist epistemology would agree with statistical analysis methods (Mir & Watson, 2000), others see cognitive mapping as appropriate for the co-construction of meaning with real-life actors under a constructivist position (Charreire-Petit & Huault, 2008; Huff, 1990).

The research is based on several data sources, including in-depth personal interviews, talks with stakeholders and experts, observations from professional multi-stage exploratory and strategic discussions of potential M&As and research of existing literature. By triangulating the data, the researcher sought to improve the credibility of the data and the robustness of the results (Jick, 1979; Lincoln and Guba, 1985). The primary data sources for this study were as follows: observations from

multiple pre-merger exploratory and strategy meetings and individual discussions on the fringes of events, involving a total of 41 SMs from 18 potential M&A candidate firms and 21 SMs from the investor firm in various arrangements during 31 observed meetings; and 45 to 90-minute in-depth interviews with a total of 13 SMs, who had experienced M&As, either as survivors or agents. The aim was to assess the expectations and influences from both sides to improve the validity of the data (Lincoln and Guba, 1985). Details on data sources are given in appendices V and VI.

3.2.4 Rationale for Purposive Sampling and Characteristics of the Sample

The following chapter justifies the selected purposive sampling method and characterises the sample on which the research is based.

The population of this study, namely, SMs from SMEs who underwent M&A activity with the group during the study period, either as survivors or agents, cannot be quantified but only subjectively estimated since these figures are not communicated or published. Therefore, a purposive sampling methodology was applied in which the researcher selected those pre-merger exploratory interviews and those involved as a sample for the observation in which he was involved through his professional tasks. For the in-depth interviews, the researcher selected the M&As that he was aware of during the survey period and that were announced or communicated by the group in the media. Access to these populations as an external researcher at other companies is difficult because of the strategic importance and confidentiality of the operations, time and content pressure on the executives during this phase, and confidentiality agreements. The purposive sampling method was chosen because it allows access to this interesting total, which has not been considered in research for the reasons just described.

According to O'Leary (2004), 'a population is the total membership of a defined class of people, objects, or events' (p. 102). In the research at hand, the population comprises SMs from different target companies who experienced or survived an M&A within the last six years with the organisation. The population of the M&A carried out during the survey period is not known and cannot be determined because this information is kept confidential within the company. The researcher asked SMs

who were known to have experienced M&As whether they would participate in the survey and was able to conduct a total of 13 interviews with SMs who had experienced a combined total of eight M&As. Details of the sample are presented in appendices V, VI and VIII. The observation included 31 professional appointments, meetings and workshops with a total of 41 SMs from 18 potential M&A candidate firms and a total of 21 SMs from the organisation (excluding the researcher), which the researcher was involved with through his professional activity. The population of pre-merger exploratory talks conducted during the survey period is not known, as these talks are partly organised on a decentralised basis and are kept confidential, and the number is not communicated. A census in the sense of a full integration of the whole population in the research is not possible, as interview participation is voluntary, and not all M&A candidates are accessible. The sample selected should enable the understanding of the phenomenon of interest for the research. There are two general types of sampling strategies. Probability samples are random samples, whereas non-probability samples are purposive. A non-probability sample purposefully excludes some members of the wider population (i.e. non-managerial employees, other external company groups), while others are included intentionally (i.e. SMs). The research targets are SMs as a specific group of employees, knowing that they do not represent the wider population of employees. Purposive or handpicked sampling is a subtype of non-probability sampling, where the researcher intentionally selects individuals to be included in the sampling based on their judgement according to their characteristics or typicality for a phenomenon to be researched, i.e. SMs with different backgrounds and experiences. In this regard, purposive sampling means the selection of the most productive sample to answer the RQs. This comprises the size and characteristics of the sample, which is chosen for a specific reason, i.e. SMs who are survivors of M&A processes on the target side and those who have experiences with M&A processes on the acquiring side. Purposive sampling is not representative of the wider population because it is selective and therefore biased (Cohen, Manion & Morrison, 2007; O'Leary, 2004; Silverman, 2019). M&As are a peculiar, problematic and sensitive area of research, as it is very difficult for researchers to get access to the cases and interview partners (Cartwright & Cooper, 1994). Signed disclosure agreements limit and lower the willingness to participate in the study, as well as personal or situational conditions.

Table 16 compares typical non-probability sampling types and defines their selection strategies.

Table 16: Non-Probability Sample Designs

Type of sampling	Selection strategy
Convenience	Select cases based on their availability for the study and ease of data collection
Contrasting cases	Select cases that are judged to represent very different conditions, often well used when a theoretically or practically important variable can be used as the basis for the contrast
Typical cases	Select cases that are known beforehand to be useful and not to be extreme
Critical cases	Select cases that are key or essential for overall acceptance or assessment
Snowball	Group members identify additional members to be included in sample
Quota	Interviewers select sample that yields the same proportions as in the population on easily identified variables

(Henry, 2009, p. 82)

The sample size for qualitative studies is generally smaller than that of quantitative studies. This enables in-depth exploration. Qualitative studies have a point of diminishing return concerning the size of the sample, where more data does not necessarily lead to more information. Thus, saturation is the guiding principle for the individual size of the research sample. Qualitative research studies the meaning and not generalised hypothesis tests. But it is also very labour intensive and time-consuming concerning the resources required. The sample size must be manageable (Glaser & Strauss, 1967; Mason, 2010; Ritchie et al., 2013). According to O'Leary (2004), the appropriate sample size and sampling strategy for a small qualitative study depend on the nature of the intended research and the kind of data anticipated. She suggests naming and characterising the population and imposing this with the objectives of the research. The sample size and sampling method must also consider access to the intended participants and the feasibility of the data collection plan (O'Leary, 2004). Following the concept of saturation, a sample size determined by the number of interviews necessary to adequately answer the RQs until the further collection of new data does not provide any further contribution to the research (Glaser & Strauss, 1967). Sampling is also influenced by the aim of the research and is subject to time and resources available (Charmaz, 2006). Other factors that influence the sample size are the heterogeneity of the population, the amount and

complexity of the selected criteria, whether special interest groups need to be studied more intensively or whether there are multiple samples (Ritchie, Lewis, Elam, Tennant & Rahien, 2013). Table 17 characterises the research population by its typical features.

Table 17: Parameters of the Population of the Thesis

Dimensions and subdimensions	Acquired company	Acquiring company
Population: The total number of M&As is not publicised and cannot be determined; sample size of 13 interviews	The sample consists of eight SMs on the target side, representing six M&As	The ample consists of five SMs on the investor side, representing various M&A activities
Population: The total number of explorations with potential M&A candidate firms and of M&As cannot be determined; sample size of 31 observed meetings	The sample consists of 41 SMs on potential target side, representing 18 cases/potential targets	The sample consist of 21 SMs, representing talks with 18 cases/potential targets
Change situation		
• Role in the M&A	Acquired company, i.e. target company	Acquiring company, i.e. parent or investor company, dominant part
• Type of M&A activity	Company combinations, i.e. mergers or acquisitions, all M&A activities have been friendly, i.e. no hostile takeovers	
• Unit of research	Planned and executed M&As of the past six years of the company group	
Company characteristics		
• Type of industry	RE and construction industry	
• Type of business	Professional services, i.e. consulting, planning, project management, construction management, knowledge-intensive services	
• Firm governance	Founder, owner- or part-owner-managed	Public company, SE, management board leads to holding and shareholdings of founding families and managing partners
• Company size	SME, approximately 10 to 100 employees	Larger company, 'Mittelstand', approximately 4,000 employees
• HQs, country of origin	Austria, Belgium, France, Germany, the Netherlands, Switzerland, the United Kingdom	Germany
• Markets	Local, national	National, international

Participant characteristics		
• Functions of the subject	SM, i.e. founder, owner or partial owner, managerial staff (non-managerial staff excluded), experienced specialist with crucial knowledge, i.e. senior talent	SM, i.e. managerial staff, SMs who contributed to the M&A process, i.e. deciders, agents, mentors, support function
• Specifics of the subject	M&A survivors, target owners	M&A experts, M&A agents

Other characteristics	
• Objectives of the research	Rich understanding, in-depth individual insights and perceptions of individuals resulting from a key situation of change; no generalisability
• Further parameters of the population	Small population; sensitive topic and situation; difficult access to target group; voluntary participation; initially fairly low degree of awareness of the PC
• Type and scope of data to collect	Recorded personal interviews, approximately 45 to maximum 90 minutes long in semi-structured, personal, face-to-face, telephone or MS Teams in-depth interviews; interview languages: German or English; field notes taken from observations

(Author's own table)

All acquisitions have been friendly, i.e. actively required by the decision-makers on both sides. Initiatives for the acquisition came either from the owner company, acquired company or from M&A consultancies. All target companies are owner-managed businesses, i.e. family, founder or partner-owned. The participants of this study are SMs from acquired companies and the owner company. The owner company is a large service and consulting company in the RE and construction industry with approximately 4,000 employees worldwide and an annual turnover of approximately €500 million, organised under a holding structure of a European Company (SE) with HQs in Germany.

SMs are difficult to access. M&As are a sensitive and often emotional topic. Specifics of the service sector and of knowledge workers apply. Existing studies mainly investigate employees in sectors where work processes are relatively well-defined, e.g. nursing and workday routines. The research studies knowledge workers, i.e. project managers, planners and consultants, thereby focusing on SMs with responsibilities concerning market making, project and budget acquisition, project deployment and leadership and supervision of their teams. Therefore, the personal or

task-oriented elements of the PC will differ, e.g. the degrees of freedom, clarity of defined targets and dynamics.

To conclude, saturation is a useful guideline for the design of qualitative research and is accepted by scholars. Boddy (2016) found that in a sample size of 12, data saturation occurs among a relatively homogeneous population in practical research. Boddy's (2016) results were also evident in the sample of the present study, which achieved saturation and showed a certain homogeneity with regard to the activities of SMs in or with the construction and RE industry and friendly M&As with the aim of stabilising and promoting the further development of their own unit through the M&A. Due to the difficulty of recruiting participants because of the sensitivity of M&A situations; the personal situations of the SMs; limitations faced by the part-time researcher, who is also an employee of the group; and the intensity and scope of the individual interviews, the existing sample of 13 individual interviews can be justified as being target-oriented. In addition, the research is based on data from observations from 18 different M&A initiatives and 31 pre-merger exploratory talks, each conducted in several sessions with a total of 40 participants on the target side and 21 on the investor side. The present study design thus comprises a solid data basis within the framework of the chosen research approach. Table 18 characterises the research sample (details are provided in appendices V, VI and XIV).

Table 18: Sample of the In-Depth Interviews and Observations

Respondents to the In-Depth Interviews

No.	Code	Role	Firm, HQs
Interview 1	SM01	Managing director	User experience consulting, Germany
Interview 2	SM02	Founder, managing director	Plant and production planning, Germany
Interview 3	SM03	Founder, managing director	User experience, Germany
Interview 4	SM04	Founder, managing director	Facility management consulting, Germany
Interview 5	SM05	Founder, managing director	Facility management consulting, Austria

(Table continued from previous page)

Interview 6	SM06	Founder, managing director	Software engineering, Germany
Interview 7	SM07	Interim managing director, international PMI manager	Construction management and RE consulting, corporate unit TQM
Interview 8	SM08	Managing director	RE consulting, the Netherlands, the United Kingdom
Interview 9	SM09	PMI manager, commercial due diligence lead	Construction management and RE consulting, corporate unit finance
Interview 10	SM10	PMI manager	Construction management and RE consulting, group HRD
Interview 11	SM11	PMI manager	Construction management and RE consulting, corporate unit finance
Interview 12	SM12	PMI manager	Construction management and RE consulting, group HRD
Interview 13	SM13	Chief technology officer	Software engineering, start-up platform, Germany

Participants of the Observation

No./code	No. of observed meetings or workshops	No. of participants	Role of participants	Firm, HQs
Observation 1/ OB01	2	3	Founders, managing directors	Property valuation, Germany
		3	Member of the board, responsible for an area, strategic corporate development (researcher)	Group

(Table continued from previous page)

Observation 2/ OB02	2	3	Managing directors	Property valuation and market research, Germany
		4	Member of the board, responsible for two areas, strategic corporate development (researcher)	Group
Observation 3/ OB03	2	3	Founder, 2 managing directors	Sustainability consulting, Belgium
		4	Member of the board, responsible for an area, responsible for a country, strategic corporate development (researcher)	Group
Observation 4/ OB04	2	2	Founder, managing director	ICT consulting and planning, Germany
		4	Two members of the board, responsible for an area, strategic corporate development (researcher)	Group
Observation 5/ OB05	2	2	Founder, managing director	Healthcare consulting and planning, Switzerland
		3	Responsible for two areas, strategic corporate development (researcher)	Group
Observation 6/ OB06	1	1	Founder, managing director	ICT consulting, Germany
		2	Responsible for an area, strategic corporate development (researcher)	Group

(Table continued from previous page)

Observation 7/ OB07	1	2	Founders, managing directors	Sports facilities consulting, Germany
		3	Member of the board, responsible for an area, strategic corporate development (researcher)	Group
Observation 8/ OB08	2	3	Founder, 2 managing directors	RE consulting, Germany
		3	Member of the board, responsible for an area, strategic corporate development (researcher)	Group
Observation 9/ OB09	2	2	Founder, managing director	User experience consulting, Germany
		3	Member of the board, Responsible for an area, strategic corporate development (researcher)	Group
Observation 10/ OB10	1	1	Founder, managing director	Hospitality consulting, Germany
		2	Member of the board, responsible for due diligence, strategic corporate development (researcher)	Group
Observation 11/ OB11	1	1	Founder, managing director	Construction management, Germany
		2	Member of the board, strategic corporate development (researcher)	Group

(Table continued from previous page)

Observation 12/ OB12	1	2	Founder, managing director, M&A consultant	Factory and plant planning, Germany
		5	Member of the board, responsible for due diligence, responsible for two areas, strategic corporate development (researcher)	Group
Observation 13/ OB13	3	2	Founders, managing directors	User experience consulting, Germany, Switzerland
		4	Two members of the board, responsible for due diligence, strategic corporate development (researcher)	Group
Observation 14/ OB14	3	5	Founder, four managing directors	Construction management, Germany
		6	Two members of the board, responsible for due diligence, responsible for two areas, strategic corporate development (researcher)	Group
Observation 15/ OB15	1	3	Managing directors	Construction management and ICT consulting, Germany
		6	Two members of the board, responsible for three areas, strategic corporate development (researcher)	Group

Observation 16/ OB16	1	3	Managing directors	ICT consulting, France
		4	Two members of the board, responsible for an area, strategic corporate development (researcher)	Group
Observation 17/ OB17	1	1	Founder, managing director	Materials management, Germany
		3	Responsible for a location, two in strategic corporate development (researcher)	Group
Observation 18/ OB18	3	3	Founder, managing director	RE consulting, Germany
			Member of the board, responsible for an area, strategic corporate development (researcher)	Group

(Author's own table)

3.2.5 Observation of Professional Pre-Merger Explorative Workshops

This chapter explains the reasoning behind using observation for data collection in the research.

M&A situations are a very sensitive research context from the perspectives of corporate strategy and the people involved. The professional involvement of the researcher in exploratory post-merger talks with potential M&A candidates provides a unique opportunity to explore the PC and the mutual promises and expectations of the parties involved. Access to the population of external executives of various companies who are considering a possible M&A is challenging due to the strategic importance and sensitive nature of M&As. Therefore, observation was chosen as the

data collection methodology in addition to the in-depth interviews presented in the next section. The consideration of research ethical reflections is even more important to the researcher and is presented in the chapter as reflective awareness. The same applies to absolute anonymity so that neither the pursued corporate strategy nor the people and companies involved are identifiable. To promote transparency within the aforementioned framework and the traceability of the data collection, a table with details of the observations is included in appendices V and XIV.

Ethnography is an in-depth study of people in their own environment by the means of observation or interview to gain rich and comprehensive insights into their views, behaviour and interactions in their environment. The researcher immerses themselves in a specific group or organisation to observe and explore the social interactions closely (Jones & Smith, 2017; Kawulich, 2005; Reeves, Kuper & Hodges, 2008; Reeves, Peller, Goldman & Kitto, 2013). According to Marshall and Rossman (1999), observation is 'the systematic description of events, behaviors, and artifacts in the social setting chosen for study' (p. 79). This allows the researcher to use all their senses to describe the situation and setting they are studying (Erlandson, Harris, Skipper & Allen, 1993). In the present study, these comprise the professional pre-merger exploratory talks and personal discussions with individual participants about PCs outside of these workshops. Thus, observational field work comprises activities such as 'active looking, improving memory, informal interviewing, writing detailed field notes, and perhaps most importantly, patience' (DeWalt & DeWalt, 2002, p. vii). For a defined period, the researcher becomes a member of the community, i.e. gets involved and participates in activities, which allows for better understanding (Kawulich, 2005). Observation allows researchers to undertake a learning process about the activities of people in their natural setting and produces the context for the development of guiding questions for the in-depth interviews through participating in and observing the events (DeWalt & DeWalt, 2002; Schensul, Schensul & LeCompte, 1999). Observation has advantages and disadvantages. On the one hand, it allows insights behind the scenes; on the other hand, it must always be critically reflected upon to determine which findings may actually be disclosed to the outside world and which are in the interest of the people observed, i.e. what would be acceptable to consider in the research (DeMunck & Sobo, 1998; Kawulich, 2005). For this reason, the accompanying research's ethical reflection, as well as the

reflective awareness of the researcher, are very important, which Reyes (2020) calls the researcher's individual toolkit. According to DeWalt and DeWalt (2002), the limitation of observation results is the biased human collector of the data; thus, the researcher must reflect on how they and their approach influence the data collection process. The researcher's interpretation shapes the results and thus imposes bias and is subjective (Schensul et al., 1999).

Part of my professional role was to prepare, attend, moderate and document explorative pre-merger talks between my organisation and potential SME M&A candidate firms. The purpose of the pre-merger talks was to convey the potential mutual business models and framework conditions for the case of a possible M&A, often prepared in a phase of cooperation to test the mutual business model and collaboration fit for daily business. Participants of the confidential talks have been members of the board of directors, senior area managers in my organisation and representatives of the senior management of the potential target SME, i.e. founders, owners or managing directors. The observation schedule was related to the PCs of the SMs in the SME, i.e. mutual expectations of both sides, how early contact influences the PCs and elements of the PCs of the SMs that were crucial for the ultimate decision on the M&A activity. An interesting result of the observation indicates that in addition to the classic business management factors, elements of the PC can also be decisive.

In personal talks during breaks between the professional workshops or at a business lunch or dinner, I addressed the PC, my academic research project and the use of the PC as an enabler for mutual expectation management about factors that are not addressed in traditional written contracts, but which are important to foster mutual understanding. I used observation skills during the professional and personal conversations with the SMs on the fringes of the events to collect data on the insights the SMs were willing to provide. Outside of these official meetings, no bilateral contact was established so as not to interfere with the company's strategic operations and to maintain the official professional role as one of the company's representatives. My role as an employee of the company was deliberately separated from that of a researcher. To avoid mixing the two, the methodology of observation was applied. After the professional meetings and having left the location, I took field notes in my research diary.

Potential ethical questions on the methodology have been reflected on intensively so that the observation fully meets the requirements of the university's ethical research standards (Brannick & Coghlan, 2007; McLain & Kim, 2018; Primecz, 2020; Soderberg, 2020; Vadeboncoeur, Bopp & Singer, 2020). The observation raised ethical questions, as it was not revealed to the participants of the meetings that I was taking the role of a researcher so as not to disturb the professional flow of the meeting or influence the participants in their business decision because they felt observed (McLain & Kim, 2018). Explorative M&A meetings are strategic and confidential. This means that both sides do not wish for competitors to know what the two companies are discussing, nor are they interested in the market finding out how often and how intensive the discussions are. It is therefore a convenient sample of all the discussions about potential M&As I have participated in over a certain period. The decisive factor in sampling was gaining access to the data. The research does not reveal any company-specific strategic data, the data collected was strictly anonymised and the dates of the events were omitted so that they cannot be traced. The names of firms and people and confidential internal company or market-specific information have not been recorded. The data collected was only used for the purpose of the academic research and not reported to the company for business use. Therefore, no conclusions can be drawn from the research about individuals, participating companies or confidential strategies or business models.

The observation was conducted in accordance with the research ethics of the University of Gloucestershire (2008). Ethical questions have been reflected on by the researcher (McLain & Kim, 2018). All data is strictly anonymised. The results are presented in such a way that no conclusions can be drawn about the individuals and companies involved or confidential strategies and products. The objective of the research is to explore early influences on the PC and whether the content of SMs' PCs is a decider of the ultimate M&A decision, alongside the business-specific facts and figures and M&A contract conditions, which are normally the focus of negotiations. The research objective justifies observation as a method because it allows access to information from this underexplored perspective of the PC and does not reveal confidential company-specific business strategies. Another reason why the research objective justifies observation as a method is, as an active participant in the process, more intensive and direct interactions with the participants as a researcher

would collide with my professional role, as I am part of the other side in the initial negotiation process (Morgan, Pullon, Macdonald, McKinlay & Gray, 2017).

3.2.6 Semi-Structured In-Depth Interviews

This chapter provides the rationale for and outlines of the combined application of semi-structured and in-depth interviews for data collection in the research.

'Any person-to-person interaction, either face to face or otherwise, between two or more individuals with a specific purpose in mind is called an interview' (Kumar, 2019, p. 144). Interviews are flexible, which enables the researcher to establish the experiences and subjective opinions of individuals. Due to their flexibility, the researcher can immediately react to the responses given, i.e. open new dimensions of a problem, identify the sources and interdependencies of the miscellaneous elements or delve further into specific topics. Interviews enable the researcher to reveal the personal framework of the beliefs of individuals and the rationales that inform their thinking and actions (Whipp, 1998). There are structured and unstructured types of interviews. Unstructured interviews have high degrees of freedom in content and structure. This includes the order or wording of the questions asked, the explanations given or spontaneously emerging topics, as well as the weighting of interview parts. They are flexible to react to occurrences in the context of the interview. Unstructured interviews are used both in qualitative and quantitative research. While quantitative approaches elaborate on, code and quantify response categories from the answers given, qualitative research uses the responses as descriptors. Descriptors of qualitative approaches are often direct verbatim citations of the answers given, which are then integrated into the argument and logic of the report. Structured interviews comprise predetermined sets of questions. All interviews follow the same set, order and wording of the questions asked. Thus, structured interviews produce uniform information, which can be compared. In comparison, unstructured interviews require greater interviewing skills than structured ones (Kumar, 2019). In general, semi-structured interviews are guidelines. The execution of the interviews can be carried out in multiple ways. In contrast to standardised interviews, they do not provide given answers so that the interviewees are free to articulate their perceptions, opinions and experiences without being influenced (Hopf,

1995). Problem-focused interviews can range from having a loose orientation to a rough guideline, which mainly aims to support the orientation to the topic of the interview. The aim is to leave space for wide-ranging opportunities for the interviewed person to articulate their answer and to stimulate free storytelling. Therefore, problem-focused interviews can be seen to be a form of compromise between guideline-oriented and narrative forms (Hopf, 1995; Witzel, 1985). The literature broadly defines narrative interviews. Their essential element is that the interviewee delivers a free, ad hoc narrative stimulated by the initial questions asked by the interviewer (Hopf, 1995). The study at hand uses semi-structured and problem-focused interviews to combine the advantages of supporting the orientation to the topic while leaving space and flexibility for individual focal points and details.

Semi-structured interviews are non-standardised qualitative interviews (Saunders et al., 2016). They are a hybrid form of structured and in-depth interviews, offering the benefit of providing a rough structure by means of predefined themes or questions while leaving space for flexible talks about spontaneously raised issues or new directions that appear during the interview (Wahyuni, 2012). All in-depth interviews were framed by a briefing about their aim, process, anonymity, confidentiality and voluntary nature and secured informed consent and permission to record before the interview began. Afterwards, the researcher debriefed by explaining what would happen next with the data recorded and allowed the interviewee to ask questions or add further information and comments (Kvale & Brinkmann, 2009). During or soon after the interview and parallel with the recording of the dialogue, the researcher took notes in the form of observational, methodological and theoretical research memos (Schatzman & Strauss, 1973). Observational or field memos capture perceptions of the interview situation. Methodological memos document the aspects concerning the methods used, and theoretical memos describe emerging themes or findings during the interviews (Wahyuni, 2012).

In comparison to the questionnaire technique, semi-structured interviews have the advantage of enabling dialogue between the researcher and the interviewee, thus enabling the researcher to gain a deep understanding of and knowledge about the latter's experiences. They have a flexible, adaptive character and provide the possibility to react and interact by working with themes instead of adhering to predefined questions asked in the same order to all participants. Thus, the

researcher and the participant created the interview together and determine the content and emphasis. Where appropriate, it was possible to ask for examples, evidence, details or meaning at any stage of the interview (Cousin, 2009). The semi-structured interviews allowed a direct reaction to the answers and to delve deeper where appropriate. Standardised central questions helped to structure the interviews (Silverman, 2019). The leading questions for the in-depth interviews are provided in appendix IV (table 37). The leading questions were created based on the literature review provided in appendix I (table 34) and findings from observed pre-merger negotiations. They were tested in a pilot study with three colleagues to check the comprehensibility of the questions and to support the robustness of the research. Since the researcher is an insider, colleague and participant of several M&A meetings as part of their professional role in the company, the leading questions helped to focus the interviews on the research project instead of business as usual but remained open for flexibility within the interview. Where the interview participants allowed it, the interviews were recorded and transcribed for further analysis.

Qualitative interviews construct reality within an interactive productive process of communication between the interviewer and the interviewee. This social constructivism has practical relevance for the interview settings while interviews are complex communicative situations where data is not solely collected because it is created interactively through verbal and non-verbal symbols. While the questions comprise complex aspects that must be communicated and understood by both sides, the questions often reflect the understanding and relevance of the interviewer. Therefore, questions were asked as openly as possible so as not to prejudice or limit the range of answers. The interviewees, therefore, had the possibility to structure the communication as freely as possible and could say how they interpreted the questions, what they thought and if the questions were relevant and meaningful to them. This prevented misunderstandings not only on the part of the interviewees but also in the data analysis (Kruse, 2014). Two question techniques were applied to the in-depth interviews: content mapping and content mining. Content mapping is open and broad to open the interview theme and identify all the relevant content of the interview. The second part, content mapping, is meant to deeply research the themes concerning their subjective meaning for the interviewee. It comprises opening

questions, which are meant to support and stimulate spontaneous narratives from the interviewees without inhibition (Lagard, Keegan & Ward, 2003).

The PC is a complex object of investigation, partly because it is individual, subjective and not physically tangible and partly because the subjects of the investigation often have little or no awareness of their PC or the content of this construct prior to the interview, as awareness of it often only arises when a violation or break is perceived. For this reason, the personal interview offers many advantages by responding to the interviewee and providing necessary explanations. In addition to flexible reactions, the semi-structured approach was chosen because the survey explores something new and little researched but which in turn is a complex topic. The semi-structured approach combines the openness to explore with certain guidelines to avoid getting lost in the topic and to establish essential points in the interview, provided the interviewee allows this. In-depth interviews were chosen because the topic is complex, and thus, a depth of information is established to ensure a comprehensive understanding of it. Indeed, one of the added values of this study is that the professional setting allowed access to a very difficult-to-reach target group in a context that, for various reasons, is very confidential and sensitive, making it difficult for external researchers to gain access to the population.

The data collection used in-depth semi-structured interviews to collect primary data from 13 SMs who had experienced M&A activities, either on the side of the selling or buying company. The research was conducted via one-to-one in-person, telephone and video conferencing (MS Teams) interviews (Iacono, Symonds & Brown, 2016; Irani, 2019). Due to the rapid technological progress, increasing prevalence and high acceptance of video conferencing in private and business environments, the online interview is a good and flexible alternative that overcomes financial constraints, geographical dispersion and physical mobility boundaries, which have negatively affected onsite interviews (Janghorban, Roudsari & Taghipour, 2014). The main advantage of online interviews is that they save on travel costs and are much more flexible in terms of scheduling, as there is no need to accommodate travel time and hardly any set-up time. This makes them easier to fit into the very busy schedules of executives, which increases their willingness to participate in the interviews. The interviews can be classified as non-standardised qualitative research interviews (King, 2004; Nathan, Newman & Lancaster, 2019). The semi-structured interviews

were prepared using a list of possible themes and guiding questions to be covered but allowed the respondents to skip questions and follow their own focal point during the interviews (see appendix IV). Therefore, the questions asked and their order varied between the different interviews according to the situation and the answers given. Respondents could omit questions or set their own priorities and introduce new topics if they wanted to. The interviews lasted between 45 and 90 minutes – usually about 60 minutes – and they were audio recorded, field notes were taken, and the audio files were transcribed verbatim. Conducting in-depth interviews made it possible to explore major themes in depth and gain rich insights into the perceptions and opinions of the SMs, as the respondents were given the opportunity to talk freely, detail themes that were important to them and avoid questions that they did not want to answer, if necessary. The researcher directed the interviews to cover several themes but allowed the respondents to set the focus and detail aspects that were important to them, which is called a respondent interview (Easterby-Smith et al., 2021; Robson, 2002). For the qualitative research approach, semi-structured interviews with in-depth elements were chosen (Nathan et al., 2019; Robson, 2002). The research can be classified as multi-method because it blends two types of interviews, semi-structured and in-depth, to explore the themes (Heath, Williamson, Williams & Harcourt, 2018). The PC is an abstract construct, and many respondents were confronted with it for the first time during their interviews or when asked if they agreed to participate in the research. The semi-structured and in-depth interviews allowed the researcher to 'probe' answers where interviewees were asked to explain or build on their responses to gain rich and detailed data (Silverman, 2019). The establishment of personal contact with the SMs was an important factor in their agreeing to be interviewed and to ensure open answers because they gained interest in the research topic and understood the intended contribution to research and practice. Therefore, qualitative personal interviews were chosen to collect data, rather than standardised questionnaires to be completed at a physical and mental distance (Nathan et al., 2019; Oye, Sorensen & Glasdam, 2016).

3.3   Conclusion to the Chapter

This chapter summarises the research design of the thesis.

In conclusion, the positioning and methodological choice can be summarised as follows concerning the research philosophy applied. Ontology and epistemology follow a subjective, interpretivist and constructivist philosophy, where knowledge is socially constructed and comprises subjective meanings. Axiology is subjective, value-bound and seeks a deeper understanding. To foster the understanding of the fundamental meanings, the research paradigm is interpretative with an inductive approach. Therefore, the research methodology is qualitative with a purposive choice of methods. To explore a real-life phenomenon in a sensitive context with a dependence on the access of interview partners, a single case study approach with embedded subcases forms the research strategy. The time horizon of the research is cross-sectional due to access and time restrictions. The data collection uses purposive sampling for the observation and semi-structured one-to-one interviews with in-depth features. Due to the sensitive context, insider research and small population and sample, reflection on the research ethics is crucial. The qualitative approach uses non-standardised methods for data collection to enable a rich understanding. Data analysis works with thematic analysis of the verbatim transcripts, memos and field notes. Data presentation is based on themes illustrated by thematic maps and quotes of interview statements. A comprehensive table summarising the research design is enclosed in appendix XVIII.

Chapter 4

4 Data Analysis and Findings

This chapter explains the thematic analysis of the data and reveals the findings.

4.1 Data Analysis

Data analysis, and thus the identification of meaning, is not just an isolated final activity after completing data collection. Moreover, it happens iteratively during the whole research process. Data collection is a journey. Rousseau's (2007) description of her journey to develop the PC theory shows explicitly that research is an ongoing iterative learning process. The reflective researcher moves beyond simply reporting facts by actively constructing interpretations of their experiences in the field and outlining the way and backgrounds to how they produced the interpretations (Hertz, 1997).

Authenticity implies that the researcher understands and captures the research subject close to its own structures, uniqueness and specifics. The decision for a concrete research problem is always bound to be reduced and thus structured, while some aspects are focused on whereas others are postponed, at least for the moment. If data collection is based on one-time interviews, this decision influences the concept of data collection as a process, e.g. participative observation or one-time interviews are more difficult to control and cannot be corrected afterwards (Flick, 1995). This research is interested in the results of the interaction process of people concerning the past, existing and changing perceptions of SMs. Triangulation connects structural aspects of a problem with reconstructions of its meaning for the people concerned (Flick, 1995). By reconstructing the concepts of PC theory with the sensemaking behaviour of SMs, it is possible to realise formation and transformation issues and outcomes of SMs in the context of organisational change scenarios, such as M&As.

4.2 Familiarity with and Preparation of Data Through Coding

Data management and preparation encompasses three aspects; secure and structured data storage, transcription of audio records and data cleaning that removes all confidential parts and anonymises the data set (Wahyuni, 2012). Transcribing the recorded interviews fosters familiarisation with it, and therefore is the first step of data analysis (Kvale & Brinkmann, 2009). There are three sources that the researcher can derive categories from during the process of data interpretation: from the data, i.e. the cases; from theoretical models; and from RQs. Coding can be understood as a subsuming routine process or a creative process. Subsuming coding aims to categorise the empirical data in given structures, while creative coding delivers the code system during the ongoing process of the data and phenomena collected. Coding is either a reductive and allocating or a creative and contextualising process. First, it should allow an authentic picture of the data or cases to be formed. In addition, it should enable the researcher to establish structures in the data and cases for the RQs (Flick,1995). Glaser (1978) and Strauss (1987) define different phases of open coding. While axial or selective coding forms the important step, theoretical coding follows, which combines and structures the coding resulting from the first step under a specific focus, i.e. a theoretical model or core variable (Flick, 1995; Glaser 1978; Strauss, 1987). If the coding of step one was carried out openly, the same existing data can also be coded and sorted under other problem statements later (Glaser, 1978). Coding creativity depends on the openness of the codes in the first step, how flexible they are for multiple structuring and how new the structuring of step two can be due to this (Flick, 1995).

Texts produced by qualitative research, including transcripts and memos, can be interpreted in two ways. By summarising identical or similar statements, interpreted patterns or core variables are elaborated on. The aim is to reduce the multitude of content and meanings. Texts become more concise, and cases can be summarised. Vagueness and ambiguities are successively corrected or excluded. The other strategy is to contextualise texts by uncovering implicit vagueness systematically. The task of data interpretation confronts the researcher with the dialectics of

authenticity and structuring in three ways. At first, the methodological decisions focus on different segments of the data and put others in the background. With the chosen methodology, the researcher decides on the specific structures of the texts that constitute the research reality. The inductive development of new categories also imposes structure. Moreover, it uncovers the structure of the case study or subsumes it to an external structure, e.g. if the theoretical contexts do not fit with the case (Flick, 1995).

Grounded theory is one of the most widely used frameworks for qualitative data analysis (Glaser and Strauss, 1967) and was formed from different paths and an ongoing methodological debate and controversial approaches and views (Bryman, 2016; Charmaz, 2000; Glaser, 1992; Strauss, 1987). Many scholars use the term just to indicate that the researcher grounded the theory on data; thus, grounded theory is synonymous with induction (Bryman, 2016). Often, just a few selected features of grounded theories are applied to the research, which does not mean that the research is a grounded theory (Locke, 1996; Walsh et al., 2015). Bryman (2016) lists four important tools of grounded theory: theoretical sampling, coding, theoretical saturation and constant comparison. The research does not intend to be a pure grounded theory, but it uses thematic analysis for data analysis. Therefore, coding, a central element of grounded theory that is delivered and informed by it, will be applied during the data collection process and the discovery of themes.

Coding is a central process of grounded theory involving the review of transcripts and field notes, as well as labelling and naming the components, which are attributed with having potential theoretical meaning. In qualitative data analysis, coding is regarded as a continuing process of revision and flexibility. There are two major coding streams in grounded theory, which can be described by Strauss and Corbin (1990) differently to Charmaz (2006), according to Bryman (2016). Strauss and Corbin (1990) differentiate between three kinds of coding activities: open coding, axial coding and selective coding. Open coding is an open activity to examine, compare, conceptualise and categorise data. This produces concepts that can be later grouped into categories by axial coding. Axial coding comprises a set of measures combining categories and identifying new interconnections. Thereby, codes are linked to contexts, consequences, causes and shapes of interaction. Selective coding aims to select the key category and comprehensively connect it to others by validating the

associations and identifying categories with a need for further development. A core category is a key storyline that frames a systematic reasoning of the phenomenon being researched (Bryman, 2016; Strauss & Corbin, 1990). Charmaz (2006), however, distinguishes between three phases of coding: initial coding, focused or selective coding and theoretical coding. The open stage of initial coding is more detailed, seeking to deliver an initial impression of the data with as many ideas as possible, and it produces many small, simple and exact codes. Focused coding discovers the most common, revealing and meaningful codes. While some initial codes may be skipped, others can be combined to form new codes. Focused coding determines which initial codes best categorise the data. Theoretical coding specifies potential relationships between the categories derived from focused coding additionally by incorporating ideas from literature (Bryman, 2016; Charmaz, 2000, 2006). Charmaz's (2006) approach is based on a constructivist epistemology (Braun & Clarke, 2014). Qualitative content analysis – and thus also thematic analysis as a content analysis method – uses coding to label core topics and patterns. Typically, coding follows the grounded research method, which executes coding on three levels: open coding, axial coding and selective coding (Boeije, 2010). Preferably, coding is undertaken iteratively, while the findings of each coding step are documented as interim summaries in a codebook (Saunders et al., 2016). The following chapter on thematic analysis will connect the coding process to thematic analysis (see Table 20).

4.3   Thematic Analysis

This chapter justifies the choice of thematic analysis for the qualitative and explorative research and explains its main features.

4.3.1 Introduction to the Methodological Family of Content Analysis

The case and small study orientation of qualitative research is an implicit feature of its understanding of science in terms of whether one looks for the description of the individual or for the formulation of the general. Single case analysis is not generalisable, but the findings are transferred analogously (Heinze, Mueller, Stickelmann & Zinnecker, 1975; Mayring, 2015). Hermeneutics is the doctrine of interpreting linguistic and textual materials. Since content analysis is influenced by it, there is a need to perform accurate source analysis at the beginning of the process, and because texts can never be analysed fully unconditionally, the preconceptions, assumptions and background must be set forth. Qualitative content analysis is an understanding process of complex meaning structures in materials (Mayring, 2015).

Content analysis was developed in the 1920s in the USA to systematically analyse the vast amount of data material in the unfolding mass media, such as radio and newspapers. Initially, only quantitative methods were utilised using frequency analysis on specific parts of the text (e.g. by counting the number of references to a political party in a newspaper), valence or intensity analyses classifying the material according to given scales (e.g. measuring how strongly a newspaper's comments supported positions of the ruling party) or contingency analysis revealing relations in the text (e.g. analysing how often a politician was mentioned with positive attributes). With roots in social and behavioural sciences, quantitative content analysis has a long history of application as a research method in different disciplines, such as communication, journalism, business, sociology and psychology (Neuendorf, 2019).

Quantitative content analysis was criticised because it only concerns superficial content of the text and therefore ignores latent structures of sense (Kracauer, 1952, 1972; Mayring, 2015; Ritsert, 1972) and the context that informs and modifies the meaning of the passage of text (Mayring, 2015). In addition, a lack of linguistic grounding was claimed (Fruehlau, 1982), as well as that quantitative content analysis was not fully able to fulfil the self-posed claim for classification and feasibility (Ruehl, 1978). Ritsert's (1972) analysis of possible youth exposure to wartime penny dreadfuls at the beginning of the 1960s revealed that they were written trivially. With this research, the author developed the first approach to qualitative content analysis,

which omitted hasty quantifications and systematically revealed latent meaning, e.g. hidden ideologies (Mayring, 2015). Fundamental to today's methodology of qualitative content analysis was the research project on the subjective processing of unemployment in the 1980s (Mayring, 2015; Ulich et al., 1985). Qualitative content analysis looks back on a long history. Since its origins in the 1980s, it established itself well as an analysis method within social sciences. In recent years, the social sciences opened to qualitative-oriented approaches. Meanwhile, reservations still remain. Alleged reasons, such as a lack of intersubjective traceability; violations of classical positivist quality criteria, such as objectivity and reliability; and an inadequate generalisability, are often brought forward. In this regard, qualitative content analysis takes an intermediate position, as the results are further processed quantitatively, e.g. using frequency analysis of categories. In addition, intercoder reliability plays an important role, while not as strictly enforced as in quantitative content analysis. The assignment of textual material to content analysis categories remains an interpretative action (Mayring, 2015). Mayring (2015) considers the strict comparison of qualitative and quantitative methods in the social science methodological debate to be nonsensical, as the ongoing search by the research community for connection and possibilities for integration is important and has been incorporated by the term 'mixed methods' for years.

Krippendorff (2013,) states that 'content analysis is a research technique for making replicable and valid inferences from texts (or other meaningful matter) to contexts of their use' (p. 24). Content analysis has its roots in the quantitative analysis of texts and other documents. Today, there are two fundamental competing approaches: quantitative and qualitative. The term 'qualitative content analysis' can be traced back to an article by Kracauer (1952, 1972), where he criticises the claim of scholars that only quantitative methods could qualify validity. According to Kracauer (1952, 1972), quantitative analyses even fail to do so because they do not capture the sense and meaning of texts. Therefore, he claims there is a need to consider the context and latent structures of the meaning of the text elements, instead of only analysing black letters on white paper. The analysis of unique cases is important because they also reveal patterns. Even though quantitative content analysis delivered methods for capturing the contexts of textual elements, e.g. analysing the structure of associations using contingency analysis, Kracauer's (1952, 1972) critique

is still meaningful (Meuser, 2011). Mayring's (2015) nine-step concept of qualitative content analysis contains elements of classificatory and sense-restructuring methods that allow a successive thickening of complex and numerous data materials (Mayring, 2015).

4.3.2 Rationale for the Application of Thematic Analysis

The following chapter explains the application of thematic analysis.

Qualitative content analysis thus has strong coherence with the deductive nomological research strategies, which are predominately of a theory-testing nature rather than being theory-generating. The interpretation of the text does not occur in sequential order. Instead, it grounds on a scheme of categories that is delivered in an early explorative phase of the research. Currently, a fully and consequential sense-reconstructing concept of qualitative content analysis does not exist in the literature. According to Ritsert (1972), the major logic of any content analysis is to establish clear categories to cluster the content, so the use of content analysis within qualitative research is questionable (Meuser, 2011). Qualitative content analysis aims to process very large quantities of materials (Mayring, 2015). Therefore, it would be inappropriate to apply the message to a small research sample. The research at hand takes an explorative, inductive, constructivist approach. Thus, the aim is not to investigate large samples quantitatively but to gain deep insights into the real-life experiences and practices of an exclusive and specific sample of subjects. Qualitative content analysis, despite its name, has many quantitative or quantifying parts, and some authors even criticise the fact that qualitative content analysis would only prepare quantitative content analysis in its process. In addition, qualitative content analysis is understood as a method to handle very large amounts of data. Nevertheless, the basic structure of this type of method seems fundamentally suitable and reasonable to structure the process of data generation comprehensibly and transparently. Therefore, this research uses thematic analysis, which has a relationship with qualitative content analysis but is more suitable for data analysis according to the framework and objectives of the present work. In the following, the thematic analysis will be described in more detail and applied to the present research. Qualitative content analysis intends to identify meanings from the texts

(Silverman, 2019) by conducting the analysis from the insider's perspective of the case company (Sarantakos, 2005). Thematic analysis is a qualitative content analysis method carried out by recognising patterns and themes within the textual data, which are important to describe a phenomenon being studied (Clarke & Braun, 2006; Given, 2008; Joffe, 2012). Thematic analysis is recognised as an independent method (Clarke & Braun, 2006; Joffe, 2012). Like the principles of thematic analysis, qualitative content analysis extracts themes from texts, but it focuses more on the exploration of differences emerging in the empirical data, and thus is used to reveal overarching concepts, processes and experiences between the cases (Boeije, 2010; Wahyuni, 2012).

4.3.3   The Thematic Analysis Process

Thematic analysis is one of the most frequently used approaches for qualitative data analysis. It does not show an identifiable history and is not bound to a certain category of methods. Furthermore, thematic analysis' search for themes can be applied to most qualitative data analysis approaches. The definition of the term 'themes' varies in the literature. While some scholars equal a theme to a code, others state that a group of codes can build a theme. According to Bryman (2016), themes are categories identified from the data collected, which relate to the research focus and RQs. The categories build on codes recognised in transcripts, research memos and field notes. They enable a theoretical understanding of the contribution the data can make to the body of knowledge in the field. To assist the thematic analysis, it is suggested to build a matrix to order and systematise the qualitative data within it. The matrix serves as an index of themes and subthemes representing the recurring motifs in the text. The matrix can help to manage themes and data, but it does not specify how to identify them. The identification of themes is bound to the researcher's consciousness of repeating notions, issues and patterns in the text (Bryman, 2016). When searching texts for themes, the literature suggests looking for repetitions and frequencies of mentions, unfamiliar local expressions, metaphors and analogies, transitions of shifting topics, linguistic connectors, missing data and theory-related material that could be used as a catalyst for themes. The use of memos can support

the elaboration of the thematic data analysis (Bryman, 2016; Ryan & Bernard, 2003). Bryman (2016) describes the major steps in the process of thematic analysis. At first, familiarisation with the body of materials, i.e. transcripts, field notes and memos, by reading them carefully is important. Second, the researcher starts with open or initial coding to create codes by adequately naming and labelling sections of the texts. In the third step, the aim is to reduce the number of codes by searching for common aspects in them to aggregate them to higher-order codes or themes. This and the following step should be accompanied by writing memos and summaries about the meaning that the researcher attributes to the aggregated codes. In addition, each code is given a name. Step four evaluates the higher codes or themes of the third step. Either the codes derived in step three can be aggregated to a higher level, or subthemes or dimensions between the codes can be found. Now, the researcher names and labels the identified themes and subthemes so that the names and labels comprise large parts of the text and provide genuine insight into the content of the data. The names and labels reflect concepts. In a fifth step, likely interconnections between the concepts and the appearance and variance of the concepts due to certain features of the text are elaborated on. The final sixth step is writing a report providing insights about the data gathered by the prevalent steps. In this step, the researcher provides arguments to justify the importance and interest of the derived themes by connecting them to the RQs and literature of the research focus. Alongside this, transparent reasoning for the process of identifying themes is important. Despite the aforementioned stages being numbered, which indicates a theoretical sequence, they do not necessarily follow a strict sequence in practice, and qualitative research consists of a continuous iterative interaction between conceptualisation and data review (Braun & Clarke, 2006; Bryman, 2016).

Table 19 shows the phases of the iterative process of thematic analysis.

Table 19: Iterative Phases of Thematic Analysis

Iterative phases	Description of the process	Interim results
1. Familiarisation with materials	Transcribing records, reading the texts	Memos, initial ideas
2. Initial coding	Naming and labelling text sections with patterns	Code book, memos
3. Searching for themes	Aggregating the codes to themes, naming and labelling themes	Initial thematic maps
4. Reviewing themes	Evaluating themes, connect structure and aggregate them	Developed thematic maps
5. Finalising themes	Reasoning and finalising themes	Final thematic maps
6. Writing a report	Providing arguments to justify the themes, connecting them to the RQs and literature, selecting important extract samples	Report, citations

(Braun & Clarke, 2006, modified; Bryman, 2016)

Thematic analysis is frequently influenced by grounded theory and reliant on coding as a technique for recognising themes in the data. Many of the elementary procedures of qualitative data analysis were established in the setting of grounded theory (Bryman, 2016). Table 20 illustrates the context.

Table 20: Coding Process and Thematic Analysis

Coding levels	Open coding	Axial coding	Selective coding
Aim of coding	• To break down the data analytically into provisional categories	• To refine and differentiate between concepts in provisional themes	• To find relationships and themes
Result of thematic analysis	• Provisional categories illustrated in initial thematic maps	• Concepts and provisional themes illustrated in developed thematic maps	• Themes illustrated in final thematic maps

(Author's own table; coding definitions based on Boehm, 2004)

In the past, thematic analysis was used heterogeneously and unsystematically in the literature since its inception decades ago. Meanwhile, the methodology has become established. Over the last decade, thematic analysis has established itself as a widely accepted method of qualitative research in the areas of psychology, health and social sciences. Braun and Clarke's (2006) approach is the most used and offers a systematic and accurate method for coding and developing themes. Braun and Clarke (2006) call their approach a 'Big Q' method: qualitative approaches that are delivered under a qualitative research paradigm. According to Braun and Clarke (2006), 'Big Q' approaches deny the positivist perspective that a universal reality can be discovered by stating that meaning is always constructed. Therefore, it is subjective and bound to the context in which it is shaped. Braun and Clarke's (2006) method of thematic analysis is 'an organic approach to coding and theme development, one that is informed by the individual standpoint of the researcher, and that is fluid, flexible, and responsive to the researcher's evolving engagement with their data' (p. 223). Thematic analysis can be executed within a broad variety of theoretical paradigms, such as realist/essentialist, critical realist/contextualist or relativist/constructionist. There is a broad variety of forms and possibilities of thematic analysis: inductive thematic analysis aims to stay as close as possible to the meanings in the data and therefore grounds the analysis in it, instead of grounding in prevailing concepts and theories. In contrast to this, the coding and theme development of deductive thematic analysis are informed by existing concepts and theories. Semantic thematic analysis regards the explicit statements and therefore focuses on the superficial meanings of the data and communication. Latent thematic analysis aims to gather the meanings below the surface of data, i.e. attitudes, backgrounds or convictions that substantiate semantic connotations. The analysis of unconscious and inexplicit latent meanings requires interpretative work by the researcher. Descriptive thematic analysis summarises and describes patterns found in the data. Interpretative thematic analysis seeks to decrypt and interpret the deeper meanings in the data. While none of the forms is superior, manifold combinations are possible. Customarily, there are some common combinations to be found, e.g. researchers with a relativist/constructionist approach tend to use deductive, latent and interpretative forms of thematic analysis (Braun & Clarke, 2006, 2015). The overall fit of the research design of thematic analysis studies is a key reason for conducting qualitative studies. The design depends on the aim and scope of the

study, RQs, theoretical approach and practical deliberations, such as the time frame for conducting the research and the availability and accessibility of interview partners According to Braun and Clarke (2015), the richness of the individual data influences the necessary sample size. Rich individual data allows for smaller sample sizes, whereas shallow individual data can be compensated by larger samples. When reflecting on the sample size, the heterogeneity of the sample should also be considered. It is proposed that smaller thematic analysis studies should utilise homogeneous and focused samples to foster the exploration of meaningful patterns and themes (Braun & Clarke, 2013, 2015). The study at hand uses a homogeneous sample of SMs concentrating on one industry, professional RE and construction services, and subjects in comparable situations of friendly business combinations of former owner- or part-owner-managed SMEs merging with a larger company. Braun & Clarke (2013) suggest a sample size of six to 15 participants for professional doctorate thematic analysis studies using interviews for data collection. It was possible to recruit 13 SMs who experienced M&As, either on the target or investor side, for the in-depth interviews, which lasted between 45 and 90 minutes, with most lasting 60 minutes. The interviews were transcribed verbatim and analysed by thematic analysis. The second data source was observations of 31 pre-merger exploration talks and workshops with 18 potential target firms, each with approximately one to three appointments with 41 participants, plus 21 SMs on the potential target and investor side, including the researcher, who participated in his professional role. The observations were recorded in field notes after the interviews and included in the thematic analysis.

In the process of searching for themes, a reasonable and coherent attribute of the data is the aim. While there is no obvious difference between a code and a theme, similar codes are clustered into themes, and dense and strong codes can be made into themes. The reflection on the coherence of the candidate themes concerning hierarchical or lateral relationships should have a maximum of three levels. Overarching themes support the organisation and structuring of the analysis by capturing an interpretation, which several themes have in common. Themes are directly related to a key organising concept, whereas subthemes capture an important facet of the key organising concept. Thematic maps are used in the reports

to illustrate the overarching themes and subthemes identified (Braun & Clarke, 2006, 2015).

4.3.4   The Limitations of Thematic Analysis

The limitations of thematic analysis are discussed below.

According to Guest, MacQueen and Namey (2011), the analytical value of obvious topics is limited because they are the result of the researcher's subjective reflection on and interpretation of given data, which another person would not necessarily perceive in exactly the same way. Another possible limitation of thematic analysis is that it may omit some of the more nuanced data, as the themes represent condensed top-line aggregations (Guest, MacQueen & Namey, 2011). This exploration is carried out with a subjective constructivist approach. Based on the experience of data analysis, the statements of Guest et al. (2011) can be confirmed in that the results of the analysis of complex data, such as the extensive transcripts of the interviews used here, including the marginal and field notes from the observations, must be aggregated very strongly. The present research, therefore, provides the developed thematic maps in the appendix, as they contain more detailed information on the finalised versions.

Other points of criticism are that the thematic analysis can be abstract in the sense of the researcher and thus remove the phenomena from reality, or that results can be fragmented and presented in part, as they may only affect parts of the interviews or data (Joffe & Yardley, 2004). Braun and Clarke (2006, 2012, 2013) believe that the main pitfall of thematic analysis is when researchers classify their interview questions as themes or stay too close to their questions. These aspects are to be prevented through active reflective awareness, intensive examination and familiarisation with the data collected, as well as mechanisms for reflecting on the possible limitations, which are described in the following chapter (Reyes, 2020). The results of this work summarise the interviews and observations well, as the final topics are based on content from the majority and do not contradict the content of interviews that did not actively address them. As a result of the present work, new topics have also

emerged that were not conceivable at the beginning of the data collection, e.g. that the content of SMs' PCs can also be exclusion criteria for M&A initiatives.

4.4   Data Quality, Validity and Reliability

This chapter reflects on potential issues concerning data quality and how the research manages them.

4.4.1   Reflexive Awareness

The following section examines the application of reflective awareness to this research.

The insider research takes place within the company the researcher works for. Therefore, reflexive awareness is important to reflect on the personal stakes involved and potential bias or emotional involvement. Self-awareness and transparency are essential, and every researcher needs to define their own suitable activities to ensure them (Brannick & Coghlan, 2007; Johnson, Adkins & Chauvin, 2020; Luttrell, 2019; Primecz, 2020; Reyes, 2020; Soderberg, 2020; Vadeboncoeur et al., 2020). The interplay between the researcher and the organisation is essential for qualitative insider research and provides insightful contextual understanding. This methodology requires careful consideration before and during engagement and a high reflective awareness (Greene, 2014; Teusner, 2016, 2020). The status of the researcher and their position within the company impacts their access to people, networks and information. Insider researchers contribute their professional experience and existing understanding of the subject to the research. This was reflected iteratively during the research process by being able to attend the professional workshops and personal talks without drawing attention to myself as a researcher, disturbing or interrupting the business purpose or making the participants feel as if they were being watched. The participant-observer role as an insider researcher provided the research with opportunities, which it would not have been possible to gain otherwise. This is an important feature for a doctorate in business administration that combines both worlds. Possible dangers have been considered and reflected on (Primecz, 2020;

Saunders et al., 2016). According to Gill and Johnson (2002), my role as an insider researcher categorises me as a complete participant because of my active and participating professional role during the meetings and talks, while the performance of research in the background was not actively revealed. This role is justified on research grounds and ethically reflected upon. The data collected comprises primary and secondary observations (Delbridge & Kirkpatrick, 1994; Saunders et al., 2016). According to Robson (2002), data can be classified as a descriptive observation recorded by field notes and reported by a narrative account.

4.4.2   Reliability of the Data

The following section addresses the requirements for data reliability.

In qualitative research, the reliability of data is limited as to whether other researchers would find similar information (Easterby-Smith et al., 2021; Johnson et al., 2020; Silverman, 2019). Conducting semi-structured and in-depth interviews requires a reflection on potential bias, whereby the term 'bias' in the narrow sense is attributed to quantitative research under positivist research philosophy (Saunders et al., 2012). Interviewer bias may occur due to the way questions are asked or commented on, the tonality or non-verbal actions. This can influence the answers and impose the researcher's own beliefs or frame of reference. This research is conducted under a constructivist research paradigm. Therefore, data is a result of interpretation and the interaction between the researcher and the interviewee. Another possible source for bias that must be reflected on when collecting data is the way the given responses are interpreted (Easterby-Smith et al., 2021). In addition, there can be respondent bias because of perceptions about the interviewer or the interview being close to an ongoing major change situation. The research explores events and seeks explanations, so participating in the interviews is an intensive process for the respondents. Despite being willing to take part, there can be topics the respondent does not want to discuss, which may be influential if answers are given in a politically correct way or according to the desired role. To avoid this, the respondents were given the opportunity to skip questions or end the interview whenever they wanted to. There might also be a source of bias in the sample. SMs are often under high time pressure, and 'selling' the company they founded or have

been directors of for years also produces personal pressure, despite the M&A being voluntary. This reduces their willingness to take part and access to individuals who would be of interest to talk to (Saunders et al., 2012). Reflective awareness on the part of the researcher was important at all stages of the data collection journey (Johnson et al., 2020; Primecz, 2020; Vadeboncoeur et al., 2020). The self-awareness of the researcher and transparency about the decisions and reflections made during the data collection journey are important (Luttrell, 2019). Concerning the reliability of data, non-standardised qualitative research does not intend to be generalisable since it explores reality at a certain point in time and in a complex situation, which can be subject to change (Marshall & Rossmann, 1999).

The accuracy of qualitative research is discussed frequently in the literature (Boeije, 2010; Denzin & Lincoln, 2011a). While qualitative research works in a different area with different tasks and plans to quantitative research, quantitative concepts of reliability and validity do not fit (Bryman, 2016; Parker, 2012). Instead, Lincoln and Guba (1985) developed five criteria to assess the trustworthiness of qualitative research, which are commonly accepted by social science scholars: credibility favouring internal validity, transferability paralleling external validity, dependability resembling reliability, dependability being like reliability and confirmability taking after objectivity (Bryman, 2016; Lincoln & Guba, 1985; Wahyuni, 2012). Lincoln and Guba (1985) suggest three major measures for the validity and reliability of qualitative data: first, Lincoln and Guba (1985) demand that qualitative research be trustworthy and credible by precisely identifying the topics under research. First, this research bases its RQs and interview themes on an extensive literature review. Second, the findings from the interviews with the surviving SMs have been mirrored in interviews with agents of the other contracted party, comprising HR and PMI managers, who experienced and supported the processes. To maintain anonymity, and because of the small population, no direct one-to-one matching between people was made, the HR and PMI managers have been shown the general findings and anonymous citations were deemed necessary without an identifiable connection to specific people or firms. Second, Lincoln and Guba (1985) propose that research must be dependable. This research meets this demand by recording and transcribing the interviews conducted verbatim, accompanied by interview notes and memos. Third, transferability is an issue to be considered (Lincoln & Guba, 1985). Due to the

chosen small, subjective and qualitative sample approach, the findings cannot be generalised but can be applied in analogy and used as a starting point or motivation for other contexts and settings by using a detailed description (Geertz, 1973). Fourth, Lincoln and Guba (1985) postulate the concept of authenticity, which was met in the research by reflecting on and reporting the findings in a way that enabled a deep understanding of the social contexts and views of the individual participants.

4.4.3 Mechanisms Employed to Reflect on Potential Limitations

This chapter intends to provide insights into the active reflection of potential limitations and a statement on the potential outcome of the research.

The qualitative research at hand is subjective under a constructivist paradigm. Therefore, it will contain interviewer and participant bias. The term 'bias' originates from quantitative research. Here, in a common understanding, bias comprises influences that lead to a distortion of the results of a study (Polit & Beck, 2017; Thorne, 2009). However, the term 'bias' is not compatible with qualitative research paradigms (Thorne, 2009) because qualitative researchers are, by intention of the research paradigm, an integral part of the research process and product. Therefore, the question is not about separation but transparency and self-reflection (Galdas, 2017; Polit & Beck, 2017). For qualitative researchers, concepts, such as rigour and trustworthiness, are much more appropriate due to the relative and subjective approach (Galdas, 2017; Noble & Smith, 2015). According to Galdas (2017), the presumption of a negative bias in qualitative studies can stem from the fact that the reviewers of the publication suspect that the data is too closely oriented to the personal agenda of the researcher. As a preventive reflection, the Critical Appraisal Skills Programme (2017) suggests that the researcher critically reflects on their own role and possible limitations throughout the data collection process. Noble and Smith (2015), however, have opposing criteria to evaluate the credibility of findings of quantitative and qualitative research.

Table 21 contains general criteria to evaluate research findings.

Table 21: Criteria to Evaluate Quantitative and Qualitative Research Findings

Quantitative research terminology and its application to qualitative research	Alternative terminology associated with the credibility of qualitative research
- Validity - The precision at which the findings accurately reflect the data	- Truth value - Recognises that multiple realities exist; the researcher outlines personal experiences and viewpoints that may have resulted in methodological bias; they clearly and accurately present participants' perspectives
- Reliability - The consistency of the analytical procedures, including accounting for personal and research method biases that may have influenced the findings	- Consistency - Relates to the 'trustworthiness' by which the methods have been undertaken and is dependent on the researcher maintaining a 'decision-trail'; that is, the researcher's decisions are clear and transparent such that an independent researcher should be able to arrive at similar or comparable findings - Neutrality (or confirmability) - Achieved when truth value, consistency and applicability have been addressed; centres on acknowledging the complexity of prolonged engagement with participants and that the methods undertaken and findings are intrinsically linked to the researchers' philosophical position, experiences and perspectives, which should be accounted for and differentiated from participants' accounts
- Generalisability - The transferability of the findings to other settings and applicability in other contexts	- Applicability - Consideration is given to whether findings can be applied to other contexts, settings or groups

(Noble & Smith, 2015, p. 34)

Reflections and statements concerning the truth value, consistency and applicability are provided in table 22. The strategies to enhance the credibility of the qualitative study at hand during the study design and data collection are described according to the structure suggested by Noble and Smith (2015). Table 22 shows the strategies applied for enhancing the credibility of the research.

Table 22: Strategies for Enhancing the Credibility Applied to the Research

Indicator	Strategy	Activity
Truth value	• Self-reflection on the researcher's own perspective	• Reflective journal and decisions documented
		• Field notes during interviews additional to recordings and field notes from observations
		• Learnings from interviews transported from the preceding to the subsequent interviews
		• Discussion of the anonymised findings with PMI professionals
		• Reflection on the researcher's own professional role versus their role as a researcher, addressing the researcher role during the interviews with the participants
		• Reflection on being an insider researcher and separation of day-to-day business and research
		• Transparency with respondents about the research process and use of data
		• Clear ethical research statement and statement concerning data anonymity
	• Representativeness of the findings in relation to the phenomena	• Participation voluntary and only with participants who have been willing to share their experiences
		• Observations from multiple (one to three meetings), professional pre-merger explorative talks with 18 different potential target companies and 41 SMs, plus 21 SMs from target and investor sides
		• Individual semi-structured in-depth interviews with 13 SMs involved in eight different M&A activities
		• Observation and in-depth interviews enabled clarification of the findings as an ongoing process
		• Semi-structured audio recordings of interviews and verbatim transcripts allow for repeated revisiting of the data and the identification and checking of emerged themes
		• Interview partners asked to comment on the interviews (i.e. missing questions, consulting the researcher, understanding, focal points)

Consistency and neutrality	• Achieving auditability	• Clear and transparent description of the research aim, research process and interview procedure and ethics • Reflective journal and field notes concerning challenges • Reflection of the methodology applied for the study in comparison between the research philosophy, aim, design and methods chosen • Multilevel thematic analysis process • Use of rich interview data (45 to 90-minute audio recordings, verbatim transcripts, field notes) • Characterisation of the sample of the observations and interviews provided in appendices V, VI and XIV to foster transparency
Applicability	• Application of findings to other contexts or companies	• Rich details of context, commonly agreed themes, notes for further future research, description of the limitations of the research
Role of the researcher		• Professional role: Preparation, participation and moderation of professional pre-merger explorative talks, i.e. strategy talks and workshops, about potential mutual business models and forms of cooperation during the early stages of M&As • Interaction with the targets: The researcher is part of the buying organisation but not the commercial due diligence, contracting or PMI teams
Potential limitations of personal interviews		• Potential obstacles in answering questions or giving 'politically correct' answers by the participants • Use of questions and interview techniques that do not influence the interviewee's free response by the researcher; semi-structured interviews as a general interview guide, whereby the interviews are designed in such a way that the interview partner can set individual priorities or leave out questions • A relatively small population with a sample of volunteers chosen for pragmatic reasons by convenience sampling, if the population was known and access was available
Mechanisms to reduce potential limitations		• Separation between aspects relating to professional cooperation from the issues of the academic interview for the research work where necessary • Presentation of the ethical principles of the research work and production of the informed consent and absolute anonymity of the participants and content of the interviews • An attempt made to transfer learning effects from interviews conducted to the following interviews

(Author's own table; Noble & Smith, 2015)

4.5 Presentation of Evidence and Findings

This chapter presents the evidence and findings from the observations and in-depth interviews.

4.5.1 Findings from Explorative Talks with Potential Merger and Acquisition Candidates

As part of my professional role in the field of strategic corporate development, I was involved in numerous exploratory talks with potential M&A candidates. From these discussions about possible future common business models and the conditions, requirements and forms of future cooperation, including possible M&As, I gained insights into the PCs of SMs in this context. The discussions took place between the SMs of the potential targets, the board and additional SMs from the organisation. The talks were confidential and for strategic reasons will not be communicated either internally within this company or externally to others. For this reason, the population is unknown. I was not included in all of the group's conversations. The observation comprises the conversations and workshops in which I was personally integrated, and thus, I was able to gain insights into the PCs and motives from observations during or on the fringes of the workshops, e.g. in conversations during coffee breaks, joint business lunches or dinners. For this reason, the results are not representative and cannot be generalised. As part of the organisation, I am subject to additional bias to those from the applied data collection methods. As an insider researcher, it was particularly important to reflect on possible biases and mitigate them through reflective awareness (see chapter 4.4.1). To reduce insider bias, I clearly separated my everyday collaboration from scientific research before data collection. As an interviewer, I took a neutral perspective so as not to become part of or judge the reports. It was also important for me to clarify before the interviews how ethics, anonymity and confidentiality would be handled, that no one would be informed about the interview or the content and that the results would be presented anonymously in the thesis. In addition, other active measures were taken to increase the credibility of the data (see table 22). After the professional meetings, I took field notes on the

observations. The names of participants and companies are confidential. To protect company secrets on both sides and confidentiality agreements, the evaluation only contains information about the purpose and nationality of the company and the rank of the SMs involved in the discussions so that the companies, persons and strategies are not recognisable.

There were sometimes singular and sometimes multiple discussions with one to five representatives each from the potential M&A candidates and the investor group, all with different outcomes. In my professional function, I was able to moderate or participate in 31 explorative talks or workshops with a total of 18 companies represented by 41 SMs, plus 21 SMs from potential targets and the investor side in different combinations, including the researcher.

In summary, it was crucial to the buying company that the SMs of the target SME continued to run their companies after the M&A, with the integration of executives of the buying company in some cases. The managers of the potential targets were seeking the advantages of becoming part of a larger company, such as an administrative structure, a certain level of financial security and stability and a presence in national and international markets. The hierarchical classification and future function of the SMs of the potential targets were important issues to be clarified and were discussed in detail during the talks. Table 23 summarises the M&A motives of both sides. The motives inform the PCs of the SMs concerning their and the company's promises and expected obligations.

Table 23: Motives for the Potential M&As Identified during the Observation

Seller's motives (the target)	Buyer's motives (the group)
• Growth, customer, and market potential	• Growth, customer and market potential
- Potential for up- and cross-selling	- Capacity increase
- Access to larger and new customers	- Access to new markets and customer groups
- Market leadership in their field	- Access to new networks and platforms
- Access to new and international markets	- Access to new decider levels
- Employer branding for HR recruiting	- Internationalisation; local offices
	- Faster inorganic growth

(Table continued from previous page)

- Financial stability and security
  - Financing of innovation and company development
  - Becoming part of the successful group
  - Use the group as an acquisition engine and catalyst; receiving orders and project budgets from it
  - Stabilisation of employee utilisation
- Extension to the range of services offered
  - Following customer demands to more comprehensive services

- Age succession plan

- Career opportunities for SMs and staff
- Synergies
  - Complementary joint business models
  - Cost synergies
- Structures
  - Administrative structures and support

- Competence extension
  - Knowledge transfer
  - Access to innovation and start-up networks
  - Establishment of new, digital or data-driven business models

- Extension of range of services offered
  - Diversification and extension of services and markets
  - Being a full-service provider

- Enrich leadership team

(Author's own table)

Table 24 shows the content of SMs' PCs that forms exclusion criteria for the M&A initiative, as indicated by the observation. If the SMs insisted on such PC content, it halted the M&A negotiations because it hindered the fulfilment of key M&A aims.

As a result of the observation of the pre-merger discussions, Table 24 shows the contents of the PCs of the SMs of the potential target companies that became exclusion criteria for further pursuing the M&A initiative.

Table 24: PC Content as Exclusion Criteria for the Pursuit of M&A Initiatives

Management capacity expectations	Career expectations
• Shorten personal working hours • Leaving the company after the merger in the short-term, e.g. early retirement	• Unfounded requests for hierarchical positioning • Expectation to work without any monetary targets, e.g. just as a networker

Integration reservations	Business expectations
• Insistence on separate office locations • Integration barriers about performance, productivity and severe collisions of work cultures • Unacceptance of necessary organisational embedment and subordination • Unwillingness to be part of a large corporation (reservations of key customers, key employees or SMs)	• Not reasonable purchase price claims, i.e. over-evaluation of own business value (self-perception versus external perception) • Only the monetisation of goodwill in mind • Parallel pursuit of possibly colliding or time-consuming other business models outside the group • Incompatibility of the M&A with key customer relationships, important ongoing projects or motivation and retention of key employees

(Author's own table)

Appendix VII lists which observations point to this issue. On the part of the potential targets, the three most important issues that led to reservations about the possible M&A were the following: the loss of their own unique position in cultivating the market and work culture, as well as their identity; the team's possible reservations about large corporations; and the retention of their independence and the brand. On the side of the investor company, the following three issues were the most important and caused reservations in case of non-compliance: the acceptance of development and growth targets and networked services; executives being responsible for the integration and further development of their units, even after the M&A; and ensuring that it was accepted by key customers and employees. A few of the accompanied cases cited the purchase price as a knock out criterion that led to the failure of the M&A negotiations. In most cases, elements of the PC that the SMs of the target and buying company did not agree on led to the M&A negotiations being discontinued.

The exploration thus provides indications of the high importance of the PC and mutually coordinated expectation management from the early phases of M&A activities of professional service companies. The clarification and coordination of elements of the PC play a role in the ongoing M&A negotiations, and sometimes, this

takes a long time. Trust also plays an important role, which is why, if both sides agree in principle to the official start of the M&A process, a cooperation phase begins in which the collaboration and future joint business model are tested before the final contract is concluded after the M&A review process, which continues simultaneously. In summary, figure 9 shows the findings of the observation concerning mutual M&A motives and goals and the meaning of the PC of the SMs in successful implementation if the M&A occurs. A major expectation is that the SMs stay and manage the implementation of the target and its further development under the new umbrella of the group. Thus, there is critical content in the PC that plays an important role in the decision about whether the M&A will be implemented or not. The findings indicate that content of the PCs of SMs from the target companies regarding their motivation to stay and manage the integration, further development of their entities or their acceptance and contribution to the integration of the organisational and business portfolio play an important role and can even be knock out criteria for the ultimate decision on the M&A.
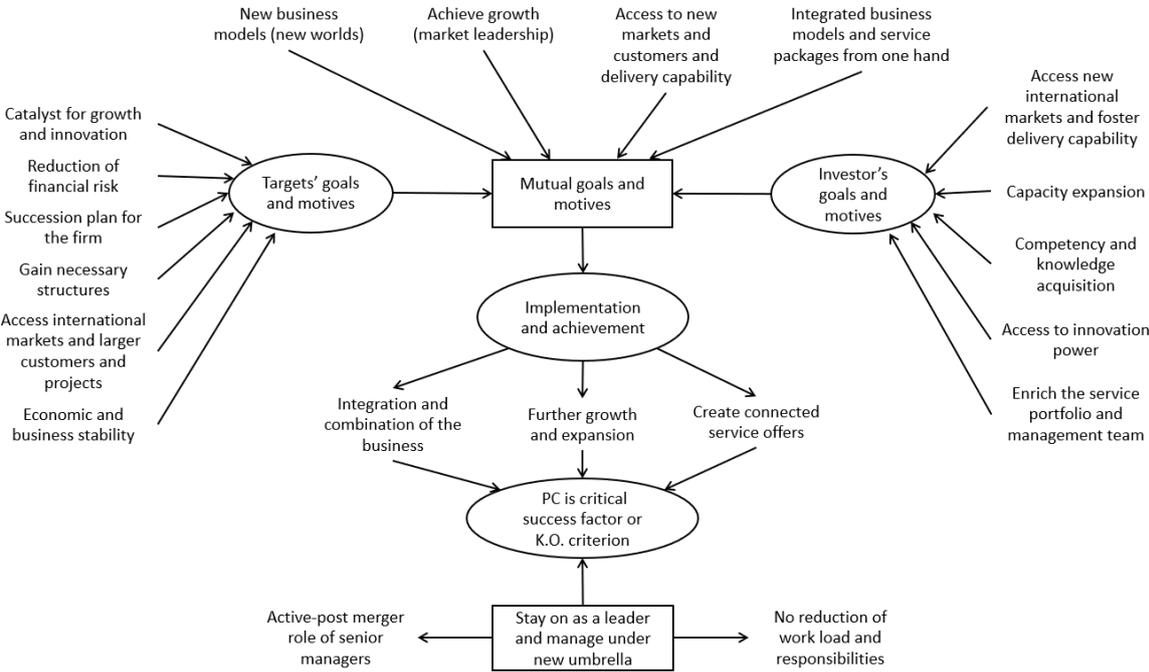
Figure 9: The PC as a K.O. Criterion for the Decision about Potential M&As

(Author's own figure, developed thematic map)

4.5.2 Findings from the In-Depth Interviews of Survivors and Agents

The research is based on friendly M&A activities, i.e. the SMs voluntarily exposed themselves to organisational change, provided they were shareholders and had a say in the decision-making process. This change process results in stress and pressure from several sources. According to the interviews, SMs experience more and new kinds of stress and pressure. Expectation management appears to be an important issue in pre- and early merger processes. The interviews with the SMs show that while they accept that companies cannot be truly democratic organisations, they demand a kind of expectation management. This means that the PC as a construct appears to provide a good tool to use or platform from which to start the discussions about the perceived mutual expectations and reflect on them, even though ultimately, there will be a dominant party in the integration process. This makes it possible to address and mutually coordinate critical aspects at an early stage, which cannot be fixed in written contracts but are nevertheless important for cooperation. Addressing these mutual expectations, i.e. the content of the PCs, at an early stage also increases the quality of the cooperation, mutual understanding and acceptance of the new work relationship and constellation. The SMs of the target feel recognised and equally accepted. Figure 10 shows the perceived promises or obligations attributed to the acquirer organisation concerning transactional and relational content.

The following two figures provide details on the content of the PCs of the SMs from the target companies when they work for the acquiring company. Two perspectives are revealed: the perceived promises and obligations of the acquirer to the SMs (Figure 10) and those of the SMs to the acquirer in return (Figure 11). The content is presented as being transactional or relational.
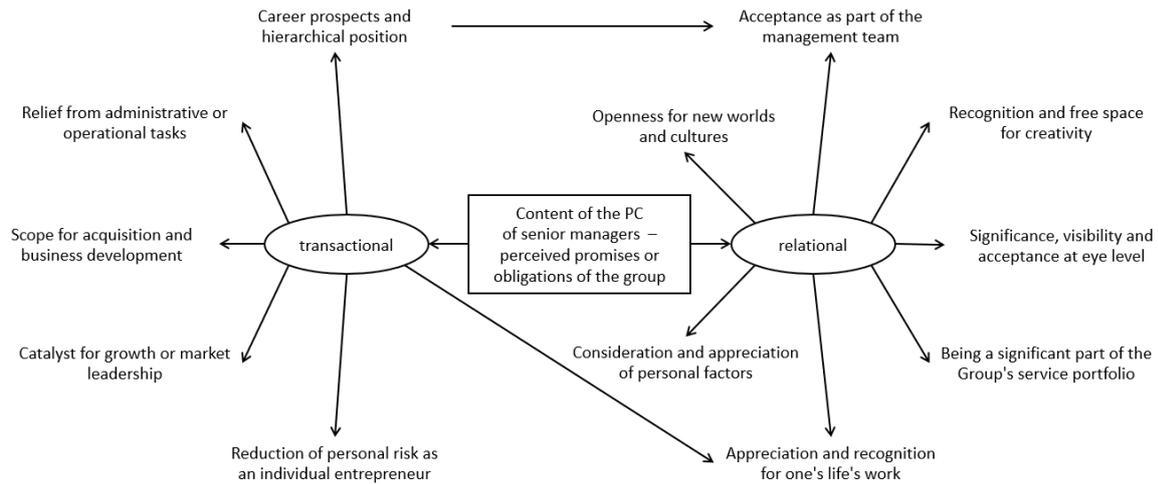
Figure 10: PC Content regarding Perceived Promises or Obligations of the Acquirer

(Author's own figure, developed thematic map)

The following thematic map contains the perceived promises by or obligations to the acquirer organisation from the SMs' perspectives, separated into transactional and relational content.
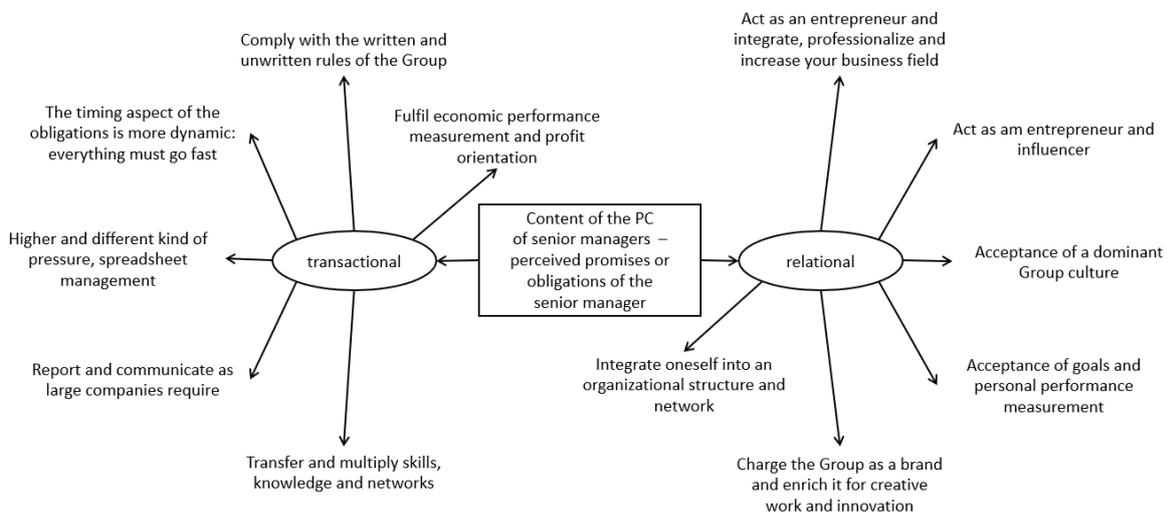
Figure 11: PC Content of the Perceived Promises or Obligations of the SMs

(Author's own figure, developed thematic map)

When asked what the group expects from the SMs and how clear the expectations are to them, one interviewee answered as follows, representative of most respondents who felt this way.

> 'So, my own experience was that the expectations are already very high but not well described'. (SM03)

Figure 12 summarises the main building blocks of SMs' PCs in the context of M&As and compares the perceived promises and implicit expectations about the obligations of SMs with those of the organisation in return.
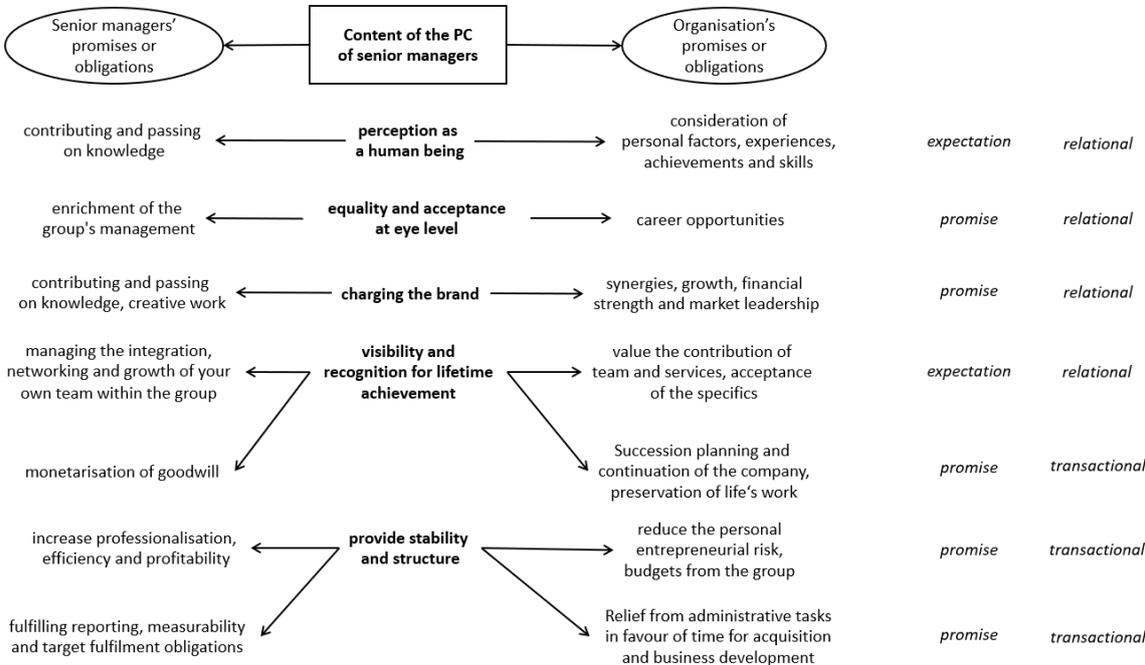
Figure 12: Summaries of the Content of SMs' PCs in the Context of M&As

(Author's own figure, developed thematic map)

The building block, 'perception as a human being', for example, requires SMEs to contribute and share their knowledge in the new organisation. In return, the acquirer is required to consider and respect the personal factors, experiences, achievements and skills of the SMEs individually.

The main influences of the M&A process on the PCs of the SMs concerned are shown in the following thematic map (figure 13). The decisive topics are the sale of

the product of their life's work, the retention of the special features and strengths of the creative work culture, the loss of control through the obligation to accept co-decision-making and reporting obligations and the loss of prestige through the change from a freelance entrepreneur or owner-manager to an employed manager or team leader. Figure 13 shows the influences on the SMs' PCs.
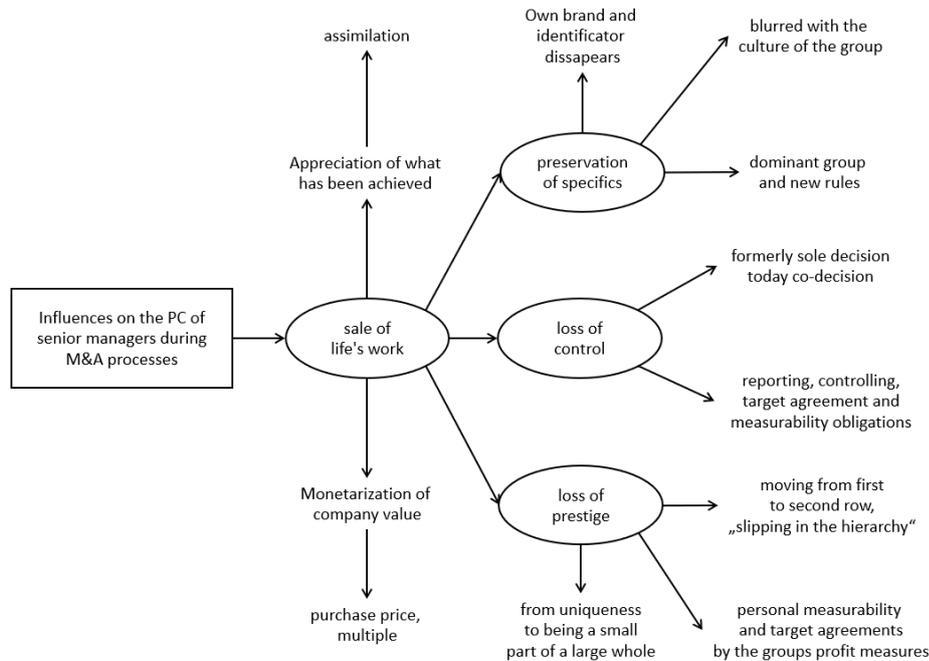
Figure 13: Influences on the PCs of SMs During M&A Activities

(Author's own figure, developed thematic map)

4.5.3   Major Final Themes

This chapter explains the central ten topics of the research findings, structured according to the RQs, and provides quotations from the SMs interviewed.

The findings of the research are presented in ten finalised thematic maps on the major themes derived from the observation and in-depth interviews, as well as figures showing the building blocks and PC content of the SMs in the M&A context. The findings chapter is structured by the RQs of this research and contains citations from the SMs' interviews. In the cases where the interviews were conducted in German, the citations were translated into English.

Table 25 gives an overview of the finalised themes that will be discussed below and their reference to the RQs.

RQ1: What is the content of the PCs of SMs in company X in the context of an M&A?

RQ2: How do pre-merger experiences influence the PCs of SMs in company X?

RQ3: How does the merger process influence the PCs of SMs in company X?

Table 25: Overview of the Finalised Themes and Reference to the RQs

RQ no.	Theme no.	Theme description	Figure no.
RQ1	Content	Content of SMs' PCs in the M&A context	Fig. 12
	Theme 1	Greater consideration of the human factor and recognition of the personal attributes of the SMs	Fig. 14
	Theme 2	PC content that acts as exclusion criteria for the continuation of M&A negotiations	Fig. 15
RQ2	Theme 3	Perceived broken promises from pre-merger talks and negotiations after signing and during integration	Fig. 17
	Theme 4	Promoters versus breakers of mutual trust	Fig. 18
	Theme 5	Pre-merger and early phase influences and schemas that inform the PC	Fig. 19
RQ3	Theme 6	Perceived loss of control and necessary reorientation after the sale of the product of a life's work	Fig.20
	Theme 7	Need for recognition, visibility and acceptance on an equal basis	Fig. 22
	Theme 8	Diversity of work cultures, individuality and uniqueness	Fig. 24
	Theme 9	Being overwhelmed and feeling left alone	Fig. 25
	Theme 10	Perceived violation or breach of the mutuality	Fig. 26

(Author's own table)

Table 26 indicates the level of support for each of the final themes from the respondents of the interviews and through the observation. A table with more details and references to the single observations and interviews is provided in appendix VII.

Table 26: Support for the Final Themes from Interviews and Observation

	Content	Theme 1	Theme 2	Theme 3	Theme 4	Theme 5	Theme 6	Theme 7	Theme 8	Theme 9	Theme 10
In-depth interviews											
n=13 SMs	13	11	*	10	13	13	8	11	11	8	9
Observation											
n=18 firms	18	14	11	*	13	15	*	11	12	*	*
n=62 SMs	62	41	40	*	57	49	*	46	50	*	*

(Author's own table)   * = not relevant for this section

The ten central themes that emerged from the thematic analysis are explained below.

Theme 1: Greater Consideration of the Human Factor and Recognition of the Personal Attributes of the SMs

The expectation of a stronger consideration of the human factor and a recognition of the personal factors of the SMs by the group was one of the final themes identified by the research. The figure below contains the finalised thematic map on the obligations of the acquirer concerning their recognition of personal aspects and attributes and of HR topics.
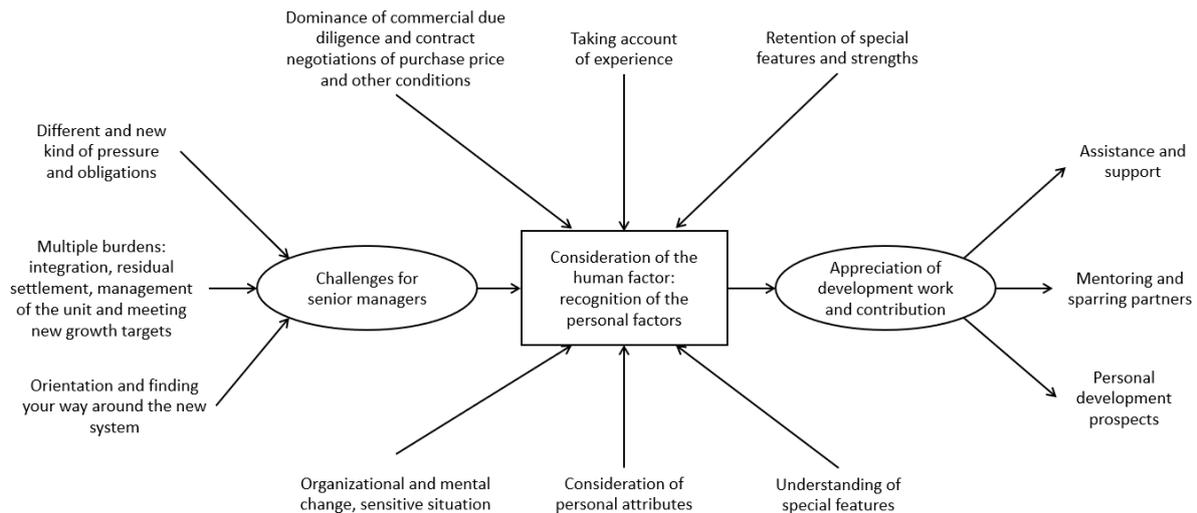
Figure 14: Need for Consideration of the Human Factor

(Author's own figure, finalised thematic map)

The commercial due diligence and negotiation of the terms and conditions of the M&A contract are in the foreground until the contract is signed. Personal factors are therefore hardly considered. The SMs' expectations are that their personal factors would be more strongly appreciated and considered, e.g. the experience they brought to the table, their main areas of focus and their unique features and strengths. Even if they come to the group from smaller units, these factors enrich the management team of the group they now belong to. They also expect that their past performance and what they have achieved and developed so far will be considered. They sometimes feel left alone in the PMI process, especially when they compare the level of support received during the integration to that in the intensive and multi-stage pre-merger exploratory and strategy discussions and the intensive phase of commercial due diligence and contract negotiations. They expect three things from the integration, which they believe have been promised directly or indirectly: first, administrative and operational support during the integration by the central departments from a single source, as well as assistance with personal tasks; second, an experienced mentor from among the group's SMs, who will support them during the business integration as a sounding board and who will also have and spend the necessary amount of time for this; and third, an adequate hierarchical positioning and personal career and development opportunities. The integration represents a

personal change situation for the managers in which they also must lead their teams, even at times when not everything is finally defined and clear to them, which means that they have to answer questions, even if they do not have the final answers. SMs feel the organisational change more and a new kind of pressure placed on them. First, they feel increased pressure from the multiple burdens of the remaining work from existing projects and the old company, integration of the team and services into the group, creation of synergies and networking of service packages, personal positioning in the group and other growth targets that must also be met. They must also find their own way around the new organisation and have a dual role in the new organisation and their existing teams. SMs face various challenges in implementing the M&A, arising from the residual breakdown of the old company, carrying out the PMI, finding their feet in the new organisation and meeting simultaneous growth and development goals for their own unit. This leads to the perception of a new and greater form of pressure. There is no downtime to carry out the PMI; it happens alongside the day-to-day business. At the same time, SMs are looking for positioning and visibility within the ranks of the group's leaders. The M&A processes before the contract signing were more focused on commercial and strategic aspects. From the SMs' point of view, the human factor is given too little consideration. To gain visible recognition and acceptance, they demand that personal aspects and their development achievements to date be given greater consideration.

When asked what the group expects from the SMs, the interviewees consistently answered that they were expected to enrich the group's management team, i.e. to bring in their experience as managers and provide new perspectives, but also that as a result, they would no longer solely pursue their unit's goals but in future would have to decide in the context of the group what would need to be decided quickly while finding their bearings and networking. As lateral managers, they do not have the years of experience possessed by managers who have ascended within the group. When asked why it is so important that the SMs remain on board after the sale and continue to run their units, the following answer was given.

> *'The aim of the group is also to enrich its own management team through the mergers'.* (SM03)

Appendix VI contains a table with details concerning the respondents' age demographics, functions and business areas and their codes identifying their quoted statements: SM01 to SM13.

When asked about the concretisation of their career expectations and to what extent these have been addressed in the course of the interviews so far, half of the target SMs respondents said that they were not familiar with the acquirer's job model and would like to get to know it or talk about their further career stages, whereas the other half said that the topic is either not important to them because successful projects are in the foreground, or they do not consider it applicable because the job model does not reflect their specificity.

Theme 2: PC Content that Acts as Exclusion Criteria for the Continuation of M&A Negotiations

The observation identified some content of the PCs of the SMs in the target SMEs that was perceived as exclusion criteria for the continuation of the M&A exploratory talks or negotiations. Figure 15 contains the transactional and relational content of the SMs' PCs that constitute knock out criteria.
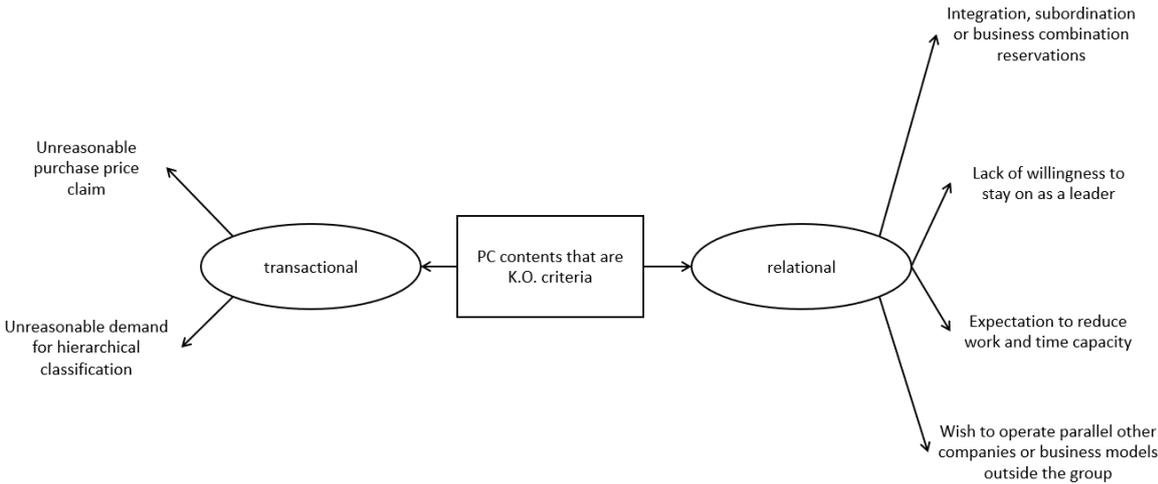
Figure 15: Content of the PC as Knock out Criteria for the M&A decision

(Author's own figure, finalised thematic map)

First, the transactional PC content regarding an unreasonable purchase price claim or demand for hierarchical classification is an exclusion criterion. Second, the relational PC content that has reservations about the integration, subordination or business combination is also a knock out criterion, as well as the lack of willingness to stay on as a leader implementing the integration and further growth according to the group's strategy. Further exclusion criteria were the expectation to reduce working hours and time capacity for other engagements, early retirement or the desire to operate parallel to other companies or business models outside the group. This is also confirmed by quotes from SMs. The SMs are obligated to stay on as a leader and manage the integration and further growth of the target under the new umbrella of the group.

> *'The group has no interest in taking over companies without the entrepreneur. So, the expectation of the group is that the person who hands over the business (...) will also take part in the transformation and integration of his or her own business into the group [and] that he or she will be responsible for this'.* (SM09)

Appendix IX contains the derived thematic map on the content of the PCs of the SMs after the pre-merger exploratory talks.

Theme 3: Perceived Broken Promises from Pre-Merger Talks and Negotiations after Signing and During Integration

The SMs supporting the theme were referring to their perspectives on their personal roles and development and either the nature of the integration and retention of the legacy brand or the promised utilisation and contribution to budget acquisition within the group. One of the central themes that emerged from data analysis was the sense of broken promises from the pre-merger talks and negotiations after signing the contract and during integration. The following quotations from the in-depth interviews with the SMs give an impression of what particularly moved them.

> *'Important contacts form expectations in the minds of the targets (...) in the early phases of the merger. This leads relatively often to disappointment of the PC*

through disillusionment because the issues that were initially promised or assured quite extensively before signing then dissolve relatively quickly after signing or when the locations or divisions are left completely on their own again'. (SM07)

'Let me say, the financial due diligence (...) is very detailed. But the consequences of this have not been made clear'. (SM05)

'It is to some extent due to the initiation phase. (...) Those directly involved in the deal have a relatively clear idea of how they can integrate it, but the rest of the group, who then also must ensure that the company is well integrated, are not quite clear about this. I don't think there is a lack of imagination but rather a lack of good communication of what is actually in the minds of those closely involved in the deal'. (SM10)

'In the early phases, expectations are formed in the SMs' minds by the contact persons, which later prove to be unrealistic during implementation, often leading to disappointment'. (SM07)

'I feel cut off from the world of the group. (...) There is no obligation for the group to bring anyone (…) The group is not waiting for you, but you have to get actively involved'. (SM01)

The above quotes express that very intensive discussions took place between representatives of both companies during the negotiation phase, but the SMs of the targets felt left alone during the implementation of the integration after the contract had been signed. During the integration, they were expected to actively take the initiative to network within the group. Respondents also felt that despite intensive pre-merger due diligence analyses, the consequences of the analyses were not sufficiently explained to them. In addition, visionary expectations were often raised in the early phases, which then could not be realised in practice and in the integration and led to disappointment.

Early M&A phases comprise exploratory M&A probe talks, a cooperation phase to test the joint business idea and M&A negotiations and due diligence. Usually, the contact persons from the intensive early M&A phases and processes change after the contract is signed from being the original dealmaker, e.g. the board of directors or

other top executives, to frontline managers of the daily business, e.g. the divisional, regional, topic or industry managers. Often, the original, rather vague business and integration idea formulated on a visionary level becomes concrete, as it is now to be implemented and must be oriented to the standards and requirements of daily business. While in the early M&A exploratory and negotiation phases, which sometimes extend over a very long period, the representatives of the group would have discussed common visions, a certain grounding takes place during the commercial due diligence, as the company is evaluated according to clear standards, which the purchase price and form of integration ultimately result from. After the signing of the contract, the integration is led by the SMs of the targets together with the respective divisional managers from their respective areas. The divisional managers have specific goals and strategies for their divisions, which in turn form the guidelines for the integration and role of the target in the new organisation. The change of contact persons, who in turn have different orientations, often results in changes from the perceived promises made in the early M&A talks, which, depending on their characteristics, are perceived as violations of the PC. In some cases, the SMs of the targets felt left alone after the pre-merger talks, M&A negotiations and commercial due diligence, which were perceived as very intensive. After signing the M&A contract, they are now simultaneously responsible for the integration into the group, the remaining liquidation of the old company and immediate growth targets for their unit and often miss real mentors to help them with this and who have the time to do so.

Multi-foci PCs

Multiple changing agents of the organization → Perception of broken promises from early stages of M&A exploration and negotiation → Breach or violation of the PC

Deal makers versus daily business deal integrators
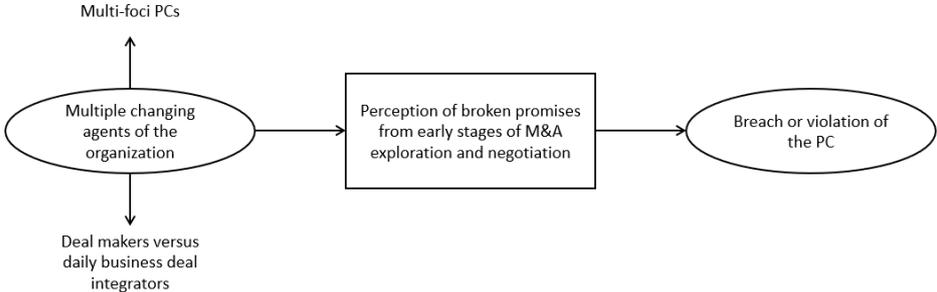
Figure 16: Context of Broken Promises from Early M&A Stages

(Author's own figure, finalised thematic map)

Figure 16 shows the finalised thematic map on perceived broken promises from the early stages of exploration or negotiation of the M&A. The multifaceted focus of the PC relates to the various formal and informal actors that SMEs encounter. Appendix X shows the agents of the cases of the research. The clash of promises made by the dealmakers with the daily business integrators results from the paradoxical roles of the managers concerning pre- and post-merger processes and thus changing persons. Figure 17 shows a thematic map of broken early promises for the cases regarded.
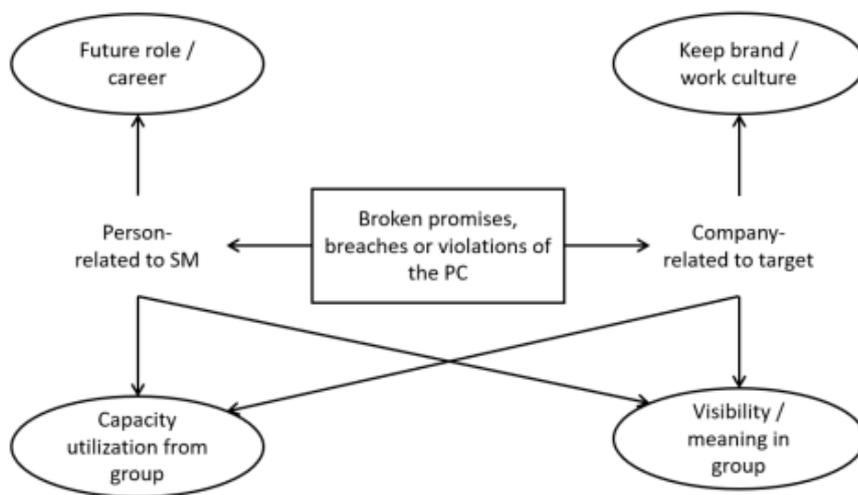
Figure 17: Perceived Broken Early Promises from the Acquirer

(Author's own figure, derived thematic map)

During the entire M&A process, which includes the first exploratory meeting, negotiation phase, commercial due diligence, signing of the M&A contract and subsequent integration phase, the SMs of the target company are assigned different contact persons. The literature calls this a multifocal or multi-party PC, although it remains a matter of dispute in the literature whether the employee forms different PCs with individual agents of the organisation or one PC that is influenced by the different agents they perceive to be representatives of the organisation (Alcover et al., 2017b; Bligh & Carsten, 2005; Chambel, 2014; Harriot & Pemberton, 1996; Sherman & Morley, 2020; Marks, 2001). Exploratory talks sometimes last for a long time. In these talks, the motives for the M&A are discussed, along with a vision of the

possible common future model, i.e. the common business model, possible synergies and the basic vision of future cooperation under a common mantle. On the part of the investing company, these discussions involve representatives of the management board, as well as responsible persons from the affected areas, regions or industries as dealmakers. Often, the first talks are held in relatively small groups, and the divisional, regional and industry managers only join the group of dealmakers after initial talks. The commercial due diligence, in which the target company is examined according to certain commercial criteria, is carried out in a structured manner and is perceived as very intensive. In many cases, the commercial due diligence is the first actively structured examination of the economic state of the possible targets, and the external image from the due diligence leads to differences in the self-image of the targets. There were cases where this difference had led to a cessation of further M&A intentions or to a postponement until the identified issues had been clarified by the target itself. Part of the commercial due diligence is the determination of the purchase price offer from the investing group to the target. Only in a few cases did the M&A process come to an end because the purchase price estimates of the investor and target were significantly different. The commercial due diligence on the part of the investing company is undertaken by a team from the central unit, finance and controlling, which is why representatives of this central unit participate in the negotiations from this step of the process onwards. If an agreement is reached, and the M&A contract is concluded, integration occurs after signing. Here, various SMs reported that they had a perception of broken promises that were made to them during the exploration and negotiation phase. In these cases, the SMs either felt left alone during the integration process, as the intensity of support and discussion was significantly reduced once the signing process had been completed; felt that they were no longer sufficiently personally recognised or supported; were confronted with the fact that the person responsible for the report, region or industry had taken over the lead from the dealmakers; and felt that the integration process could not actually implement all the promises made in the early vision meetings with the board of directors in day-to-day business because they were not possible in practice. The more similar the two companies were before the M&A, the less this was perceived to be a problem. In the case of very similar companies, the common opinion was that this was normal and that they already knew the day-to-day business. In the case of relatively different companies, these statements were sometimes made because the

companies did not feel understood in their particularities in terms of work culture and market and customer treatment, as the investing company tended to be dominant during the integration process with its work culture, rules, processes and the way it dealt with the market and customers. The perceived violations or breaks in the PC could be circumvented by early involvement of the divisional, regional or industry managers, who would later be responsible for the integration; mutual expectation management; and concretising the common vision of the future in an M&A integration strategy, which considered the current practical situation.

Theme 4: Promoters versus Breakers of Mutual Trust

Positive joint project experiences or one of the SMs being a returner were the strongest promoters of trust. Conflict between different firms on a joint, large, landmark project showed that negative experiences from the project were directly associated with reduced trust concerning the planned M&A. Perceived mutuality is an important building block of the PC, and trust and communication are essential to the work relationship (Rousseau, 2010a). Figure 18 shows the promoters and breakers of mutual trust summarised in the finalised thematic map of trust-reducing and trust-enhancing pre-merger experiences and schemas.
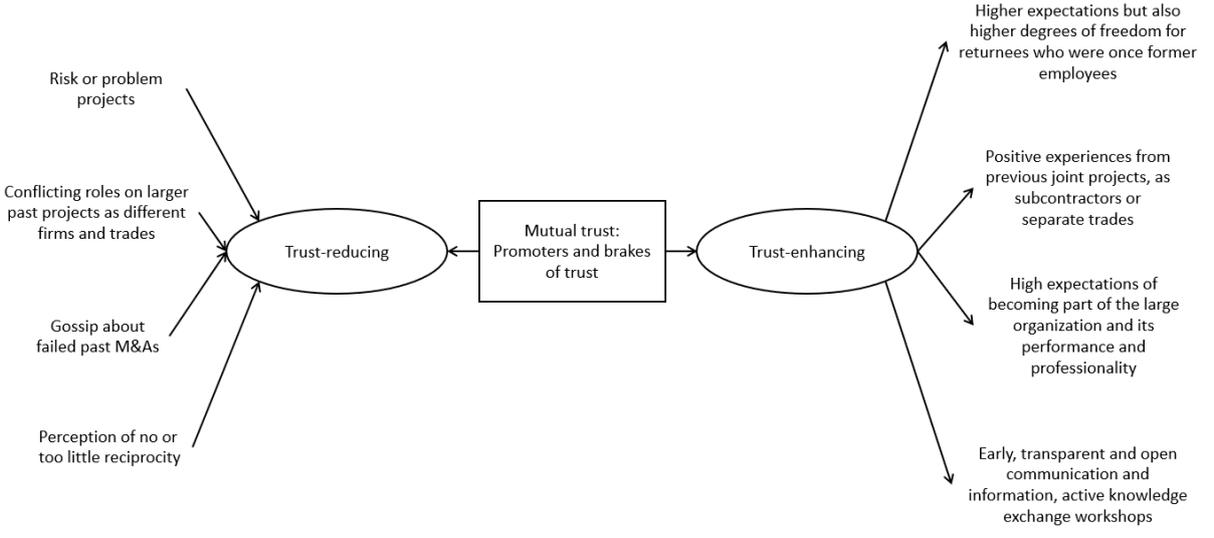
Figure 18: Promoters and Breakers of Mutual Trust

(Author's own figure, finalised thematic map)

The findings indicate that risky or problematic projects, conflicting roles on larger past projects as different firms and trades, gossip about past failed M&As from personal contacts or the perception of no or little reciprocity in the collaboration have a negative effect on mutual trust. However, trust-building pre-merger schemas and experiences could also be identified. There have been reports of higher expectations but also higher degrees of freedom for returnees who were once former employees because it was expected that they would know the group as insiders, even if they had not been there for many years. The following quote speaks of the DNA of the group and refers to the corporate culture and experiential knowledge of the work culture, unwritten rules, informal information channels and expectations for the cooperation, which are characterised by high degrees of freedom, independence and autonomous work.

> *'They already know and have the DNA of the group'.* (SM12).

Positive experiences from previous joint projects as subcontractors or delivering separate trades on mutual projects were perceived to be trust-enhancing. The expectations of becoming part of a large and established organisation with professional structures were high, which is also illustrated by the following quotes.

> *'We were impressed by the group's performance and professionality'.* (SM05)

> *'You can feel the respect, especially among the smaller companies, which think "here comes a big one (...) Something big and well-organised is coming our way"'.* (SM11)

Early, transparent and open communication and information, as well as an active knowledge exchange, have been perceived as being trust-enhancing. Open debriefing workshops, where key people from both sides presented their service portfolios and methods to establish the best combination and use it in practice, were mentioned by some respondents as very positive, motivating and confidence-building.

> *'The professional team debriefing was impressive and motivative'.* (SM05)

The following statement from the in-depth interviews shows how one SM interprets his obligation to build a bridge between his team and the group through open and active communication.

> *'I try to create transparency between the group's world of thought and our world of thought (...) and I also do this internally with my employees'.* (SM06)

The above statement makes it clear that different corporate cultures meet during M&As and that SMs play a role here as communicators, motivators, mediators and connectors that steer the integration process.

Active communication with employees and the SMs' dual role causes tension between their own PCs, which are currently being renewed in the middle of a change situation where not all issues are currently clear, and their employees' PCs, which are linked to them and are currently being transformed as a result of the M&A, as the employees have many questions and uncertainties that they need addressing, even if the SM may not have all the answers themselves.

Theme 5: Pre-Merger and Early Phase Influences and Schemas that Inform the PC

This theme examines influences on the emerging PC before the initial idea of the merger exists or during the early exploratory and negotiation phase. These include impressions, thought patterns and experiences during the cooperation phase or encounters with the group. Figure 19 shows the finalised thematic map on the influences and schemas before the merger and in the early stages.
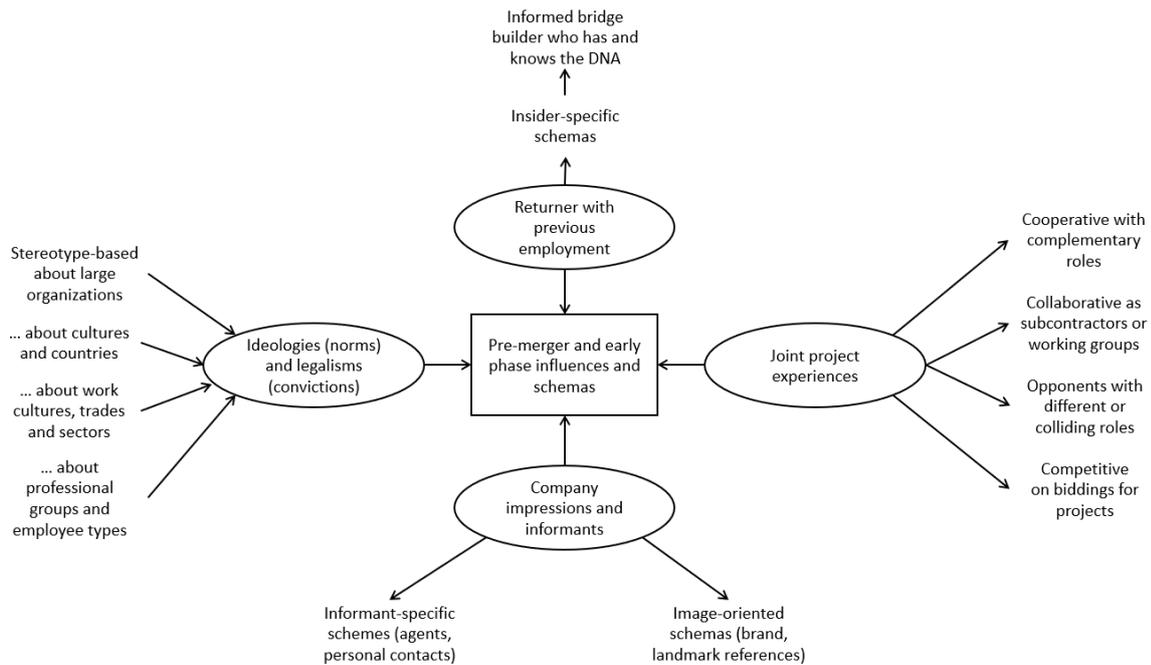
Figure 19: Pre-Merger and Early Phase Influences and Schemas

(Author's own figure, finalised thematic map)

Figure 19 shows pre-merger and early phase influences and schemas. They can result from joint project experiences, impressions or information received about the company or ideologies and legalisms about national, organisational or occupational cultures. Returners with previous employment experiences with the acquirer have insider-specific schemas.

Below are selected quotes from the in-depth interviews about pre-merger experiences and schemas, revealing the thinking of the SMs.

> *'I did not perceive it as a higher expectation hurdle of returnees but rather as a leap of faith in his person and in the way he manages it. (...) Of course, this trust quickly leads to expectations (...) because it is assumed that the DNA we keep talking about is already there. So, a completely different basic trust was already there'.* (SM07)

The SM quoted does not consider the high expectations on returnees as a burden but rather as a leap of faith. The following quote illustrates that the SM in question

also drew his confidence in the M&A process from the fact that he knew the buying company from past experience.

> *'It helped, and at the same time, it was because I had been in the group before. (...) So, I knew what was coming to me. I also relied on it a lot. Things happened, and things did not happen. All in all, it is as I had guessed'.* (SM04)

SM09 quoted below assumes there will be significantly higher expectations on returners than on previously unknown executives and that much remains unspoken because it is assumed that it is already known.

> *'I believe that the demands and expectations placed on former employees of the group are higher than those placed on complete strangers. They may not be able to fully meet the expectations, either. I also believe that the expectations of the group are also much higher because they say to each other, "well, we already know each other". In those cases, the expectations are higher on both sides and often more unspoken'.* (SM09)

Pre-merger experiences as a former employee of the group lead to perceived higher expectations of them and higher levels of trust in them, as the returners are attributed with already knowing and understanding the group and its formal and informal rules. Nevertheless, a lot of time has passed between their previous employment and their return after the M&A, and the organisation has also developed significantly.

The findings indicate that pre-merger and early phase influences and schemas can originate from different sources and have a positive or negative impact. Experiences of joint projects can inform schemas and influence the PC. They can be cooperative through positive experiences in complementary roles on projects, e.g. as subcontractors or a working group. They can be collaborative through participating in joint projects as two separate groups representing supplementary project roles or trades. The findings also indicated opposing schemas from colliding project roles on larger collaborative projects in the past. While the positive project experiences fostered motivation for the M&A and mutual trust, an example of an opposing role, e.g. project management versus site management, on a past large landmark project raised difficulties with integration due to a lack of trust and motivation for a mutual future under one umbrella. Competitive schemas resulted from the competition for

projects; however, this did not necessarily lead to a negative attitude, partly due to mutual respect. Returners with previous employment hold insider-specific schemas and are informed bridge-builders who already have and know the DNA of the organisation, even if their previous employment was many years ago. On the one hand, they perceived that they were to receive more trust, freedom and advance praise from the group. On the other hand, they perceived higher expectations, different dynamics and that the group expected results faster than from other employees. The findings indicate that stereotypes about large organisations, cultures and countries, work cultures, trades and sectors, professional groups, employee types and their perceived ideologies and legalisms influenced their perceptions of their own and the company's obligations. Examples have been the perception of complex personal reporting duties because it was anticipated that large corporations demand it. Finally, company impressions, e.g. from previous landmark projects or brand communication, and informants, e.g. personal contacts and agents, influenced the motivation for the M&A by seeking to become part of the success story and influenced the PCs of the SMs, who expected the group to provide them with structure and financial security. The following citation points to SMs' aims for and expectations of stability and structure after the M&A with the group.

> *'Senior managers often seek a stable framework and a certain security. On the one hand, they come from smaller companies, and the group is a large company on the market with a well-established structure from which they are taken over, and that also conveys a certain stability, I think'.* (SM11)

The interviewee specifically means that the targets expect more financial security because they are now part of a larger group and that they expect to benefit from the established brand, financial strength, long-standing customer relationships and access to larger customers as part of it.

Appendix XI provides details on the pre-merger schemas, legalisms and stereotypes that influence the PC.

Theme 6: Perceived Loss of Control and Necessary Reorientation After the Sale of the Product of a Life's Work

Three of the respondents indicated that despite the voluntary and friendly nature of the M&A, it was a severe loss of control and an enormous mental challenge for them. Four other SMs did not perceive a loss of control nor a need for reorientation, at least in the short term, because they felt that their work environment was not really changing in the process.

The study is based on friendly, cooperative M&As, which are voluntary in that the dealmakers involved entered into them actively and willingly. They are not hostile takeovers that do not correspond to the wishes of the management of the targets. The dealmakers were the SMs of the targets who owned the main shares in the company (the owners). Despite the voluntary nature of the M&A, analysis of the interviews resulted in a core theme of the perceived loss of control and a perceived situation of necessary reorientation. Despite the voluntary action, many SMs said they were not properly aware of the personal impact and consequences.

The following quotes illustrate that although the friendly M&As had been discussed repeatedly for a long time and were fundamentally desired by the SMs, now that the activity was realised, their life's work had been sold and control was taken out of their hands, the SMs felt a sense of personal loss and uncertainty.

> *'As an entrepreneur you realise that now, you are giving your company away'.* (SM04)

> *'Even with the friendliest mergers (...) the doubt came at some point because they were selling their life's work and did not really know what to do afterwards'.* (SM09)

Figure 20 shows the thematic map on the topic of loss of control and required reorientation. The SMs give up their independence and the decision-making role they held as entrepreneurs and business founders and give way to the need for coordination and co-decision-making while becoming part of the group.
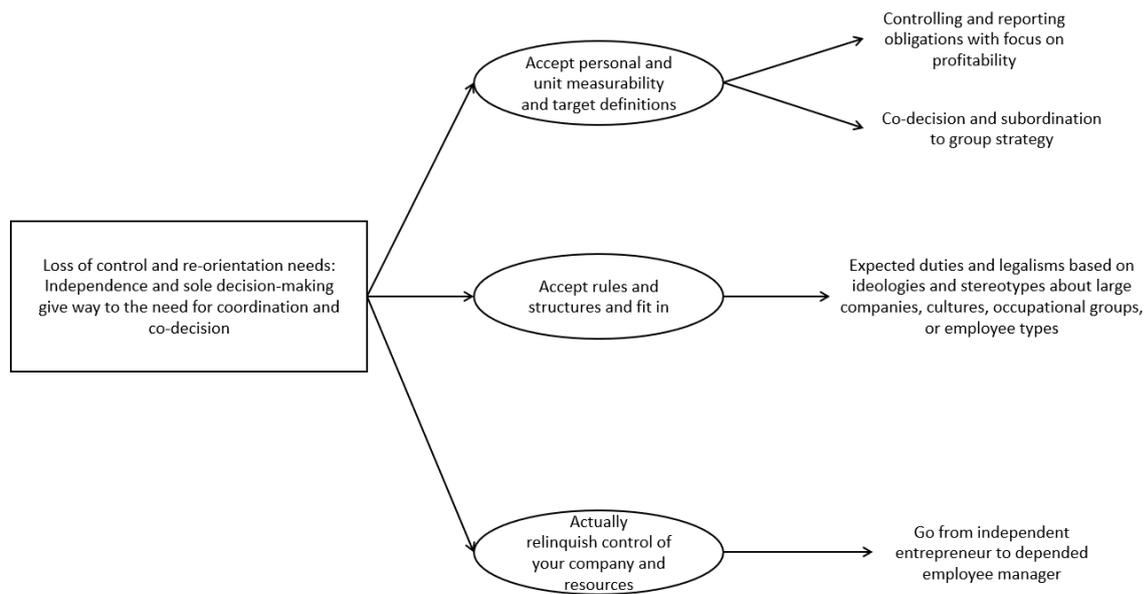
Figure 20: Perceived Loss of Control and Required Reorientation

(Author's own figure, finalised thematic map)

Integration into the group creates new and previously unfamiliar obligations for coordination and co-decision-making. The SMs must accept personal and unit measurability and target definition, namely, controlling and reporting obligations with a focus on profitability and co-decision-making and subordination to group strategy. To date, they have been on the front line as entrepreneurs and have defined their own goals – a measurement of their personal success as managers was not provided by management audits of third parties but ultimately was determined purely by the company's success. Some managers felt rather constrained by the 'ordered management audits' because they did not understand why they had to go through such audits as part of HR's due diligence because they had successfully proven over the years that they could do the job. Other SMs saw the audits as a real opportunity for self-reflection but demanded that the organisation should not just hold onto the results and should support them in implementing changes from its findings. With the integration, they must accept the rules and structures of the dominant investor group and fit in – personally as a manager and with their unit as a team. The study found expected obligations and legalisms based on ideologies and stereotypes about large companies, work and national cultures, occupational groups or employee types. Examples are reporting obligations, which are allegedly common and therefore

required in large companies, or the assessment of the M&A process, which has been described as typically German. Respondent SM08 expected to be informed earlier and more comprehensively. From his point of view, communication on the part of the buying company was too scarce and not open enough, which he attributed to cultural differences.

> *'The merger process was typically German: very professional and quick but not very open'.* (SM08)

The following citation illustrates the perceived obligation to accept and understand the rules of the acquiring group and the dominant appearance of the group's central units acting as agents.

> *'There are unwritten internal laws in the group, which nobody questions, but you can't prove them at all, and you can't read them anywhere. Instead, they are rules that may have been valid at one time, but not everyone adheres to them. They are always invoked, but they are not written down anywhere. "We always do this like that"'.* (SM03)

SM03 quoted above expressed his frustration about being confronted with assertions about rules that are supposedly binding but that, when enquired about further, turned out not to be documented, comprehensible or consistently applied. In his opinion, instead of an explanation, he was told that this was a common practice of the group.

When asked about the clarity and transparency of the future role or integration model after the M&A, SMs answered that many topics were dealt with rather generally or that only the general possibilities were addressed, but it was not really specified as to how they would be implemented.

> *'That was actually very clear, clearer than it turned out to be afterwards. But what I think is caused by the dominant structure of the group is that no matter how clearly one person defines the strategy, it is still influenced or spun on by others. But the strategy itself was crystal clear, and the process took a long time for my taste and was repetitive in parts. (...) You just must take the plunge and put up with the bit of chaos as long as it leads to the common future. (...) The important things were already clear'.* (SM05)

On the one hand, they perceive the obligation to fulfil the rules of the group, while on the other hand, the rules are not clearly communicated or documented, and the agents of the organisation are demanding and high-handed in their actions and communication, are mainly interested in the needs of the central unit they represent and do not ask what they can do to help SMs with integration.

In some cases, the loss of control and rules imposed by the dominant group led to a perception of subordination because the SMs additionally perceived a loss of visibility and individuality. After the M&A, the SM must measure themselves in comparison to others, and this is based on the group's criteria, which does not even take their particularities into account. Almost as a counter-reaction and to assert themselves, demand for individual deals occurs, if they do not already exist.

The thematic map below shows this connection (figure 21).
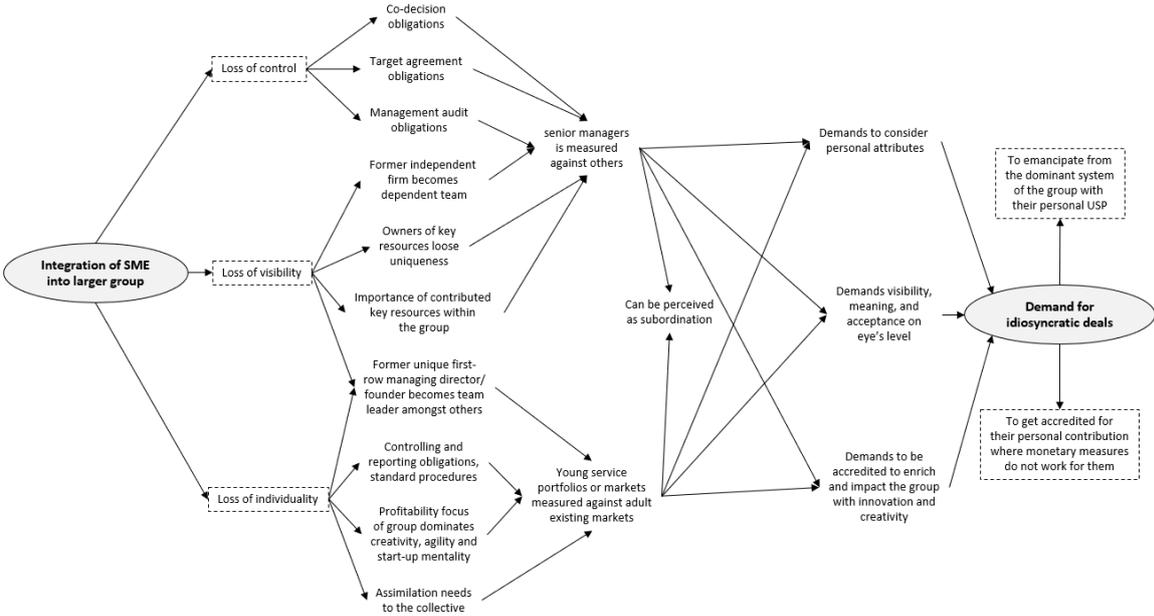
Figure 21: Consequences for SMs of Integrating SMEs in a Larger Group

(Author's own figure, derived thematic map)

Theme 7: Need for Recognition, Visibility and Acceptance on an Equal Basis

The theme emerged in most interviews but was particularly important for SMs from either very small companies (seeking acceptance as a small unit in a large company or as an equal manager), companies with a different working philosophy (seeking acceptance of their culture and way of working), companies with a very different service portfolio (seeking acceptance as an outsider to the German market for project and construction management) or start-ups (seeking acceptance of their start-up mentality and freedom of structure).

Figure 22 shows the finalised thematic map of the 'need for recognition', the demand of the SMs for visibility and acceptance at eye level in terms of being part of the leadership team and concerning their units' contributions of knowledge, methods and service portfolio in the context of the group.
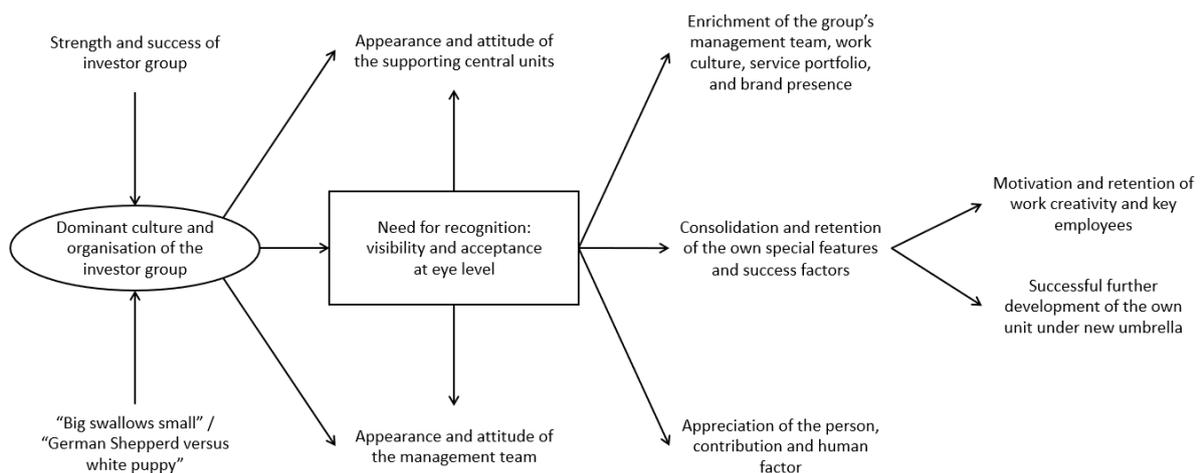
Figure 22: Expressed Need for Recognition

(Author's own figure, finalised thematic map)

As smaller targets were taken over by a significantly larger investor corporation in the M&A examined, the issue of visibility and acceptance at eye level, both in terms of the SMs as individuals and as part of the management team and in terms of the team and the service portfolio they were bringing to the group, was one of the main topics repeatedly addressed in the interviews. In the following quote, the interviewee describes being confronted with a different corporate culture. The buying

organisation is very profit-oriented and questions investments critically, which he describes as thriftiness.

> *'[Traits that were] very good were the openness and the recognition and the individuality. Very hard for us was the, I would say, thriftiness. (...) The same thing is the point of friction [and] the openness to the fact that other markets are to be served and understood differently in terms of strategy, just like our own. But there was already a lot of openness there, I must say'.* (SM06)

On the one hand, the SM of the target felt that the openness, recognition and individuality were very positive and that the group had actively dealt with the particularities of the market and the working culture of the target. On the other hand, he perceived the high profit and cost-orientation as thriftiness, which restricts the target's development. The following quote from an SM of the acquiring company shows that he questions its dominant attitude, and he argues for a better consideration of cultural differences.

> *'It's not just different corporate cultures; it's definitely different general cultures that we operate in, and that makes things more difficult. (...) That makes it more difficult because we are already insisting on our own way and saying: "Oops, here I am, and this is how it works"'.* (SM09)

In addition, the acquirer's SM points out that while efforts are made to address the specificities of the targets, the behaviour of the central units and managers towards the representatives of the targets remains relatively dominant, and they apply the rules and processes that have been successful for the group so far. Hence, the SMs of the target companies expect recognition for their personal attributes and life's work that they are contributing to the group. Coming from relatively small entities into the group, they demand visibility and acceptance at eye level concerning their enrichment of the group's management team, work culture, service portfolio and brand presence. The dominance of the group and the appearance of the agents of the group's origin is a perceived strength originating from strong growth over the last few years, a successful and profitable business and a good positioning of the brand in the domestic market. Figure 23 shows perceptions of the group's culture and identity, which is based on the successful core business of project and construction

management, as well as the German-speaking core markets, in both of which the group has decses of experience and is well-established.
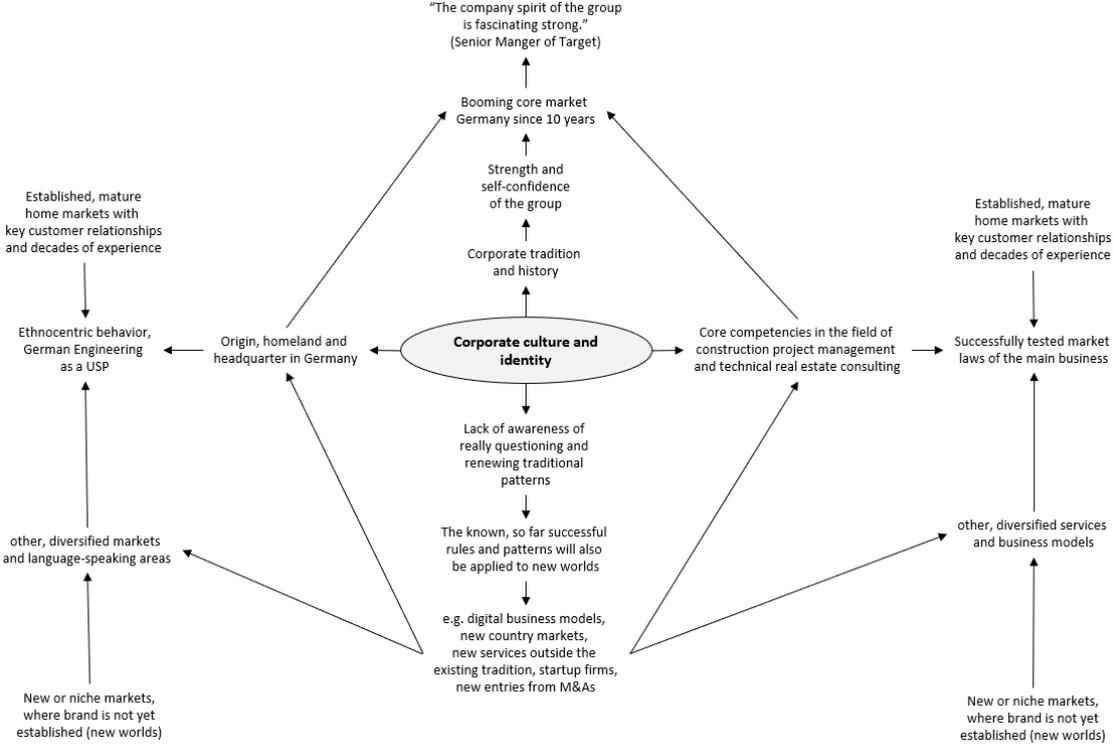
Figure 23: Organisational Culture and the Identity of the Acquirer

(Author's own figure, finalised thematic map)

In the observations and interviews, corporate culture was marked with different dimensions, as is summarised in the examples below. Table 27 compares the interpretations of the corporate culture of the targets and the acquirer.

Table 27: Interpretations of Corporate Cultures of the Target versus the Acquirer

Cultural dimension	Target company	Acquiring company
Identity and values	Niche brand, small teams, knowledge, creativity, innovation, flexibility, focus on consulting quality	German market leader in construction project management, corporate spirit, profit orientation, established in the domestic market, established brand in Germany, innovation, sustainability, focus on project quality
Work atmosphere and culture	Agile, start-up mentality, error and learning culture, free space for creativity, autonomy	Project management, 'deadline mentality', performance and output orientation, EBIT orientation, pragmatism, degrees of freedom, self-responsibility, excessive meeting culture
Appearance and self-image	Open communication, low hierarchies, specialist, innovator, thematic expert, national and local	Formal and informal communication, low but hidden hierarchies, network focus, arrogance, self-confident, dominant, generalist, innovator, project manager and RE expert, European and international but noticeable ethnocentrism
Structure and formalisation	Seeking structure, pragmatic, beginning to need administrative support structures	Decision paths, hierarchical, reporting structures, controlling, dominant, supporting central functions

(Author's own table)

The context of M&As was often described with the phrase 'big swallows small' by the interviewees and by a kind of ethnocentrism of the 'big German Shepherd versus the small white puppy'. Based on its perceived strength and success, the investor group shows a dominant culture and organisational structure. In this context, for the SMs of the target SMEs, consolidation and retention of their own unique features and success factors are important for the motivation and retention of work creativity and key employees, as well as for successful further development of their own unit under the new umbrella of the group. In conclusion, the SMs demand a stronger voice to convey their contributions and needs.

Theme 8: Diversity of Work Cultures, Individuality and Uniqueness

Figure 24 contains the finalised thematic map of the diversity of work cultures; the demand for individuality to be unique and to be recognised for the unique contribution to the group's service portfolio; their own work culture, customer networks and the market; and the enrichment of the group's brand concerning creativity and knowledge work. The findings of the research indicate that ideologies, i.e. perceived norms, and legalisms, i.e. integrated convictions, influence the diversity of work cultures. In many of the M&A contexts, creativity-driven businesses meet the profit-driven business of the group. The SMs experienced a clash of cultures in which civil engineering and project and construction management services imposed a 'deadline mentality' or a management-oriented work culture with quantitative targets met agile, creativity-oriented work cultures that are used to qualitative targets. SMs from the group who had acted as agents in diverse M&As called the creativity-oriented target SMEs the 'researchers', 'scientists' or 'artists', which confirms this attitude. The SMs believe the group is obligated to set fair goals and measure success, as purely commercial and profit-oriented goals hinder creative work and do not sufficiently value and recognise it. The greater the difference between the two companies and their work cultures, the greater the need for SMs from the target SMEs to be valued and perceived as equals and to retain the old value and measurement systems and work culture.
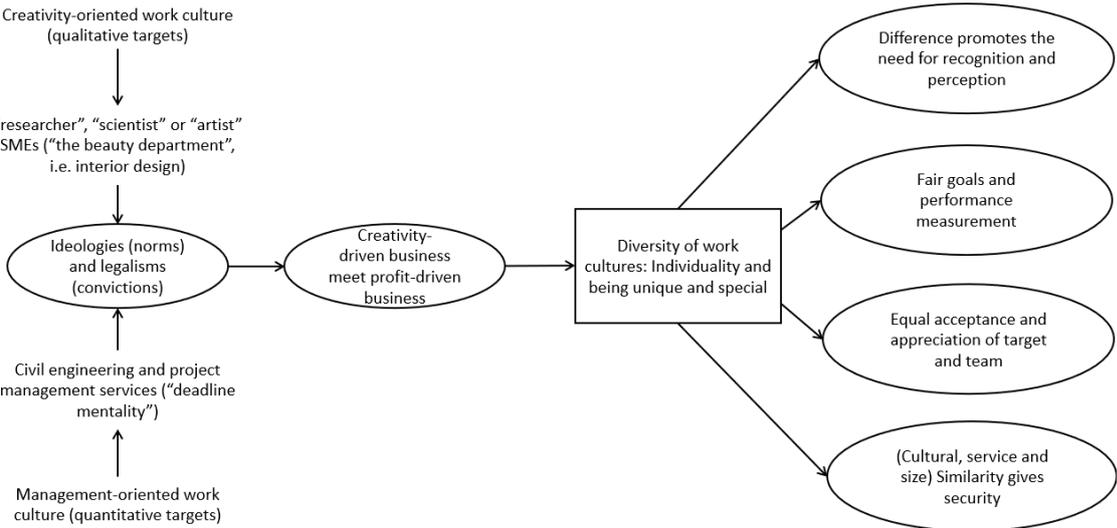
Figure 24: Diversity of Work Cultures, Individuality and Uniqueness

(Author's own figure, finalised thematic map)

Figure 24 illustrates the diversity of work cultures and the influence of ideologies and legalisms.

The following quotes from the in-depth interviews provide examples of ideologies that have emerged from stereotypes about large corporations and from which SMs have derived legalisms about their presumed obligations and expected behaviour. When asked how they view the clash of cultures, the SMs answered as follows.

> *'He [the other manager of the target company] was making figures for other people. I said, "Why are you doing this? Everyone already knows these figures. Everyone knows the amount of turnover of each company. Why are you producing the same figures for the others? That's just copying – copy-pasting. Anyone can go into the ERP system and see the numbers. We produce special dashboards. Why should we produce different dashboards for our dashboards?" (...) And he said to me: "Now, we work for a large corporation, and this is what people expect from us, and this is what people need"'.* (SM08)

In their quote, SM08 is saying that unnecessary and redundant reports are produced without their sense being questioned because it is assumed that this is demanded by large companies, i.e. it is part of their organisational culture.

The SM of one target presented a slide showing a big, adult German Shepherd dog and a little white puppy as part of their presentations and was asked during the interview what he was trying to say with it.

> *'We want to express that the German market is a really mature market and a professional market and that you cannot treat every market the same. And if you merge with a company in a country with a completely different market perspective, you cannot expect the same results or the same working methodology. (...) But the reputation and the awareness that we are in a completely different country with a minus one market share [a low market share] compared to the home market where the group is the market leader is completely different. (...) So, that's the difference between the German Shepherd, the professional adult brand in Germany, and us, the little dog that barks and does its best, a bit angrily [but] in a positive way'.* (SM08)

SM08's quote implies that it makes a difference whether you are operating in a market that has been cultivated for decades with an established brand (i.e. the group's domestic market: Germany) or in a new market in which the group's brand is still unknown (i.e. the market that the target is working in) and that he expects more understanding of this.

The challenge is that different work cultures meet, and integration needs to foster the creation of a mutual understanding and interchange. The following quote illustrates the differences that already exist in the wording. For example, the word 'engineering' is used differently in the automotive industry (the main customer of the target) than in the construction industry (the core business of the acquirer).

> *'There must be a basic understanding on the construction side of the plant side and vice versa (...) The wording is also a very important topic. In the construction world, the same terms are sometimes understood to mean something completely different. The project phases in the plant world are completely different from those in the world of the HOAI'.* (SM02)

The following two quotes from SMs from a start-up and a creative company make it clear that very different organisational cultures meet in M&As. The SMs see the creativity and innovative power of their companies as being in danger.

> *'Start-ups are supposed to bring innovation and modern agile working and a start-up mindset, but this often clashes with the traditional way of working of the majority'.* (SM13)

> *'Our world was never so hierarchical [like the group's is]. (...) A culture of mistakes and learning and freedom for innovation used to exist in the old company'.* (SM01)

Theme 9: Being Overwhelmed and Feeling Left Alone

Figure 25 shows the finalised thematic map of the perception of the targets' SMs about being overworked and left alone to manage the integration and their

expectation that the group would support them as they were swept up into the integration process.
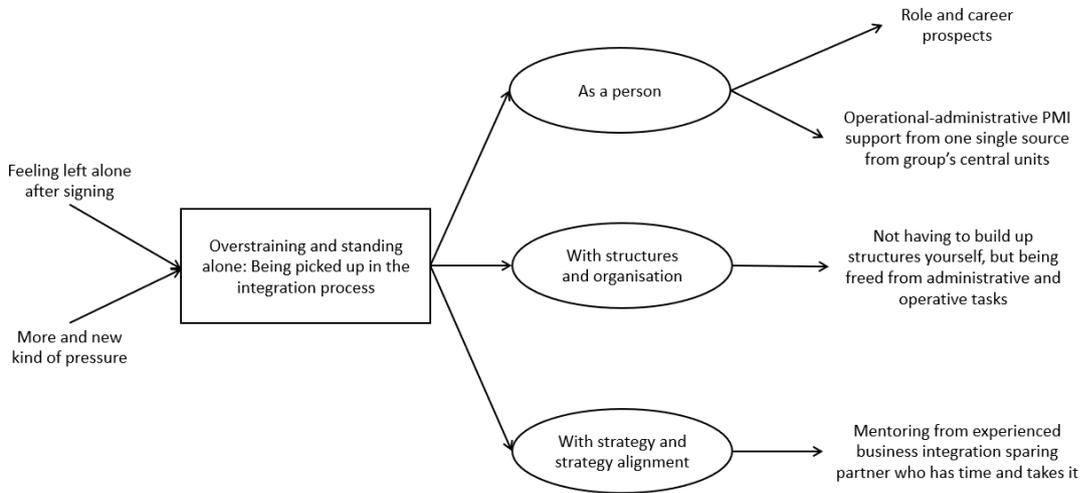
Figure 25: Overstraining, Standing Alone and Being Swept Up in the Integration Process

(Author's own figure, finalised thematic map)

The SMs feel overworked and left alone in the integration process, both personally in terms of their role and career prospects and concerning a lack of operational administrative PMI support from a single source, as they are confronted with many contact persons, each speaking for a sole corporate unit from the group. For true relief and support, SMs require a central point of contact with which to coordinate and resolve their support needs. In the current model, they encounter many contact persons who, from their perspective, only ever address the individual concerns of their respective central unit and are more interested in completing their checklist than being a single source for genuine problem-solving. Commitment to professionalising and increasing profitability and efficiency with clear growth targets and an orientation towards a relatively strong EBIT and control were often new and unusual for the targets. The following quotations from the in-depth interviews give an impression of how the situation is perceived differently by both sides. The SM of the acquiring company describes from his perspective how people are his priority and that it is important to him that the SMs of the target are treated equally and do not perceive a hierarchical gradient from the group at the top to the target at the bottom.

'We have tried to show a human side: we are not just an anonymous group, but the human side is important to us (...) so that there is not only such a balance of power with a gradient, but a balance (...). It makes you realise that two worlds collide'. (SM11)

The SM of a target cited below says that the group has exerted clear and direct pressure, which is too strong and hinders creative work. He compares the organisational cultures of the groups (project management with deadlines) to those of his company (agile working with iterations).

'If there's too much pressure and people can't be creative, you may lose people'. (…) After all, the group does not exert pressure indirectly but quite directly, as they take part in the team meetings and bring a strong deadline-project-management mentality. (SM06)

In the following quote, the SM of the acquiring company evaluates the intensive commercial due diligence as an act of management consulting for the target and describes how many of the targets did not previously have a clear picture of their own economic situation.

'Once we've gone through the commercial due diligence process, it's actually a free business consultation for them. If it doesn't really come to signing, at least they know all the weaknesses of their company that they need to work on'. (SM09)

The following statements describe the difficult initial situation due to multiple parallel tasks. The SMs say that the PMI process is challenging and brings a high workload.

'Most of them feel overwhelmed by the merger and integration process. (…) It is not a question of subordinating oneself to a person but of fitting into an organisational structure. This means that at one time or another, there is a need for subordination or reorganisation'. (SM09)

'The merger process is a burden on day-to-day business: time, a high workload in the projects, plus the effort that is just coming out of this circle'. (SM02)

A target company's SM says that while the group clearly states what the economic goal is, it does not say how that goal can be achieved.

> 'The group is good at defining the "what" but not good at explaining the "how"'. (SM08)

The need for more support in implementing the integration of the target into the group and for a deeper integration of personal factors in HR's due diligence supplemental to the existing management audits is evident from the following quote.

> 'It was a typical German way. It was not a hostile takeover, but it was also not very open. It was also not very informative. It was a short professional takeover, but I think if I was in charge (…) I would really invest in more onboarding time. (…) The board is aware of the figures, and they signed their signature, the due diligence is done and the merger is done, so they move on for the next stage. And then, the entrepreneur is left on his own. [You] do it by yourself, and that is very difficult'. (SM08)

The SMs perceive a higher and different kind of pressure because of the M&A. There is more pressure to achieve and report profitability targets and realise growth and synergies after the M&A is conveyed, due to the reporting, meeting, coordination and new management obligations of larger firms.

> 'It is a different pressure. Before the merger, it was a pressure of liquidity and financial security. (...) As an entrepreneur, you must earn more money every year to survive, pay the bills and everything else. Now, the pressure is more on management tasks. So, I called this "spreadsheet management". You are constantly asked by headquarters: "Can you fill this out? You must do this. You have to take a course on this". (...) Everybody is asking for information (...) I think they are just busy pumping and pumping information. And I think that their function or some of their functions are not necessary. They are just collecting information and pumping it around'. (SM08)

In his quote, SM08 wants to express that he considers the group's administrative apparatus to be too large and that reports are partly requested and produced for the sake of it.

One SM describes in his quote below how ambivalent he is about the group's meeting culture. On the one hand, there are too many and sometimes unnecessary meetings, but on the other hand, he feels they are successful.

> *'Now, our people feel the pressure. Our people think that they are obliged and that it is an order. (...) How many times have I been invited to various unnecessary topics and superfluous meetings? And I think: "Why are you inviting me?" (...) One email and a meeting is shoved into my already busy schedule. (...) Nevertheless, I think we are more productive now, and that's the good thing. (...) I think professionalism is increasing and that was really necessary'.* (SM08)

Many SMs saw themselves and their companies as creative workers, who are now confronted with a different work culture, which instead of agile work has clear deadlines and specifications and in which monetary goals and performance measurement are in the foreground. The SMs also perceived the promise from the organisation that they would receive relief from administrative organisational tasks in favour of more personal quality time to focus on leading their teams, developing their units and acquiring larger clients and projects. For business integration and strategy alignment, they expect an experienced SM from the group to act as a mentor and consult them from their own experience, not only superficially but with real time and effort. The following quote from an SM of the acquiring company refers to the expected relief of the SMs of the target companies from administrative tasks using existing group structures.

> *'Some are happy that they can hand over the administrative tasks and no longer have to do them. (...) Others feel that they have been put in this position because they no longer have any influence on it, and it is no longer their decision. (...) There are strategies that apply to the whole company, and there are processes that are the way they are and cannot be tampered with, and there are decision-making paths that are sometimes relatively long. (...) They then feel constrained because they have been the entrepreneurs up to now and have made all their decisions themselves'.* (SM09)

Theme 10: Perceived Violation or Breach of Mutuality

Mutuality means that the contributions of both sides should be balanced, no clear asymmetries are perceived and both sides fulfil their obligations. Figure 26 contains the finalised thematic map on the perceived violation or breach of mutuality. The dominance of the investor group leads to an asymmetrical distribution of power and thus to a loss of control by the SMs of the target after the signing. Figure 26 illustrates the context of a perceived breach or violation.
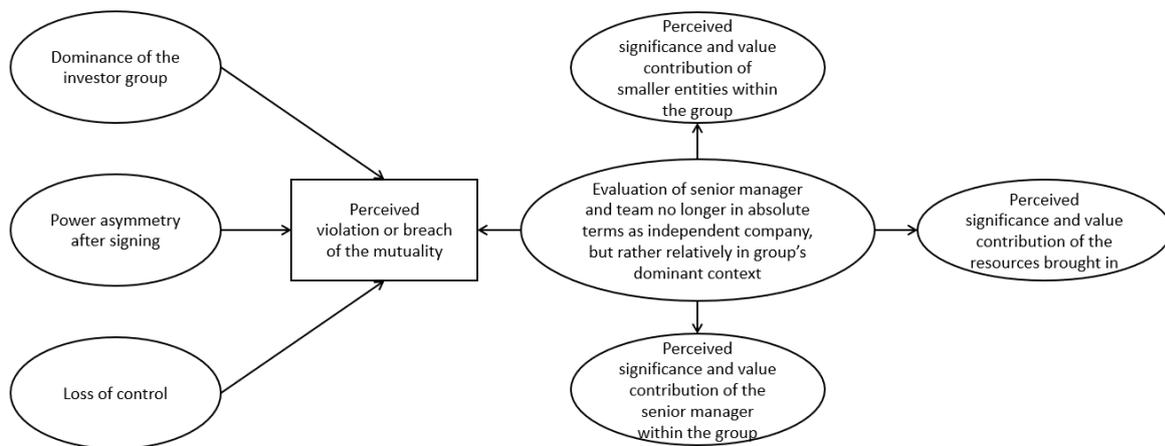
Figure 26: Perceived Violation or Breach of Mutuality

(Author's own figure, finalised thematic map)

The following quote stresses the meaning attributed to transparency in the expected mutuality and equal weight of the work relationship.

> *'Transparency in mutual expectations is important. Today, we are relatively strong in placing acquirer group expectations (...) then, I clearly recognise relatively one-sided expectation management from the group to the managers of the targets. (...) On the one hand, it would be a matter of giving equal weight to both sides. (...) In my opinion, there is too much room for interpretation (...) Before insisting that something be done immediately, it should be made clear what the actual expectations are to ensure that both sides have an equal understanding of this'.* (SM07)

The evaluation of the SM and team no longer occurs in absolute terms as an independent company but rather is relative to the group's dominant context and under its rules. This questions the significance and value of the contribution of smaller entities within the group, the contribution of the resources that have been brought in and the SM as a leader within the group's leadership team. The resources contributed by the target are its HR skills and experience, customer relationships, access to new niche and international markets and the service range, knowledge and methods. This can affect a perceived breach or violation of the promised mutuality at eye level and the visibility of the SM, the team and the service portfolio and creative work culture that are contributed.

The following citation refers to the expected equal acceptance and consideration of the cultural specifics of the target, its customers and services. One SM of a target is quoted as expressing his perception of the clash of two different cultures.

> *'We are measured really hard by the standards of the group, and we just have a different business and lower daily rates (...) and that is much smaller than everything else. (...) Innovations only happen without hierarchy and with freedom and when you don't have this pressure of profitability. (...) There used to be a culture of mistakes and freedom for innovation in our company. (...) Our world has never been so hierarchical'.* (SM01)

4.5.4 Findings Concerning the Motives and Goals for Mergers and Acquisitions

This chapter provides insights into the motives for M&As of SMs in the target and investor companies as identified by the research.

The PCs of M&A-surviving SMs are closely bound to their and the company's motives and goals for the respective M&A. Acquirers' motives for M&A decisions are both strategic and personal. Appendices XVI and XVII outline selected strategic and personal M&A motives of decision-makers from acquiring and investor companies. Table 28 summarises the major M&A motives of the professional services companies regarded in this research. The key motive is to gain demographic stabilisation of employees and managers and to thus make the company fit for future growth and

expansion in terms of the markets entered, customers served and services offered, which is attained by achieving corporate control over the relevant resources. Table 28 outlines the major motives for M&As identified in the research.

Table 28: Major Motives of Professional Services Companies for M&As

Goal: Supporting growth, expansion and profitability	Target company	Strategic investor
Key motive: Demographic stabilisation - Employees and knowledge - Markets and key customers - Services and innovations	**Seeks** - Succession plan - Business continuation - Administrative support - Market power (size) - Market access (internationalisation) - Staff development and training possibilities - Financial stability and liquidity - Structural organisation and administrative structures	**Seeks** - Capacity supplement (extending manpower in existing fields) - Extension of competence (new knowledge and skills for new fields) - Access to innovation (services, service provision, processes, tools) - Access to market niches (extending to supplementary fields and further international markets) - Access to project references (bidding for projects in new or underdeveloped fields)
Sub-motive: Corporate control, i.e. control over corporate resources	**Offers** - Experienced specialists and highly skilled professionals (war for talent) - Junior employees and high potentials - Service skills - Project references - Framework contracts - Key accounts - Networks and platforms	**Offers** - Stability through size - Synergies (economies of scale and scope) - International, interdisciplinary network of colleagues - Integration into a holistic range of services - Everything from one source - Administrative support through central functions (i.e. marketing, finance, controlling, HRD, ICT, etc.) - Management support - Financial independence

(Author's own table)

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The key motives and objectives for M&As identified by this research broadly confirm the key and submotives for M&As presented by Jansen (2004). Access to top professional, skilled and experienced labour and knowledge is one of the major motives for professional services firms, alongside reaching new national and international markets and customers with existing or an extended range of services. The term 'war for talent' describes buyer markets. It refers to experienced managers and specialists: so-called high professionals. In Germany, the ongoing and increasing war for talent is mainly caused by demographic factors and the prosperous, continuously expanding economy ten years after the end of the financial crisis in 2008. Alongside the need for a skilled and experienced workforce, there is a gap in the demographics of managers (Jansen, 2004). Furthermore, the digital transformation of society and the economy, as well as ongoing innovation, led to an increasing need for skilled and experienced staff. Jansen (2004) suggests replacing the term 'war for talent', which origins from McKinsey consultants' jargon, with the term 'war for demographic stability' because from a long-term perspective, businesses compete for the demographic stabilisation of managers, staff, customers and products or services (p. 425).

4.6   Interpretation of the Evidence and Findings

This chapter contains the data analysis and interpretation of the evidence and findings in terms of the research approach and methods.

The findings indicate that M&A context-specific PCs are formed at a very early stage and are influenced by events and schemas. Ideologies and legalisms, experience on joint projects or competition for projects or tenders, pre-merger employment with the investor and being influenced by personal contacts play influential roles. M&As represent serious personal and organisational changes for SMs; even if they were originally initiated voluntarily, their implementation and integration confronts the managers with more and new forms of pressure, resulting from the burden of combining day-to-day business with the integration into a new format, the residual settlement of old projects and the old company and the fulfilment of new growth targets by networking within the group. The significant difference in size and, in some cases, maturity levels of the companies leads to the SMs perceiving a loss of control

and prestige after joining the dominant investor group because with the integration, previously independent entrepreneurs now become employed managers, and their unique position in the market is now part of the group, alongside other teams. This is illustrated by the SMs' PCs, as they feel that the group made promises in the pre-merger exploratory and negotiation meetings that it would help to stabilise their business model and give them access to larger clients and longer-term projects, and in return, they expect the group to be accepting and visible at eye level both to them as part of the management team and to their units and services, as they are enriching the group and charging the brand for creative work. The greater the difference between the two organisations, the greater the expectation of acceptance at eye level and retention of the unique work culture. SMs unanimously expect greater consideration of their personal attributes in M&A processes, which are currently clearly dominated by commercial aspects, as well as terms and conditions. SMs feel obligated to actively lead the integration of their units and motivate their teams through open communication, providing information and answering their questions to prevent uncertainty, even in times when they themselves do not have all the answers because certain aspects have not yet been finally defined. During pre-merger exploratory and negotiation meetings, content from the PCs could be found, which was crucial in the decision as to whether to pursue the M&A initiative at all. This is particularly important for service companies, as they benefit from SMs remaining on board after the M&A to lead the integration and further development of their units. Therefore, expectations after a reduction in working hours or early retirement, the rejection of further growth targets and communicated integration concerns were, in some cases, knock out criteria. These findings have implications for research and practice. The M&A context-specific content of SMs' PCs has transactional and relational elements, although it is difficult to make a clear attribution and more likely to assess trends, and the PCs are based on perceived mutual promises and implied expectations in terms of commitments. A further finding was that changing contact persons can lead to an assessment of having unfulfilled past promises and thus to a perceived violation or breaking of the PC. This can be counteracted by an early integration of the divisional, national or sector managers responsible for integration at a later stage and by accompanying it with mutual expectation management, which is also based on the mutual reflection of the PC.

All quotations and findings are reported to protect anonymity. However, despite the study at hand being exploratory and including a small sample size, it outlines a way forward for future research and practical application. Although the results cannot be generalised by the chosen research approach, they can be transferred analogously to other events.

The study suggests that the orientation of the PC is an important predictor of the acceptance of organisational change, commitment to the new company and readiness of the SMs for their new role and function after the acquisition and subsequent integration. The orientation of the PC also provides valuable insights into how new SMs view their career in and contribution to knowledge and service companies or the RE and construction industry. The results of the research suggest that acquiring companies should integrate relational aspects of the PC to improve the quality of the integration process. The study shows that personal- and task-oriented aspects of the PC are relevant, and it is beneficial to generally discuss and clarify them in relation to the process of the merger negotiation from a very early stage when the feasibility of a possible cooperation is explored and in a personal-oriented and situation-specific way during the integration phase after the contract is signed and when the integration is implemented.

Perceived stress can also result from the re-evaluation of important resources in accordance with the measurement criteria of the buying company. First, control over corporate resources is given to the buying company. As mentioned initially, these resources are mostly personal aspects, so the buying company will strive to bind the previous owners to the new company and to apply their behaviour to the use of resources, i.e. professional and methodical knowledge on projects, and to disseminate it to employees to intensify customer relations and penetrate the customer base more deeply and broadly to promote its own services, as well as others the group provides. At the same time, the resources are reassessed. The interviews showed, for example, that qualitative target figures were replaced by quantitative ones, as the purchasing company's management style is very profit-oriented. In addition, this results in a reassessment of the company's importance within the overall portfolio, which is often based on the daily profit that can be created and not on the creativity of the solution for the customer.

Chapter 5

5 Discussion and Reflection

The fifth chapter comprises the discussion and reflection on the new theory and knowledge within the framework provided by the theoretical background and literature review.

5.1 Discussion of the Findings on the Pre-Merger Experiences and Schemas Influencing the Psychological Contract (RQ2)

a. Influence of Pre-Employment and Pre-Merger Schemas

The literature states that regarding new recruits, pre-employment schemas result from preceding socialisation and inform their emerging PCs (Gresse & Linde, 2021; Linde & Schalk, 2006; Rousseau, 2001a; Thomas & Anderson, 1998) and that with M&As, prior employment before the merger influences the PCs of corporate newcomers (Linde & Schalk, 2008). Through personnel marketing, recruiting communication and employer branding, companies want to present themselves positively and attract applicants. In this way, expectations are already created among applicants that companies will have to fulfil in the employees actually recruited once they have become employees. Already in the early stages of recruitment, a PC is formed. Later, under-fulfilment leads to a perceived breach or violation of PC with corresponding consequences for motivation and work behaviour. The same applies to over-promising. Realistic expectation management can prevent this (Rasmusen, 2020; Williamson, Cable & Aldrich, 2002). An analogy to perceived PC breaches or violations in new hires caused by overselling on the part of HR also exists for overselling by the acquiring company's negotiators in the early pre-merger discussions. If expectations raised in the early stages of M&As through personal contacts and exploratory talks are not met after signing and during integration, there is a risk of a perceived breach or violation of SMs' PCs.

The findings of the research point to the contribution and influence of pre-merger perceptions, beliefs and schemas on the PCs of SMs and the effects on their motivation for the M&A and integration (see final themes 3 and 5). Previous experiences and schemas affect the PC. The findings on corporate newcomers from M&As support, in analogy, the findings in the literature on new hires (Linde & Schalk, 2006; Rousseau, 2001a; Thomas & Anderson, 1998), as it found that previous promises contribute to the PC and develop over time, activate the building of the PC and inform it in large parts even before employment begins. Thus, pre-employment beliefs influence the PC and motivation to sign the work contract.

The literature's statement on the influence of returners' previous employment in M&As is also confirmed by the results (SM04, SM07, SM09, SM10, SM11, SM12, OB10, O18). Returnees were given advance praise and a high degree of trust, as the following quotes demonstrate. The quotes make it clear that the leap of faith returners make is also linked to the group's high expectations of them.

> *'Of course, with the high advance trust in returnees, there is also, very quickly, an expectation of them'.* (SM07)

> *'It helped and at the same time got in the way of being a returner'.* (SM04)

According to Rousseau (2001a), schemas such as ideologies and legalisms about the work culture and rules of the organisation lead to expectations about the obligations the companies should fulfil, and they can be perceived as colliding with each other. In line with Rousseau's (2001a) findings, the research identified ideologies and legalisms that influenced the PCs of the SMs. Central ideologies that demonstrated collisions were differences in agile versus project management and creativity- versus profit-oriented work cultures. Mainly, the strongly profit-orientated focus of the group was an issue for SMs from targets that had a focus on service creativity instead of profitability. It also found that there were many ideologies and respective interpretations of the necessary behaviour or perceived legal obligations based on stereotypes about large firms, such as 'spreadsheet management' (SM08); the need for extensive and partly redundant reporting for the purpose of 'pumping out information' (SM08); country-specific cultural norms, such as the 'typical German way' (SM05, SM08, OB03, OB16) or 'German Shepherd' analogy (SM08); attributed

business language skills (SM09, SM12, OB16); features of the work culture, such as a project-management-deadline mentality (SM06); the low profitability of 'scientist' and 'artist firms' (SM01, SM03, SM09, SM12, OB02, OB03, OB09, OB13); and work fields and employee types ('Project managers treat us like underdogs' [SM01, SM03], 'Project managers are arrogant and love themselves' [SM01, SM08, SM09]). Linde and Schalk (2006) found that a perceived violation or breach of the PC relating to the old pre-merged company can automatically incorporate itself into the new working relationship with the new company, if not solved before the integration. This was outlined in two of the interview cases and led to conflicts in the new role, with both instances occurring among the target's leadership team. Figure 27 contains the derived map on pre-merger experiences, schemas and promises influencing the PC.
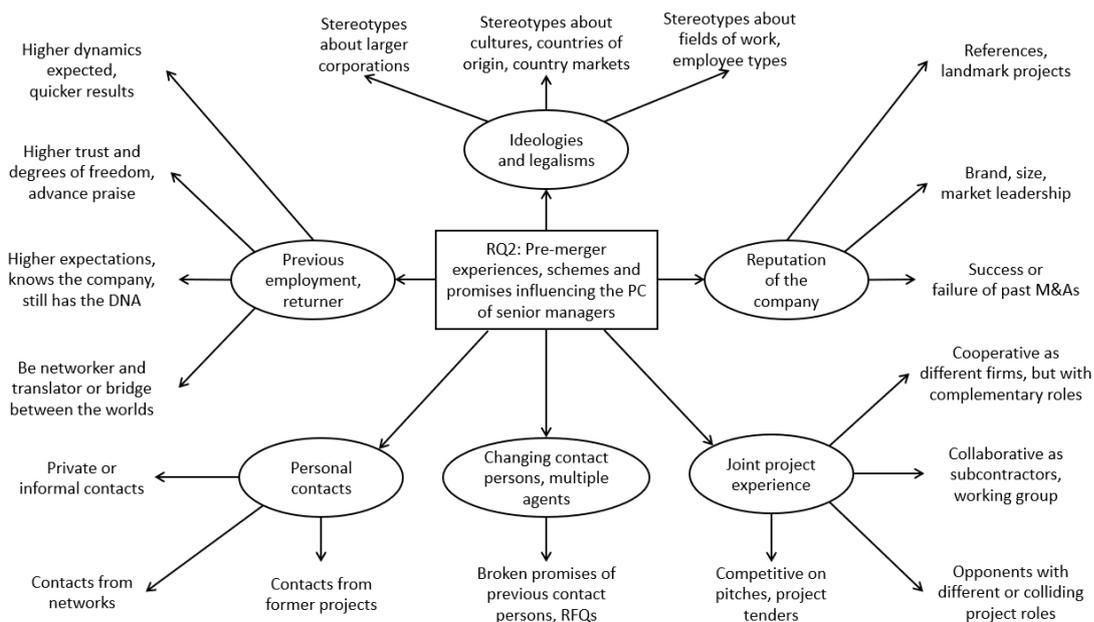
Figure 27: Influence of Pre-Merger Experiences and Schemas on PCs

(Author's own figure, derived thematic map)

According to Sherman and Morley (2015), previous employment experiences and individual or organisational sources of contract-related information have an impact on the formation of the emerging PC of returnees in the new organisation. Guest and Woodrow (2017) assert that the acquisition of knowledge about a new working

environment at a very early stage of socialisation can lead to better integration because it has a positive effect on the perceptions and attitudes of newcomers about their new working environment. The mutual promises made in the learning process are perceived as stronger, and the perception that they are more likely to be fulfilled leads to less stress, higher commitment and a stronger service-provider mentality. The PC thus plays an important role in the socialisation process, as does the active acquisition of knowledge by the corporate newcomers. Guest and Woodrow (2017) therefore propose early mutual expectation management in which newcomers are given information about their role, team and company and are encouraged to actively ask questions. The findings revealed successful and motivating examples for such communication workshops and thus agree with the literature (SM01, SM03, SM05, SM06, SM07, SM08, SM09, SM10, SM11, SM12).

Concluding the research found evidence for the influence of national, organizational, and occupational cultures of the PC of SMs in the context of M&As. This is confirmed by literature (Arshad, 2016; Balabanova et al., 2019; Barseghyan, 2019; Costa et al., 2017; Dwiyanti & Naimah, 2018; Du & Vantilborgh, 2020; Eze et al., 2021; Helmreich & Meritt, 1998; Jayaweera et al., 2021; Kraak et al., 2018; Kickul et al., 2004; Lee et al., 2018; Newaz et al., 2021; Rao & Kunja, 2019; Restubog et al., 2007; Rodriguez-Sanchez et al. 2021; Thomas et al., 2003, 2016). The research also found evidence for pre-merger influences on the PC of SMs. This is confirmed by literature in analogy in the context of new hires (Gresse & Linde, 2021; Guest & Woodrow, 2017; Linde & Schalk, 2006; Rasmussen, 2020; Sherman & Morley, 2015; Williamson et al., 2002).

b. Parties to a Contract and the Need for Early Participation

The PCs of SMs are influenced by various agents of the organisation during the M&A process, whereby certain key constituents have a particularly high influence, e.g. board members and colleagues who have personal relationships with the SM, but they can also bring a private understanding of the contract. These findings confirm Guest's (1998a, 1998b) statements on this topic. Direct superiors or SMs have a stronger influence on the PC than, for example, central departments, which are perceived as having more of a supportive function (Garrow, 2005; Morrison &

Robinson, 1997; Shi & Gordon, 2020). This corresponds to the findings of the research because when asked about the most important contacts in the M&A process, the SMs' lists are usually hierarchical, beginning with the board members and followed by the divisional, country or industry managers; professional colleagues or experts; and the PMI team – representatives of the 'administration', i.e. the central units. In addition, SMs expect to gain mentors from the circle of experienced SMs, who support them during business integration and act as sounding boards (SM02, SM03, SM04, SM07, SM08, SM10, SM11).

The literature calls for open, meaningful communication and early participation (Cartwright & Cooper, 1994; Eze et al., 2021; Lees & Taylor, 2004; Van Gilst et al., 2020), which also corresponds to the expectations the SMs expressed in the interviews, first from the group towards them and their upward PCs, and second, with their obligation to treat their teams in the same way, thus involving their downward PC. SMs have the responsibility to support the integration of their employees through consistent communication and to take reserved measures to prevent issues (Davenport, 1998; Garrow, 2003). The findings show that SMs see themselves as having this responsibility and have taken various measures to provide their teams with answers to open questions to prepare them for the integration. This can be very different; for example, some teams had already included representatives of the group in these discussions, while others answered open questions and discussed possible reservations internally at first. Further findings concerning communication and information during the M&A process are provided in two initial thematic maps in appendix VIII.

Magano and Thomas (2017) recommend the development of a clear integration plan with continuous dialogue with the SMs and employees to inform them about the aims, planned actions and their contributions during the integration process and to understand personal information and support needs. This is also confirmed by the results of the study, where SMs expect the M&A integration to be set up and managed as a project in the future with a clear integration plan, solution-oriented support from the central units from one source and transparent communication and information. According to Magano and Thomas (2017), employees need clear guidance regarding their expected personal roles in and contributions to the new organisation; this corresponds to the feedback from the SMs that they feel left alone

in the integration process and expect to be supported in their position within the structure of the group and gain career and development opportunities.

The demand for open, credible and fair communication and participation was mentioned by all respondents, with different and individual examples of how they dealt with them. The SMs unanimously called for more support from the group. However, the onboarding workshops by the HRD or PMI team were seen more as self-promotion of the teams and the group and were not sufficiently oriented to the needs of the targets (SM03, SM07, SM08), which is why appreciative communication and genuine dialogue at the professional or new team levels were considered more meaningful and positive (SM01, SM04, SM05, SM03).

5.2 Discussion of the Findings on the Influences of the Merger Process on the Psychological Contract (RQ3)

a. Cultural Differences and Different Resource Endowments Cause Mental Blocks about the Integration

The research findings suggest that national culture influences the PC and its content and meaning for the SM. This is confirmed by the literature. Cultural integration is a major challenge in the context of M&As (Kumar, Chabra & Gesa, 2020; Rodriguez-Sanchez, Moa-Valentin & Ortiz-de-Urbina-Criado, 2021). Cross-cultural research confirms that national culture influences the formation, content, fulfilment and perception of breaches of the PC (Arshad, 2016; Balabanova et al., 2019; Barseghyan, 2019; Costa et al., 2017; Du & Vantilborgh, 2020; Eze et al., 2021; Jayaweera et al., 2021; Kraak et al., 2018; Kickul et al., 2004; Lee et al., 2018; Newaz et al., 2021; Rao & Kunja, 2019; Restubog et al., 2007; Thomas et al., 2003; Thomas et al., 2016). The research findings also indicate that organisational and occupational culture also influence the PCs of SMs. This is confirmed by research postulating that the cultural paradigm is also applicable to other levels of culture, such as organisational and occupational (Dwiyanti & Naimah, 2018; Helmreich &

Meritt ,1998). Research confirms the influence of organisational and professional culture on the PC (Dwiyanti & Naimah, 2018; Helmreich & Meritt (1998).

Cultural differences (Bari et al., 2016; Cartwright & Cooper, 1993b; Cartwright & Cooper, 2014) and different resource allocation of the participants can reduce the success of the integration and the realisation of synergies (Bari et al., 2016; Empson, 2001). The results of the research show that cultural differences have been a frequently cited topic, especially when it comes to the expectation of maintaining the specifics of one's own work culture. The issue of national and working cultures was linked to the perception of identities and related legalisms, e.g. that large companies have complex reposting obligations and excessive meeting demands, certain processes are typically German or project managers always have a deadline mentality. Bari et al. (2016) call for regular interaction and joint projects to promote and strengthen integration. The findings of this work also point to the advantage of joint projects and active debriefing workshops so that both sides can learn from each other and bring in the best methods and experiences that have been found to be very motivating and conducive to integration (SM01, SM02, SM03, SM05, SM07, SM09). The cultural differences are described in the following statements. One SM believes the administrative apparatus is too complex.

> *'There is a complex administrative organisational framework at the group; administration is self-animating. (...) The central divisions are complex and manage themselves. (...) On the other hand, as a managing director, you are confronted with numerous contacts during integration and must find your own way around'.* (SM03)

The following quote from an SM of the acquiring company describes that the management audits, which are normal and accepted within the group, are sometimes rejected by the SMs of the target companies because they feel controlled by them.

> *'Management audits are difficult to accept for some managers because they have the feeling that they are now suddenly under scrutiny (...) even though they have successfully built up their company without audits'.* (SM10)

In the following quote, the SM of a target company questions the meeting culture of the acquiring company.

'There is a marathon of meetings and reports that the group imposes on us'. (SM08)

b.   Relevance of the Human Dimension, Merger-Fit Staff and Coping with Stress

In M&A negotiations, financial and factual aspects are at the forefront of the process, and personal factors are hardly considered (Garrow, 2005; Schweiger & Weber, 1989). This was also the view of the SMs interviewed, and most of them demanded a stronger consideration of the human factor and their personal characteristics in the M&A process. The findings point to a need for greater importance to be placed on the human dimension. The literature calls for greater consideration of the human dimension in M&A activities, both in integration and in HR due diligence (Bellou, 2008; Cartwright & Cooper, 1993a, 2014; Garrow, 2005; Rodriguez-Sanchez et al., 2021; Weber, 2013). This is consistent with the findings of the study, where greater consideration of the human factor, recognition and appreciation of the experience (theme 1), consideration of the cultural specificities and work culture (theme 8) and the need for support and recognition at eye level were important aspects (theme 7) and clearly supported (see table 26).

The literature describes M&As as stressful situations due to the high level of change and uncertainty associated with them. The stress results from job insecurity and overworking, so initiatives are proposed to promote early employee participation and reduce stress factors to boost employees and encourage their commitment (Cartwright & Cooper, 1994; Garrow, 2005). SMs confirmed this by stating that they are confronted with more and different types of pressure as a result of the M&A and that they sometimes feel overburdened by the multiple, simultaneous pressures of day-to-day business, the residual liquidation of the old company, implementation of integration, managing their employees and meeting additional growth targets (SM01, SM03, SM04, SM07, SM08). Personal orientation also causes stress, as the following statement demonstrates. Understanding the complexity of the group is a difficult task for the target SM, as the following quotes show.

'Internally grown managers of the group do not even understand what it really means for an external lateral entrant to even understand the complexity of the companies and grown systems'. (SM12)

'Finding their way in our group culture is important for leaders (...) we have to build bridges; otherwise, isolated silos emerge'. (SM11)

One SM criticises the lack of consideration of his personal factors and development.

'The personal touch is completely missing. The most productive contribution was that I was given insights into future career development, but they forgot to look at my background or my history. It looks like they totally forgot about the complete achievements of my career and treated me like a newcomer in the job market'. (SM08)

c.   The Need for Early Involvement and Open and Just Communication

The respondents described positive experiences with providing open, credible and relatively early information about the upcoming change to their employees to quash fears and promote acceptance. Employees were given the space to ask questions and receive answers. The measures usually only took place within the unit, mostly without official communication from the group (SM01–SM13 in different formats). This is in line with the key messages of the literature, which advocates open and fair communication and information. PMI phases are often characterised by a lack of official communication and support from top management (Bansal & King, 2020; Cartwright & Cooper, 2000; Garrow, 2003, 2005; Robinson & Rousseau, 1994; Senior et al., 2017; Quinonez-Gonzalez, 2013, 2016). Strong messaging from management (Mclaughlin & Manalsuren, 2017) and functioning communication mechanisms support successful integration (Guest & Conway, 2002; Conway & Briner, 2005; Mclaughlin & Manasuren, 2017). The literature emphasises the importance of early involvement and participation (Nugraha et al., 2016; Senior et al., 2017). Open and just communication and early involvement can promote employees' trust in and identification with the M&A (Nikandrou et al., 2000; Schweiger & Denisi, 1991), and SMs play an important role as credible communicators to disseminate

information to support the readiness for change (Cartwright & Cooper, 2000; Shield et al., 2002; Weber & Weber, 2001). Often, they have reservations about the change or still need to process the new information themselves while they must inform their employees and answer questions (Bligh & Carsten, 2005; Cartwright & Cooper, 2005; Hubbard & Purcell, 2001).

The findings indicate the positive effect of transparency and open early communication to the team about the new organisation and the aims and opportunities of the merger. Employees often have uncertainties about what will change for them and what will remain the same in their field of work. SMs are in a dual role because on the one hand, they find themselves in a situation where perhaps not everything is completely clear yet and in which their own PC is being renewed. Otherwise, their employees hold a PC with them and have questions and uncertainties that need to be clarified. The following two quotes emphasise the importance of transparent communication.

> *'Non-communication is the worst, even if not everything has been fully thought through to the end'.* (SM03).

> *'We informed our employees from the very beginning in informal meetings (…) the market is changing and the clients are changing, so we have to change also (…) we think it is the best for our future to become part of a very large company, such as the group'.* (SM08)

The high importance of early and open communication, both for themselves as managers and towards their employees, was confirmed from the interviews. The SMs were not entirely in agreement at the time about communicating with their employees; here, the majority felt that this only makes sense after signing. However, the high relevance of open, just and credible communication was supported by all respondents (SM01–SM13). This confirms the views of the literature that emphasise the importance of transparency and providing early information to new employees about their new working environment as an enabler for integration and socialisation (Guest & Woodrow, 2017; Kim & Moon, 2019). Otherwise, employees fill the gaps in information in an uncontrolled way (Searle & Ball, 2004; Senior et al., 2017). SMs play an important role as motivating and sensemaking communicators (Cartwright &

Cooper, 2000; Shield et al., 2002) because meetings and communication in the early phases of the M&A have an important signalling effect on the establishment of the new PC (Garrow, 2003, 2005).

The findings indicate that during M&As, sensemaking is important for the SMs concerned and their employees to retrospectively explain the changes to their work environment, the new setting and their role. Sensemaking was the most important to those SMs who had experienced a severe change or something that had been decided over their head without having been consulted. Some SMs missed having the right mentor for their own personal sensemaking (SM01, SM03, SM04, SM05, SM07, SM08). Concerning the sensemaking of the employees, some SMs actively addressed the open questions and some reservations in communication workshops. The findings conform with those of the literature, confirming the need to create order by ensuring employees' sensemaking, which aims to make situations and events rationally comprehensible. In this regard, the literature believes that perceived fair communication and events play important roles (Searle & Ball, 2004; Weick, 1995; Weick et al., 2005). According to Quinonez-Gonzalez (2016), providing a credible, trustworthy explanation is a communication strategy that fosters sensemaking by explaining and providing insights into and facts about the background and objectives of the M&A and its benefits to the company. This is also confirmed by the findings of positive examples of successful meetings to explain the M&A to employees and how it affects their workplace.

The open learning culture of continuous learning and an attitude that also allows for mistakes promotes the efficiency and outcome of the change and integration process (Budhiraja, 2021). This is confirmed by the research results, according to which the majority of SMs had advocated an open learning and error culture as a common basic attitude for M&A integration.

d. The Disruption of Existing Relationships and Merger Syndrome

The study could not confirm the statements of the literature on disruptions to existing employment contracts and emerging merger syndromes. This is likely due to the contexts being friendly mergers and not hostile takeovers. Furthermore, most of the

SMs interviewed were active dealmakers and thus decided to proceed with the M&A and often took the initiative themselves. In individual cases, inconsistencies were identified, but these were of a more temporary nature and were due to personal situations. According to Garrow (2005), symptoms associated with the breach or violation of the PC are like those of the various merger syndromes, which makes it difficult to attribute the perception of negative effects to a worse situation after the M&A or to unmet promises or breaches of the PC. The present study did not identify merger syndromes, apart from individual issues that occurred at times, which are more likely to be attributed to the new situation being perceived as worse in certain aspects. Respondent SM01 explained his situation.

'Before the merger, we weren't that hierarchical, and there was space for creativity and innovation and an error culture'. (SM01)

Another SM describes his experience of reclassification through the M&A.

'In mergers, there is a re-evaluation of the skills of the managers and thus a restructuring of the functions. (...) I used to be an acquisition manager; today, I am a project manager, which I don't really want to be'. (SM04)

e.   Reviewing Corporate Culture and Identity-Retaining Strengths

The similarity of the identities of the merging companies highly influences the success of the merger and should be considered in the integration process (Joshi et al., 2020). The results of the research provide evidence for this because the perceived cultural differences and expectation of maintaining and cultivating specific aspects were important topics for SMs, especially those from smaller companies and from organisations with a different work culture or corporate identity. The perceived cultural differences played a major role in the interviews, as did the issue of identity. Since smaller units have been taken over by a large, dominant one, the issue of maintaining identity and working culture was a major factor, as well as the fact that employees of smaller units sometimes have a problem working for a larger company. Another important statement was that the culture for creative work and the corresponding freedom for creativity should be preserved. In some cases, the theme

of identity was linked to maintaining the target's brand (SM01, SM03, SM06, SM07, SM08, SM09, SM10, SM12, SM13).

This confirms the existing literature's statements that perceived differences in resource levels, productivity or feasible daily rate of productivity, culture and work culture can slow down the realisation of latent synergies or inhibit integration (Bari et al., 2016; Buiter & Harris, 2013; Cartwright & Cooper, 1993b, 2014; Empson, 2001; Kumar et al., 2020; Weber, 1996). The results also show that defining goals as clearly as possible and aligning them with each other are important and gain importance the more different the target and group are to each other in terms of resources, culture and business strategy. Particularly in the case of smaller, creative or innovative companies that do not yet operate as economically as the group's core business (realisable daily rates, project size, EBIT), or in the case of targets from markets where the group or brand is not yet as established as in the domestic market (established networks, customer relationships, key customers and project references that have grown over the years), it has, in some cases, led to frustration or conflict if they were measured exclusively against the goals of the core business and the domestic market without sufficient consideration of other, non-monetary goals. This again confirms the importance of early involvement and fair and open dialogue. According to Joshi et al. (2020), the commonalities of the merging companies' identities have a major impact on the success of the M&A and should be considered in the integration process. This is confirmed by the results of the study, which indicate that much more attention should be paid to two factors: the human factor and corporate culture. In addition, both identities must fit together, or the fit should be explained to employees (themes 1, 8).

Joint projects with mixed project teams and the thorough debriefing of key staff to identify and select the best methods and tools from both sides for the future merged teams were found in the study to be very beneficial for integration and motivation. The following quote underlines this point.

> *'A very strong connector is when joint projects are made from the very beginning'.* (SM10)

This aligns with the literature that suggests interdependent joint activities, mixed teams and targeted coping programmes to promote integration (Bari et al., 2020; Jarzabkowski et al., 2012; Shield et al., 2002). The details of findings about culture and identity are provided in appendix XII.

f.   Organisational Citizenship Behaviour

The literature explains the negative effects of PC breaches or violations on civic virtue or organisational citizenship behaviour (Bellou, 2008; Gurumoorthi & Venkatesan, 2020; Thornhill et al., 2000). However, this was not the subject of the research and could not be confirmed. When asked about their attitude towards organisational citizenship behaviour, the SMs replied that this was an issue in the pre-merger discussions and that they saw it as part of their role to do more for the company. Individual feedback from the SMs from start-ups was that they feared social loafing, either in terms of their own growth or the M&A, because the start-up mentality is lost as the units become larger.

According to the findings of the study, organisational citizenship behaviour was actively addressed during the merger negotiations. The SMs felt that their promise and obligation to go the extra mile came with being a member of the management team and having a role-model function. Being an entrepreneur in a company is all-encompassing and is aimed at optimising and improving one's own field of work and not just thinking in terms of the traditional nine-to-five. In this respect, the findings confirm the statements of the literature on organisational citizenship behaviour and civic virtue, at least regarding the attitude and motivation of SMs (Organ, 1988; Gurumoorthi & Venkatesan, 2020; SM01–SM13).

g.   Unmet Promises and Breaches to or Violations of the PC

Due to a change of contact persons during the M&A process, in some cases, there was a perception that promises made in the early stages of the integration were not or only partially kept, which corresponds to a violation or break of the PC. The perceived violations or breaches resulted from unmet perceived promises of the

company concerning the SMs' future roles and functions, hierarchical and career position (SM01, SM04, SM05), the preservation of the targets' brand (SM03), investments in the targets' equipment (SM04, SM06, SM07), the form or speed of integration (SM05, SM12), equal integration of all local entities of the targets (SM03), the supplementation of project budgets and team utilisation from the group (SM01, SM07, SM08). Depending on the severity of the violation or breach, they could lead to the effects described in the literature. Perceived violations or breaches of the PC impair employees' performance and job satisfaction (Griep et al., 2020; Gurumoorthi & Venkatesan, 2020; Murphy, 2014; Quinones-Gonzalez, 2013, 2016), reduce job involvement (Chang & Lin, 2014, Murphy, 2014) and are perceived as unjust (N. Jackson, 2011; Lees & Taylor, 2004). N. Jackson (2019) reports that early promises made in pre-merger talks can turn out to be unrealistic, difficult or even impossible to implement in the later integration process, which can lead to conflicts with the PC, therefore confirming the finding of the research regarding the perception of unmet promises from early pre-merger talks. Mutually coordinated expectation management can reduce the risk of PC breaches or violation (Young et al., 2018), a statement that is supported by the findings of the research suggesting integrating the PC into M&A HR due diligence and early mutual expectation management in M&A processes. Cases of perceived violations or breaches of the PCs of the SMs due to changing agents over time, steps in the M&A process and the collision of visions from early talks with the realities of daily business during the integration, such as the breaches and violations reported by Jackson (2019), were identified in the research and led to demotivation of the SMs.

The breach or violation of the PC massively reduces the commitment, motivation and performance of the employees (Griep et al., 2020; Gurumoorthi & Venkatesan, 2020; Murphy, 2014; Quinonez-Gonzalez, 2013, 2016; Senior et al., 2017; Turnley & Feldmann, 2000). According to Jansen (2004, 2016), there is a paradox of the management function comparing pre- and post-merger management responsibilities. While the pre-merger strategists and dealmakers (members of the board) provide and uphold a general vision and strategy for the deal and act as 'super father figures' who orient and motivate the M&A, the post-phase integrator (line manager, area manager) establishes structures, connections and targets in the context of daily business and quick integration. These can collide and provoke the perception of

unmet promises. This was confirmed by the study, and cases of unfulfilled promises from pre-merger conversations or early merger phases were identified, which led to perceived breaks or violations of the PC with regard to the obligations of the group (theme 3). The following quotes illustrate this.

> *'There was a clear disillusionment, as the topics, which were promised or promised quite extensively at the beginning, dissolved again relatively quickly after signing, and one was very quickly left to one's own devices again'.* (SM07)

> *'Early on, initial expectations are formed between the group and the senior manager, which were often not realisable, but the expectations were set. This led to disappointment'.* (SM11)

Appendix XIII provides details about the findings concerning a breach or violation of the PC.

5.3   Discussion of the Findings on Senior Managers' Preferences for Psychological Contracts in Merger and Acquisition Contexts (RQ1)

a. Dynamics and Changes to the PC

M&As lead to a change of the PC (Bellou, 2007; Garrow, 2005), and the content alters (Weber & Weber, 2001). The literature confirms the critical importance of the human factor for M&As (Houghton et al., 2003; Lesowitz & Knauff, 2003; Stahl & Pablo, 2003) and the need to support the transformation and renewal of the PC through assessment during the M&A process (Baruch & Hind, 1999; Bellou, 2007; Cartwright & Cooper, 1993a, 2000, 2014; Coyle-Shapiro & Kessler, 2000; Morrison, 1994; Robinson et al., 1994; Rousseau, 1995; Rousseau & McLean Parks, 1993; Shield et al., 2002) because major change situations force employees to rethink their PCs (Linde & Schalk, 2008; Rousseau & Tijoriwala, 1998) while making sense of the new setting (Bellou, 2007). The findings are consistent with the literature because the respondents called for a clearer consideration of the human factor, their culture and

values, as well as their personal attributes, such as experience levels and skills, in the M&A process (themes 1, 3, 7, 8). The SMs demanded experienced mentors on an equal footing in the management team to support them in the process of business integration, networking and orientation in the company, an important indication that there is a need to discuss the 'psychological' side of the contract and the unwritten laws and requirements (SM03, SM04, SM07, SM08, SM10). The expectation of SMs that they should be supported in the integration process and during reorientation is also expressed in the literature because SMs and their teams need to be familiarised with the new situation, assimilating to its rules and values and adjusting their attitudes and behaviours respectively (Bellou, 2007; Chao et al., 1994; Schweiger & DeNisi, 1991). Otherwise, M&A survivors are like newcomers having to make sense of the new setting (Bellou, 2007).

b. The Dual Role of Senior Managers

According to the literature, managers have bidirectional obligations with the organisation and their subordinates; thus, they have upward and downward PCs, so a unidimensional perspective of their PC only reflects a part of their perceived mutual promises and obligations, whereas a multifocal understanding is suggested considering the different agents involved (Bligh & Carsten, 2005; Marks, 2001). The literature outlines SMs as having a central role in maintaining the PCs of their team because they are the major contact persons regarding PC issues (Bligh & Carsten, 2005; Guest, 2004; Guest & Conway, 2002; Lester et al., 2002; Marks, 2001). The research identified cases that support the literature, as even during times where their own PC was renewing and many aspects of the change were still open or unclear to them, they tried to show stability and confidence to their teams with open, honest and motivating communication, answering their general questions and justifying the merger and its goals and advantages (SM02, SM03, SM06, SM07).

The alignment and connection with the leadership team and the establishment and building of a strong network and coalitions with other SMs are crucial for the successful integration of SMs (Korte & DeVitis, 2010). The findings of the thesis strongly support this statement in the literature (SM01–SM13). According to the

findings of the research at hand, networking and forming coalitions were important issues for the SMs and critical to successful integration. Strong networks were also seen as an important success factor for future work and development. But this was also a point at which the SMs expect more support because it is difficult for newcomers to find their way around the complex system of the group and to locate the right people for certain topics and actively engage and network with them. There was also feedback from SMs who were disappointed that the promise they had been made in the early phases that they would quickly become part of the large network and benefit from it was not or only partially fulfilled during the integration (SM03, SM07, SM08). Here, too, SMs felt left alone because they assumed that the group had an obligation to provide them with project budgets and that they would no longer have the sole responsibility for acquisitions of customers and projects but would be supported in them, especially to gain larger customers and larger, longer-lasting projects that provided more economic stability.

SMs play a central role in maintaining the PCs of their employees, especially in change situations (Bligh & Carsten, 2005; Guest, 2004; Guest & Conway, 2002; Lester et al., 2002; Mark, 2001). But SMs reside in a dual situation, where they are maintaining their PCs as both agents and employees of the organisation and renewing their upward and downward PCs simultaneously (Bligh & Carsten, 2005). Two different target systems pull on them due to the lack of top-down support from upper management, meaning they are expected to support their employees with empty or bound hands (Bligh & Carsten, 2005; Shield et al., 2002). The socialisation process is challenging for SMs because alongside the ongoing day-to-day of the business, this requires a high level of commitment due to the newcomers' limited knowledge of the organisation (Korte & DeVitis, 2010). The research findings confirm this (themes 6, 9). Already statements made during recruitment or statements made in personal conversations or performance appraisals can be evaluated by employees as promises, which are later judged according to whether they have been fulfilled or broken (Shi & Gordon, 2020).

Empson (2000) found an undirected integration process with very limited managerial actions of both sides, while the senior professional staff holding the proprietary ownership over the intangible key resources determined the speed and quality of the integration on both sides. Regardless of the formal hierarchical structure of

companies, the real power lies with those employees who embody the intangible key resources (Empson, 2000; Pickering, 2017). The results of the research confirm this in all three aspects: the undirected M&A process, very limited managerial actions and the importance of the owners of the intangible key resources. In the cases examined, the SMs embodied the most important key resources critical to success, whose access and control the buying company was ultimately concerned with. On the other hand, the debriefing and integration meetings during PMI, which were perceived as very positive and as supporting loyalty, confirmed the highly positive influence of networking with those who also embody the key resources operationally.

A two-way knowledge exchange by technical gatherings during the PMI of engineering consulting and construction and property management firms was found to be crucial (Empson, 2000; Broechner et al., 2003). Evidence for this was found in the study, where face-to-face technical debriefing meetings were important and positively accepted by the employees of both parties because they felt themselves to be taken seriously and considered important and could actively contribute specialist and methodological knowledge. In line with Empson (2000) and Broechner et al. (2003), the exchange and integration of technical and methodological knowledge were important drivers for integration and the perceived quality of integration.

The findings of the research indicate that early mutual expectation management can have positive effects on integration. The SMs were unanimous in their opinion that they would like the group to be more responsive to them as people, to their experiences and their particularities. Similarly, many SMs were in favour of a stronger consideration of personal and cultural aspects, as commercial due diligence is currently undertaken intensively and in great detail, while cultural aspects were hardly or not addressed, i.e. the cultural particularities of the country or professional groups, as well as the specific work culture of their field of activity or expertise, e.g. creative workers versus project managers. This confirms Holland and Scullion's (2019) findings, which advocate that HR due diligence should be redesigned based on the building blocks of the PC.

This is confirmed by the results of the study in several respects: first, the results of the observation indicate that the content of the PCs of the SMs of the potential target can be a decisive factor in determining whether exploratory talks are continued and

M&A activity is followed up. This is remarkable because the literature mainly discusses aspects that are later fixed in the written M&A contract, so alongside these, the PC can also be a decisive factor. Second, the results of the in-depth interviews indicate that SMs expect a much stronger consideration and appreciation of personal factors and that they are more responsive to their expectations about career opportunities and integration.

The findings of the research confirm Rousseau's (2010) building blocks of the PC, i.e. schemas, promises and mutuality, and provide examples from M&A situations. This is supported by the findings of Choi & Brommels (2009) that M&A decisions are not made purely for explained and economic reasons and that according to Ripoll-Soler and de-Miguel-Molina (2019), decisive factors for later M&A success are already established in the pre-merger phase. According to Lipponen et al. (2017), the relative statuses of both firms or their relationship prior to the M&A decisively determine the vulnerability of the integration process and thus successful post-merger identification. The research showed that if the experiences from joint projects prior to the merger were positive – regardless of whether they were under one umbrella as subcontractors or as separate companies of different trades participating in a joint project – PMI was relatively seamless, and post-merger identification was also highly pronounced and positive. The same applies to the similarity of the two companies. The more similar they are, the simpler the integration process and the higher the identification. In one case, prior to the M&A, there was a joint major landmark project with competing roles on the project. Dealing with the conflicts arising from joint project participation also negatively affected PMI and confidence-building and delayed them until the project-related issues were resolved.

c. A Multifocal Perspective of the PC

PCs develop between the employee and many different agents of the company (Alcover et al., 2017a; Rousseau, 2001a). SMs and employees are likely to hold multiple relationships with different agents with varying degrees of power and authority. The SMs and employees pick up perceptions of mutual obligations from a range of sources (Alcover et al., 2017a; Conway & Briner, 2009). Messages sent by

organisational agents to employees are often inconsistent, and the different agents do not always speak in one coordinated voice (Alcover et al., 2017a; Schalk & Rousseau, 2002). Different agents of the organisation influence the PCs of the SMs, whether they hold one sole PC combining the different influences into one or several separate PCs with each of the constituents. The SMs form an individual picture of the set of perceived mutual promises and obligations because, while the agents all speak for the same company, their communication does not necessarily reflect the wishes of the company and is not always coordinated (Harriot & Pemberton, 1996; Guest, 1998a). Individuals represent the organisation in volatile roles (Bligh & Carsten, 2005). The research findings confirm these statements in the literature. It was the changing contact persons and thus the changing agents in the organisation that led to two patterns perceived by SMs. First, the change from being contract-makers in the early M&A phases to responsible frontline managers after the integration partially led to the perception of unfulfilled or only partially fulfilled promises because the reality required something different or understanding of the possible post-merger scenario was rather general in the early phases but had been cemented during the M&A process (theme 3). Second, the many changing contacts in the central units during the integration were seen as more of a burden than as real support. In both examples, the people responsible for the implementation should be involved throughout and see the process to completion. The management of mutual expectations based on the PC at an early stage could help to coordinate them and gradually subject them to a reality check and establish their feasibility before the expectations become so fixed that their non- or partial fulfilment leads to negative perceptions.

d. PCs of Construction Project Managers and Engineers

The PCs of construction project managers and engineers have some specific attributes, and the identification of the content is difficult. According to the literature, such PCs are dominated by relational content rather than transactional elements (Dainty et al., 2004). The results of this research tend to confirm this statement in the literature. In addition, the reported delayering of management functions at the project level by allowing the project managers to have more autonomy can be confirmed.

The delayering expanded the project management function to additional management functions outside the project and changed the career stages for project managers. The group reacted to this by establishing a new job model in which the newcomers seek their personal positioning at a management level as project managers, and middle management and the SMs are assigned team leader roles; as they are not positioned in management roles, this is often interpreted as descending the hierarchy or even perceived as a loss of prestige (SM01, SM04, SM05, SM07, SM09, SM10). One SM summarises the situation by stating his opinion that there is often a greater attachment to the project than to the firm.

> *'Civil engineers often actually have a stronger bond with their projects than with the company. That is a fundamental problem of consultants and project managers: that they cannot root themselves so well in the company because they spend most of their time on site with the client or on the construction site'.* (SM10)

Dainty et al. (2004) advise the companies to establish HR practices to manage the PC and tackle missing or unrealisable career options due to the delayering of the companies, through the assessment of the managers' potential or due to the importance of the team being based on financial targets, as well as expectations placed on SMs' due to their perceived contribution, increased responsibilities and additional workload.

Talent and management philosophies, as well as other personal aspects of the SMs acquired through the M&A, only play a subordinate role in M&A decisions or PMI (Schweiger & Weber, 1989). Deals by service companies or the knowledge industry are increasingly aimed at the transfer of specialist and methodological knowledge, as well as strategic and intellectual skills (Cartwright & Cooper 1993a; Garrow, 2005; Schweiger & Walsh, 1990). SMs play an important role in M&As (Schweiger & Weber, 1989) and possess the most important resources, which are often personal: expertise and methodological knowledge, customer relationships and the entrepreneurship with which they had previously successfully built and managed their companies. It is therefore an important success factor for M&As of service companies that the SMs remain on board after the deal and lead the integration,

synergetic networking of the business models and the service portfolio, as well as the further development of their units now under the new umbrella.

5.4 Conclusion to the Chapter

The following chapter summarises the major findings of the research.

The five key building blocks of the PCs of SMs in SMEs in the context of M&As were identified as follows: first, being perceived as human beings; second, being granted equality and acceptance; third, maintaining the brand; fourth, visibility and recognition of their achievements; and finally, the fifth is the provision of stability and structure. All building blocks contain mutual promises or obligations of the SME and the acquirer, which can be divided into expectations and promises, and relational and transactional PC types.

Pre-merger perceptions, beliefs and schemas affect SMs' PCs' in the context of M&As. Perceptions of broken promises from pre-merger discussions and negotiations may lead to perceptions of broken or violated PCs after the signing or during integration. Pre-merger and early-stage influences and schemas affect SMs' PCs. Returnees with a previous employment relationship hold insider-specific schemas. Other influences and schemas are derived from shared project experiences, corporate impressions or informants or ideologies and legalisms about national, organisational and occupational cultures. The content of early PCs can be exclusion or knock out criteria for the further pursuit of M&A activity.

The SMs' PC is formed during the early exploratory phase and evolves during the M&A process. In their dual role as employee and manager, SMs hold upward PCs with the acquirer and downward PCs with the targets' employees. During the different M&A phases, the SMs of the targets are confronted with different agents in the acquirer, who influence the formation of a multifocal PC. For the SMs, the M&A process means the loss of control and a necessary reorientation through the sale of their life's work. The SMs' PC includes the demand for recognition, visibility and acceptance at eye level. SMs see the acquirer as having an obligation to allow diverse work cultures and to accept the individuality and uniqueness of the target

company's culture. Often, SMs feel overwhelmed and left alone in the PMI process, which affects their PC. The dominance of the acquiring group, asymmetrical power after the signing and the loss of control can make them feel that their PC has been breached or violated. This is reinforced by the fact that SMs and their teams are no longer independent but embedded in the group and assessed in that context. National, organisational and occupational cultural characteristics influence the PCs of SMs in the context of M&As. The relevance of the human dimension, the need for early involvement and open and just communication are important content in the SMs' PCs.

Chapter 6

6 Conclusion and Recommendations

The sixth chapter presents the conclusion and recommendations of the research, its contribution to theory and practical use.

The PC is suitable as an explanatory framework for behaviour and attitudes in working conditions (Soares & Mosquera, 2019; Shore & Tetrick, 1994; Woodrow & Guest, 2020) and supports the understanding of working arrangements, cooperation and environments (DelCampo, 2007).

The aim of the research is to create an awareness in deciders of targets, investors and M&A managers of the information, communication and support needs of SMs during such transformational processes concerning personal and function-oriented aspects resulting from the deal. The shift of corporate control through M&As leads to major organisational changes and transformations affecting the organisational embedment and role of the SMs, and thus is bound to the shift of their PCs. In addition, the research identified evidence of the two-sided nature of SMs' PCs – up- and downwards – and the related complexity, as well as of the multifocal character of the PC being influenced by many different constituents, who act as representatives of the company. The research also found evidence of the influence of national, organisational and professional cultures on the PCs of SMs involved in M&A scenarios.

6.1 Conclusion

The findings of the research indicate that pre-merger experiences influence the PCs of SMs. Thus, influences from passive and active experiences prior to the merger, such as joint projects and project participation; competition in applications for contracts; joint activities in committees, research or working groups; previous membership to the group; schemas and stereotypes about large companies, the industry and professions and their corresponding employee types; and working

cultures and country-specific cultural differences, could be identified. Pre-merger experiences and schemas can thus influence the PCs of SMs and form a mental basis for the upcoming pre-merger talks and negotiations. Pre-merger experiences can include joint projects as subcontractors, joint ventures, participation in projects as separate companies, contact between employees, experiences as competitors in applications for projects, stereotypes and subjective assessments, the perception of the company and brand and prior employment by the group.

The findings indicate that, in addition to the classic commercial and strategic aspects of the written merger agreement, the content of the SMs' PCs plays a decisive role in the decisions of both parties as to whether the planned M&A initiatives will be pursued at all, which in the cases investigated even took on the significance of being K.O. criteria. It is not only the classic and contractually fixable terms and conditions of the merger contract, such as the purchase price, that are decisive in the early phases of M&A negotiations. Even before these conditions have been addressed or negotiated, the content of the PCs of the SMs involved is important because the SMs should remain on board after the completion of the M&A to lead the integration and further development of their units under the new mantle of the group. The results of the research suggest that content of the PCs of SMs even becomes exclusion criteria on the basis of which negotiations on potential M&As are not continued, e.g. the desire for a reduction in working hours or early retirement without a successor being found or in the case of very personal business models, strong individuality and emerging integration difficulties, a refusal of growth targets or insistence on sole decision-making power. The expectations on and degrees of freedom of former employees of the group, i.e. returnees after the M&A, are significantly higher than those of external SMs, even if they are returning after a very long period, as occurs in some cases.

Even in friendly M&As, the SMs feel confronted with a major change after signing the M&A contract, as they now must sell and let go of their life's work, integrate with and fit into a larger company and its structures and rules, and thus, they experience a certain loss of control, as they can no longer make decisions and set rules on their own. This affects not only the SMs, both as individuals and managers but also the development strategies of their units, which now must be defined and implemented in the context of the group.

Equal acceptance and recognition of their life's work and the achievements and unique features of the team they bring with them are particularly important to SMs. SMs of integrated SMEs expect better consideration for and appreciation of their personal characteristics, achievements and experience, as well as the cultural and industry-specific characteristics of their units.

Due to the change of contact persons during the M&A process, past promises or verbal agreements that have not or have only partially been fulfilled are often perceived during the early pre-merger talks during the actual implementation of the integration after signing. This leads to differently perceived breaches or violations of the PCs. After the relatively intensive preliminary discussion (pre-merger exploratory talks, strategy talks, negotiations) and review phases (commercial due diligence) of the M&A, the SMs feel left alone after signing during the integration and simultaneous liquidation of the old company and past projects, while having to fulfil new growth targets in addition to the ongoing day-to-day business.

The more similar the performance profile of the targets was to that of the group, the less the SMs of the SME targets expressed dissatisfaction with the M&A process; a need for the group to reinforce that it had perceived, recognised and viewed them as an executive of the group of companies at eye level or the importance of the performance of their unit in the overall context of the group; and the need to maintain and consider the working and local culture, as well as the specifics of the industry and market development.

Guidance through operational integration and support from the central units of the group were seen as mechanistic, list-filling, partially redundant in their queries for information and self-centred, and it was expressed that in the future, the support needs of the targets should be more clearly addressed and that a central contact point should be created for integration issues. There were also calls for M&A integration to be seen and managed as a project, instead of continuing to confront SMs with the many individuals who each represent only the interests of their own central unit, rather than the group as a whole. In addition, the need for a truly experienced mentor who has already experienced such processes, is an experienced leader within the group and can support the SMs of the targets with available time to do so for the business integration and networking was expressed several times.

Despite the voluntary nature of the M&As examined, the SMs were confronted with significant organisational changes, some of which they only became aware of after signing or when implementing the integration. This led, at the very least, to temporarily perceived stress and pressure. In some cases, questions only arose during the implementation of the integration, such as when the mentor in charge changed and often had little time for discussions due to other obligations and the day-to-day business itself because providing support was not seen as urgent, or the mentor was not conscious of the SMs' issues beforehand and sometimes was ignored because the SMs did not want to make the mistake of repeating questions in the discussions with the dealmakers if the answers were apparently clear to others or if there was still enough time to concretise them.

According to the SMs, the implementation of the M&A resulted in a new, increased type of pressure on them due to the strong profit-orientated mindset of the group, as well as the requirements for transparency and measurability through controlling and reporting obligations.

The change from being the founder or (sole) managing director of the target company to an employed manager of the group alongside many others, the classification of the target company as a unit or team according to defined turnover thresholds of the group and the value in comparison to and alongside other teams were great challenges and significant changes for the SMs, who sometimes perceived it as a descent down the hierarchy and a loss of reputation. After an M&A, SMs are confronted with the fact that they can no longer make decisions autonomously (co-decision-making, integration of decision-makers and executives from the group) or that certain operational issues are decided and implemented in central units However, this was mostly seen as positive, as a second opinion can now be obtained, and the SM can therefore concentrate on strategic issues. In addition, they are now confronted with metrics on their performance (e.g. management audits, target agreement discussions, business planning in the overall context) as well as the results and target achievements of their activities (e.g. controlling and reporting of sales, results, EBIT, capacity utilisation).

The SMs expect the group to relieve them of administrative and operational tasks in favour of more time for project and customer acquisition and for the further

development and management of their units and teams. Many SMs expect the group to provide more financial security; more long-term stable business plans; economic stability; access to new and international markets, structures and processes; and to support the group in its growth, internationalisation and in reaching larger customers and longer-term larger projects to stabilise capacity utilisation.

The results of the research confirm that the PC, or rather, the active exchange of essential content of the PC, is helpful for transparent mutual expectation management between both parties, which is still lacking today. This is conducive to rapid, sustainable and successful integration. Open communication and information were evaluated as positive and should be defined and implemented specifically for all levels. The research identified influences of national, organisational and occupational culture on the formation and content of the PCs of SMs in the context of M&As. The research results suggest that pre-merger experiences and schemes and the different and sometimes changing agents of the organisation influence the PCs of SMs. In some cases, different agents, e.g. the board of directors or divisional managers, appear differently and differ in their statements when the vision level meets the implementation strategy or reality. Actively used, the 'management' of the PC can positively support the quality of integration if clear discrepancies between dealmakers and implementation managers are avoided in early integration.

Due to the chosen research approach, there are limitations regarding the generalisability of the results. However, they are transferable to similar contexts and situations. Thus, the research results are applicable to SMs of SMEs in the construction and RE industry in similar change situations and provide research and practical examples with valuable information for dealing with SMs in M&A situations. In addition, the research findings raise awareness of the need to consider personal and cultural factors on an equal footing and to communicate openly and fairly.

6.2 Recommendations

The PC can be used to support and improve early mutual expectation management in M&A activities. Especially in M&As of knowledge-intensive services, i.e. people-centric businesses, the managers play a crucial role because they possess the most important resources that are to be integrated into the new organisation in M&As, namely, professional and methodological knowledge and customer contacts and relationships. As the managers have a crucial role to play in the implementation of the M&A, namely, to continue to lead the integration and further development of their unit under the new mantle, it is important that the essential points of the mutual expectations of both sides are addressed and agreed upon transparently. For this reason, it is recommended that HR due diligence be extended accordingly to include the PC, take greater account of the personal experience, performance and skills of SMs and address personal factors more clearly.

Due to the multiple burdens alongside managing the day-to-day business resulting from the remaining processing of the old projects and old company, organisational and business integration into the group and the implementation of additional growth and development goals, SMs often feel left alone in the integration after signing. This is often also since there is no central control of the integration project and that mentors from the group's SMs sometimes do not take their task seriously or delegate enough time for necessary discussion. For this reason, it is recommended to set up the M&A integration as a project with clear project management roles and responsibilities. In addition, experienced managers of the group could improve the quality of the integration process as business integration mentors.

Due to the change of contact persons, intensive early pre-merger strategy discussions and commercial due diligence, there is often a perceived break or violation of the SMs' PCs because during the integration, the original general visions are now translated into concrete strategies and measures, now in coordination with the responsible divisional, regional or industry managers, who are much closer to the daily business. These breaks or violations of the PCs could be circumvented if the groups of people later responsible for the implementation of the integration were

integrated into the M&A talks between the dealmakers on both sides at an early stage.

Knowledge of the particularities and specific content of the SMs' PCs helps to tailor management development measures even better to the needs of this group. Awareness of the fact that there are factors influencing SMs' PCs in the very early stages before the actual merger process and that these will develop further during the M&A processes because of the activities, communication and experience gained should be considered when planning targeted communication and information measures.

The study has an impact on corporate practice and creates awareness of the importance of PCs and their influencing variables in the context of M&As. For executives responsible for M&As and PMI managers, the study provides valuable guidance on how to take personal and cultural factors into account. Managers and companies from other industries and countries can also apply the general findings to their own situations and gain insights into the factors influencing the PCs of SMs of European SMEs in the context of friendly M&As. In the case of friendly M&As, this level of knowledge is particularly valuable, as it is often assumed that they are self-sustaining due to their voluntary, friendly nature. The study provides evidence and awareness of the importance of mutual expectation management, open and fair communication, equal acceptance and cultural diversity and respect. Nevertheless, the perceived loss of control and reorientation as a result of PMI has implications for the affected SMEs and their PCs that should be considered, as they influence the motivation and work behaviour of the individuals.

6.3   Conceptual Model and Contribution to Knowledge

The aim of the research is to establish the impact of merger situations on the PCs of SMs and therefore gain a deeper contextual understanding of the communication and information needs of SMs during the merger process. In general, the research explores the effects of mergers or acquisitions on the PCs of the SMs involved and

thus how a 'management' of elements of the PC can contribute to sustainable integration. The research explores how the motivation and entrepreneurial spirit of post-merged SMs and their teams can be restored and aims to provide insight concerning the content and transformation of the PC.

The literature reports high failure rates of M&As and difficulties in the integration process (Bauer & Dao, 2021; Cintron, 2020; Joshi et al., 2020; Koi-Akrofi, 2016; Marks & Mirvis, 2011; McGaughan & Chengalur-Smith, 2021; Oban, 2020; Shi & Wang, 2020). One possible reason is that M&As are often planned on the dashboard, while negotiation and planning processes thus focus mainly on financial and economic calculated and analysed facts and figures instead of planning for a real-life system. The M&A contract defines the terms and conditions of the transaction: the 'what'. The human factor cannot be calculated, and people react in a certain way to the change situation, and they accept it or do not. If not, it is possible that they change the way they work, are demotivated, irritated, resistant or left waiting. One approach is the PC, a concept to reflect the unwritten expectations and obligations that the individuals feel. The contribution of the research is to explore an in-depth picture of the PCs of SMs in a post-merger situation, intending to discover elements that may influence it and therefore describe 'how'.

The PC offers possibilities to better understand the behaviour and attitudes of managers in industry contexts. This paper understands the PC as the set of subjective expectations and assessments that a manager forms within an employment relationship regarding mutual obligations and demands between them and the organisation – in other words, the employee's assessment of their duties and the consideration expected from the organisation. The PC includes those elements that are not regulated in classic written contracts. It thus comprises a set of expectations. Early mutual expectation management between manager and organisation can contribute to a quick and sustainable integration. In most cases, employees only become aware of the PC when they find themselves in a situation in which they believe that their expectations have not been met or are under-fulfilled, i.e. in situations where the PC is malfunctioning. This work aims to raise awareness of the PC, so it can be actively used as a means of promoting mutual expectation management even during stress-free situations. This supports transparency and open communication and puts the human factor at the centre of the discussions

because in M&A exploratory talks and negotiations, negotiations on conditions usually dominate.

The research identified ten major themes providing valuable indications of how mutual reflections on the PCs of SMs can be used to enable early two-sided expectation management and thus foster sustainable integration. The research creates insights into the personal expectations of leaders in the environment of strategic organisational change, which external researchers hardly have access to. It is recommended to revise M&A processes to be more responsive to individuals and personal factors and to align HR due diligence by considering the building blocks of the PC. The human factor should be given more importance and attention in M&A processes. This is especially true for M&As of service companies, as people business is conducted here, and employees are some of the most important resources. In this context, managers play a central role because as key employees, they possess the most important resources, namely, customer relationships, expertise and methodological knowledge. To prevent possible breakdowns or volatility of the PCs due to non- or partial fulfilment of perceived obligations or promises from early and pre-merger phases of integration and their negative consequences, it is proposed that the frontline managers responsible for integration or divisional, national or industry managers be integrated into the exploratory and negotiating talks of the dealmakers at an early stage. The operational PMI support should be provided from one source and with a central contact, who coordinates the support of the central departments. The integration should be understood as a project and set up and managed accordingly. The SMs should be assisted in the business integration by an experienced manager as a mentor. The mentor should be given a clear time frame for this task and should actively use it. Joint technical debriefing workshops not only serve to enable the transfer of knowledge but also promote integration and motivation, as the employees of the targets are given a boost and able to contribute their own specialist and methodological knowledge.

The literature mainly attributes M&A success or failure to PMI activities, while factors from early pre-merger stages are hardly researched (Battistuzzo et al., 2018). The findings point to those subjective perceptions that can originate in employees' previous experiences with the new company, even before the idea of a possible business combination was born but also from schemas and experiences during the

early M&A phases. Such previous experiences of the later acquiring firm can be cooperative (i.e. from mutual working groups, consortia, cooperation on a project or joint activities in associations, committees or working groups), opponent-specific (i.e. colliding roles on larger projects), competitive (i.e. from competing or bidding for projects), insider-specific (i.e. from previous employment with the firm), image-oriented (i.e. from the perception of the company as a player on the market, communication activities, perception of the brand, personal networks with employees of the firm, landmark and reference projects), insider-oriented (i.e. returners' former pre-merger employment), informant-specific (i.e. agents of the organisation, personal contact between employees, from a network, gossip) or ideology- and legalism-based (i.e. stereotypes and prejudice).

As a contribution to practice, the study underlines the importance and usability of the PC to promote mutual expectation management between the representatives of the parties involved in the M&A and to optimise HR due diligence and M&A exploration, negotiation and integration processes by integrating the findings of the PC. The insights into the context-specific PCs of the SMs, as well as the influences from early M&A phases, contribute to sensitisation and better understanding to support the SMs in the integration process. It is recommended to do so. On the one hand, PMI should be set up and managed as a project. With a clear project manager in place as the central contact person for the administrative and operational problems, who coordinates the solution through the participating central units of the group, the SMs do not have to deal with the individual central units themselves and can receive assistance from one source. This prevents redundancies and ambiguities, saves time and relieves the SMs of a great deal of administrative and operational work. Furthermore, the SMs expected an experienced business integration mentor from the group's management team, who would support them with genuine time commitment. Where available, this was seen by the SMs as a significant advantage and quality. At the level of team networking, joint debriefing workshops were very motivating and promoted integration and networking when conducted openly so that both sides presented their competencies and methods to jointly select the best tool for future work. In this way, the SMs and the employees felt appreciated, that they could actively contribute improvements and did not simply have to adopt the existing rules, skills and tools of the group. The majority also saw it as beneficial if the integration

process was set up as a joint learning process that included a culture of error and where questions were welcome. Joint projects from both sides, both internal and external customer projects, clearly promoted integration.

The research identified national, organisational and occupational influences on the PCs of SMs. This highlights the need for the perception of different cultures and contributes to the understanding of different cultures and the awareness of different cultural backgrounds in M&A situations.

The results of the research contribute to emergent PC theory. On the one hand, the building blocks of the PC consisting of schemas, promises and mutuality were confirmed and examples were collected. On the other hand, the results of the study indicate that PCs contain both perceived promises and obligations and that the content cannot be divided into transactional and relational categories in a strictly polarising way but rather shows tendencies and focuses in one direction or another. The results of the research expand the body of knowledge through the recognition that building blocks, or the content of the PC, can form important decision criteria or even exclusion criteria for M&A decisions between consulting and service companies. Impressions and experiences before the first exploratory meeting already influence the emerging PC, which begins to form with the first meeting and gradually solidifies. The study also provides insights into the PCs of SMs in the context of friendly M&As for which little research is yet available. The results of the research also contribute to the knowledge of possible schemes and their influencing variables. The morphological box developed for the various attributes and interpretations provides a framework for better understanding and classification of research.

6.4   Research Limitations

This chapter comprises a reflective account of how the research process qualifies conclusions given the applied research approach and methods. Furthermore, it reflects the limitations of the research in the form of a self-critique.

The smaller sample of the study precludes firm conclusions or generalisations, but the findings of the research point to patterns that foster the understanding of the roles, perceptions and top-down support needs of SMs in the wake of organisational changes. The results are applicable to similar contexts and similar organisations or groups of organisations. Many predominantly unspoken aspects, unasked questions and unwritten rules have been identified and suggested to include in future early phases for clearing; thus, practical experience points to a positive contribution of early, open and honest communication and integration of the concerned employees. In addition, the bi-directional role of SMs revealed difficulties during the M&A process in fulfilling their role while evaluating the information they received under the different perspectives of being a consumer (information concerning their own fate and the upward PC with top management), guardian (information restrictions imposed by the organisation and exclusive information to the extended leadership team) and distributor (the information and communication needs of the employees and the downward PCs with them). The explorative insights foster a deeper understanding of the content of the PCs of managerial employees, help to understand and develop the role of SMs during and after organisational changes, support top management's leadership of SMs and contribute to the identification of information and communication needs during transformation situations, informing the development of an M&A communication plan by adding the communication and information needs of SMs. There was evidence found concerning SMs' dual role when it comes to their PCs: having an upwards one with top management and a downwards one with their employees as representatives of the organisation. The dual role raises the complexity of the change situation for the SMs and challenges them enormously. This research helps to create an awareness of this complex setting and suggests ways for top management of the investor company to lead the new leaders and support them in fulfilling their role during the integration phase. Because of the exploratory nature of the research, it is suggested to interpret the results and findings thoughtfully unless further studies reproduce and confirm them in other settings. The research represents a cross-sectional snapshot of the perceptions of managers of selected business combination processes at different stages, of different sizes and levels of complexity. Thus, future longitudinal research to assess the long-term impact and further cross-sectional research in a variety of other industries and settings to add insights from other sectors and situations is proposed. The study at

hand did not include personal variables, such as personality specifics or work attitudes. The literature maintains that personality characteristics, e.g. extroversion, conscientiousness, neuroticism, self-esteem, equity sensitivity and locus of control, of the employees and their attitudes to work, e.g. work satisfaction, organisational commitment and turnover intentions, affect the perception of a PC breach or violation (Raja, Johns & Ntalianis, 2004), contract fulfilment and the priority of contractual content (Bligh & Carsten, 2005). Furthermore, the method of qualitative interviews was appropriate to collect data and explore the individual perceptions of the SMs, as the data derived from interviews consists of subjective constructed reflections by the researcher on the verbalised and expressed opinions and perceptions of the interviewed persons, rather than an objective reporting of reality in a positivistic way. The findings have important practical implications for the leadership development of SMs and integration and communication processes supporting corporate transformation processes and business combinations. The findings of the research conform to Bligh and Carsten (2005), who found that managers own and maintain multifaced upward and downward PCs, and to Marks (2001), who identified that PCs can be held with different organisational agents at once and pointed to the duality of SMs' roles with double contractual obligations both in the direction of subordinate employees and towards superior supervisors or top management. Identifying and maintaining them is an important success factor for transformation processes. Supporting the SMs in both ways, on the renewal of their own PC, as well as to transform and maintain the contracts of their employees, is suggested to foster integration, involvement, acceptance and thus is a sustainable integration process.

Clarifying the rules and providing well-defined information and a communication plan can prevent misunderstandings, misinterpretations or rumours and pave the way for integration with a reduced risk of perceived breaches and violations of the PC. SMs should be provided with a profound knowledge base of relevant contextual topics, e.g. the vision and strategies of the investing company, the aim of the M&A and how the success will be measured, the strategic embedment of the target company, the expected contribution and the consequences of the M&A for the SMs and for the employees. The results of the study can also help all persons involved in M&A activities, i.e. decision-makers, including top management; supporters, such as central cross-departmental functions (e.g. IT, HR, finance and control); or integration

managers, to better understand critical issues and information needs to involve leaders from the target so that they can align their supporting services and the integration processes accordingly.

The research has several limitations. The population studied may have some characteristics that may have influenced their responses in a way that is unique to the case. Therefore, the application of the findings to other groups and settings should occur by analogy rather than by generalisation. All interviews have been conducted by the author, who is an organisational insider and colleague; thus, unrecognised personal characteristics may apply as sources of bias. In many cases, the author was part of the M&A process, especially supporting selected early explorative and pre-merger negotiation talks. The participants of the interviews were asked for retrospective memories about their experiences; consequently, events after the M&A may have unknowingly influenced their responses. Owner-managed SMEs are a specific target group. SMs from such organisations may act and think differently, as they have a history of being the founder and self-employed entrepreneur and having a small leadership team. Managers of bigger companies act more in a sense of employed managers within a bigger leadership team.

The PC is a complex and abstract construct. Mostly, the interviewees had little awareness of their PCs before the interviews. Often, the wording 'psychological' as part of the term PC built a kind of a mental hurdle that had to be overcome by explaining the objectives and content of the research before the senior managers agreed to participate in the interviews.

The research offers in-depth insights concerning selected interview partners at the SM level from owner-managed SMEs. The results are not generalisable because they are limited to one group of employees (i.e. SMs) in one industry (i.e. the RE and construction sector) and to selected acquisitions of one company. Selected means that pragmatic sampling was applied since external organisations did not give the researcher access to their employees because they did not want to share sensitive data with outsiders. Because of the sensitivity of the data, data presentation has been strictly anonymised concerning company names and the names of the interview partners. Therefore, it is not possible to describe company case studies, as the company parameters would indicate the company's identity.

This research represents a cross-sectional snapshot in time. Participants of the study are SMs from 11 different acquisitions since 2014, while the acquisition date is the year of the takeover of the majority stake. The interview partners were selected on purpose, participation was voluntary and not all intended interview partners agreed to participate due to their high degree of visibility as leaders, time limitations and the high sensitivity of the topic. The observation cases were also selected purposefully as professional meetings in which the researcher participated in his professional role. Consequently, the implications of this research are limited and cannot be generalised but can be applied in analogy to similar organisations or groups of organisations, and the PC of SME senior managers in the context of friendly M&As.

A limitation of PC theory is that awareness of PC often only arises when it has been broken or violated or when negative events have occurred in the work relationship. Therefore, the results tend to have a negative focus and fewer positive aspects present.

6.5 Directions for Further Research

This chapter demonstrates the need and provides suggestions for further research.

The research at hand is a cross-sectional study following that of other researchers (e.g. Bellou, 2008; Coyle-Shapiro & Kessler, 2002; Edwards, Rust & McKinley Moon, 2003) in which the SMs simultaneously evaluated their perceptions about corporate promises and demands, while the perception of the PC may vary over time (Morrison & Robinson, 1997). Thus, future research in the form of a longitudinal approach is suggested to create causality among the variables.

The present research is cross-sectional and focuses on a specific point in time and the PCs of selected SMs who have undergone merger discussions or activities with a specific larger company during a specified period. Thus, the research can only provide an impulse from a section of a company. For this reason and because of the research approach chosen, the results cannot be generalised. Therefore, it is suggested that further research could proceed in a longitudinal study or investigate whether the results are applicable to other companies and sectors.

From the in-depth mono-case-study approach, the contextual richness of the managers' perceptions could be explored (Yin, 1981; Yin, 2016, 2018). Further research could, for example, test and validate the aspects identified for other populations, e.g. other sectors or firms, or apply different methods, e.g. a quantitative approach or longitudinal study. In addition, a comparison of different employee groups could be interesting, as each of these different groups have different needs, mindsets and thus PCs.

Chapter 7

7   References

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Appendix

Appendix I – Structured Literature Review

Appendix I provides details to the initial structured literature review in the field of PC (of SME SMs[1]) in the context of mergers or acquisitions.

Table 29: General Features of the Structured Literature Review

Source	Including and excluding attributes	
Applied to all sources analysed (see table below)	Execution of search	Search terms applied to title (TI) and abstract (AB) of the publications
	List of key words (variants in brakes)	merg(-er, -ers, -ing), acquisition(-'s), takeover(-'s), fusion(-'s), amalgamation(-'s), incorporation(-'s), consolidation('-'s)
	Key word only used indicated databases who accept "&" as being part of search string	M&A(-'s)

(Author's own table)

Table 30: Databases and Search Terms Used

Source	Key words and search terms (including and excluding expressions)	
ABI/INFORM Global (ProQuest)	ab("psychological contract") AND (ab(merg*) OR ab(takeover?) OR ab(amalgamation?) OR ab(fusion?) OR ab(incorporation?) OR ab(consolidation?) OR ab(acquisition?))	ti("psychological contract") AND (ti(merg*) OR ti(takeover?) OR ti(amalgamation?) OR ti(fusion?) OR ti(incorporation?) OR ti(consolidation?) OR ti(acquisition?))

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[1] Exclusion criteria concerning the population of the studies have not been applied due to a very limited number of publications who additionally meet this criterion. Search accepted all articles, no matter what type of employees were examined.

(Table continued from previous page)		
Business Source Complete (EBSCO)	(search in abstract) "psychological contract" AND (find any of the terms) merg* takeover? amalgamation? fusion? incorporation? consolidation? acquisition?	(search in title) "psychological contract" AND (find any of the terms) merg* takeover? amalgamation? fusion? incorporation? consolidation? acquisition?
EThOS	"psychological contract" AND (sequentially used each of the following terms) merger, acquisition, fusion, M&A, takeover, take-over, incorporation, consolidation	
Google scholar	allintitle: merger OR acquisition OR fusion OR M&A OR takeover OR take-over OR incorporation OR consolidation "psychological contract" OR "post-merger integration" OR "post-acquisition integration"	

(Author's own table)

Table 31: Search Results and Number Extracted

Source	Number of publications found from research	Number of publications discarded because full text is not available in English or is embargoed	Number of publications discarded because of irrelevant title	Number of publications duplicated from other databases	Number of publications reviewed by title and abstract
ABI/INFORM (ProQuest)	25	0	4	0	21
Business Source Complete	5	0	0	3	2
EThOS	13	2	9	0	2
Google scholar	19	2	4	5	8
Total:	62	4	17	8	33

(Author's won table)

Table 32: Further Inclusion and Exclusion Criteria

Parameters	Inclusion criteria	Exclusion criteria	Comment
Publication language	Full-text available in English	Full-text not available in English	
Public access	Publication can be accessed by public	Publication only available for a closed circle of users	I.e. unpublicised university or faculty internal papers, etc.
Time frame	Publication date from 1989 onwards	Publication date before 1989	Literature following the seminal work of Rousseau (1989), the 'new' PC
Type of materials	Publicised literature, such as journal articles, working papers, reports, books, book chapters, theses, etc.	Unpublicised literature, embargoed theses	Other materials than literature (e.g. audio or video material, etc.) are excluded
	Academic primary research, empirical work, doctoral theses	Book reviews, undergraduate and postgraduate graduation works, sole citations	
	Corporate primary research	Opinion pieces, white papers, online blogs, etc.	If used, grey resources are indicated
Purpose	Focus on studies in the field of PC under the context mergers or acquisitions including all variants	Studies outside the area of the PC in the context of M&As	
Population[1] ([1]excluding criteria applied concerning population applied because of the few results obtained when applying, see table with population analysis of the literature found by this review)	Studies which focus on senior managers, i.e. managerial staff (e.g. executives, managers, leaders, key personnel, etc.)	Studies which focus on non-managerial staff (e.g. students, freelancers, contract workers, temporary staff, back office staff, employees without leadership functions, not specified employees, etc.)[1]	The focus population of this study are senior managers and conceptual variants in the sense of managerial staff of private sector SME; researches with other populations (e.g. non-managerial staff, public sector) is not excluded due to limited existing research in the field, but treated as separate populations
	Studies which focus on private sector and on SME[1]	Studies which focus on public sector[1]	
	Friendly M&As[1]	Hostile M&As[1]	

(Author's own table)

Table 33: Sources of the Publications Meeting the Inclusion Criteria

Source	Number of publications reviewed by title and abstract	Number of publications discarded because of irrelevant abstract	Number of studies meeting the inclusion criteria
ABI/INFORM (ProQuest)	21	2	19
Business Source Complete (EBSCOhost)	2	0	2
EThOS	2	1	1
Google scholar	8	1	7
Total:	33	4	29

(Author's own table)

Table 34: Framework for Reviewing the Publications

No.	Source	References	Publication type	Area of research	Population, sample	Methodology	Population specifics	Findings
1	Google Scholar	Bari, Fanchen and Baloch (2016)	Paper	Role of management practices and PC to M&A performance	Non-managerial employees, banking sector, 15 commercial banks, Pakistan, n=536	Quantitative, questionnaire based	Cultural specifics (Asia), developing countries	Study confirms the relevance of procedural justice, integration strategy and planned communication to M&A performance and the mediation role of PC
2	ABI/INFORM	Bellou (2007)	Paper	Assessment of the content of the PC	Non-managerial employees, Greece, ==255	Quantitative, questionnaire based, cross-sectional	Cultural issues (Southeast Europe)	Employee perceptions of organisational obligations and contributions change after M&As, employees with limited abilities to cope with changes more likely perceive an altered PC
3	ABI/INFORM	Bellou (2008)	Paper	Effects of PC breach on turnover intention and civic virtue	Acquired restaurant chain, non-managerial employees, Greece	Quantitative, questionnaire based, cross-sectional	Cultural aspects (Southeast Europe)	Highly committed employees with confidence to handle the change more likely show civic virtue behaviour and are more resistant to PC breach
4	Business Source Complete	Bligh and Carsten (2005)	Paper	Multiple foci conceptualisation of the PC of managers	Nurse managers, healthcare sector, 4 hospitals and 7 smaller facilities' mergers, USA, n=16	Issue-focussed interview, qualitative methodology, interviews	Specifics of healthcare sector	Managers have bi-directional obligation with the organisation and their subordinates; they have upward and downward PS's

(Table continued from previous page)								
No.	Source	References	Publication type	Area of research	Population	Methodology	Population specifics	Findings
5	ABI/INFORM	Cartwright and Cooper (1994)	Paper/ book chapter	Consolidation of existing research of HR aspects of M&As	Not stated/ not an empirical paper	Meta study of existing research	Not stated/ not an empirical paper	Identification of salient issues, e.g. degree of cultural fit and kind of business combination envisaged
6	ABI/INFORM	Cortvriend (2004)	Paper	Human aspects of mergers and de-mergers	Employees in general, NHS, public sector, primary care trust, UK, n=31 in 5 focus groups	Explorative, small size case study, in-depth study, focus groups	Small sample size, specifics of healthcare sector, employees regarded not differentiated	Leadership and management styles impact staff experiences of the changes and morale; breach of the PC leads to negativity and lowered motivation
7	ABI/INFORM	Dainty, Raiden and Neale (2004)	Paper	Content of the PC of construction project managers	Construction project managers, UK construction industry, n=30	Explorative study	Small sample, sector specifics	Dominance of relational aspects of the PC; growing meaning of transactional elements, e.g. remuneration; need to establish HR practices to manage the PC and tackle missing career options due to de-layering of the firms as well as employees' expectations due to the increased responsibilities and additional workload
8	ABI/INFORM	Davenport (1998)	Paper	Replacement and redefinition of the PC after M&A	Not stated, not an empirical paper	Not stated, not an empirical paper	Company report	Reward philosophy and corporate culture inform the individual PC, which must be redefined after changes

(Table continued from previous page)							
No.	Source	References	Publication type	Area of research	Population, sample	Methodology	Population specifics	Findings
9	Google scholar	Fong (2009)	Thesis	Employees' reaction on M&As, the moderating influence of the PC on the reactions, and cultural specifics	MBA students, local regional managers, Hong Kong, China, n=120	Questionnaire-based survey, cross-sectional	Significant time-lag, cultural specifics	Multifaced-view confirmed major adverse impacts of merger turbulence
10	EThOS	Garrow (2005)	Thesis	Transfer of the PC contract after M&As	4 M&As, UK, employees in general	Qualitative interviews, focus groups, longitudinal case study	Theory testing study	Lack of renegotiation of the post-merger PC; PC's are formed by social interaction; managers play important role in the transfer of the PC of their employees
11	Google scholar	Holland and Scullion (2019)	Paper	Talent retention within cross-border M&As	5 acquired subsidiaries	Qualitative interviews, multiple case study approach	Talent of individual level	Need to reframe HR due diligence and integrate elements of the PC
12	Business Source Complete	Kemal and Shahid (2012)	Paper	Mental distress of employees during M&As and resulting effects	Employees in general, different banks and insurances, Pakistan, n=50	Quantitative, questionnaire-based study	Cultural specifics (Asia), developing countries, employees regarded not differentiated	Reduction of the feeling of loss of control and creation of sustainable working condition can stabilise the PC; study basically confirms findings of the existing literature and summarises them

				(Table continued from previous page)				
No.	Source	References	Publication type	Area of research	Population, sample	Methodology	Population specifics	Findings
13	ABI/INFORM	Lees and Taylor (2004)	Paper	Survivor's syndrome, aspects of change and correlated negative consequences	2 merging emergency departments, health care sector, nursing staff, non-managerial employees, Canada	Single case study, mixed methods, quantitative mail survey (n=46), qualitative interviews (n=17)	Specifics of the healthcare sector and of Nursing staff	Consistency of survivor's syndrome, PC breach, and communication deficits to experienced personal level problems from change
14	ABI/INFORM	Linde and Schalk (2006)	Paper	Influence of previous employment experiences on the PC, job satisfaction, job insecurity, and employee health	2 merging universities, higher education, public sector, South Africa, collective experience of PC	Quantitative study, questionnaire based	Cultural (Africa) and sector specifics; PC investigated as collective experience and not individually	The history of employment relationships and experiences amongst employees influenced the perceptions post- merger
15	Google scholar	Linde and Schalk (2008)	Paper	Measurement of PC; influence of pre-merger employment relations and personal features on PC	2 merging universities, higher education, public sector, South Africa	Quantitative study, questionnaire based	Cultural (Africa) and sector specifics; PC investigated as collective experience	Individual characteristics showed less influence on the experience of the PC than the social context of previous employment relationships

(Table continued from previous page)								
No.	Source	References	Publication type	Area of research	Population, sample	Methodology	Population specifics	Findings
16	ABI/INFORM	Magano and Thomas (2017)	Paper	Exploration of the perceptions of senior managers about the impact of change on PC	12 Senior managers, pharmaceutical company, South Africa	Single case study, qualitative study, semi-structured interviews	Paper bases on master thesis (grey source), cultural specifics (Africa)	7 themes influence the PC of senior managers: lacks of communication, employee engagement, planning, HR involvement, cultural assessment, and poor change management
17	Google scholar	Quinones Gonzalez (2016)	Paper	Impact of M&As on survivors' PC, job satisfaction, organisational commitment, turnover intention; role of credible explanation	All kinds of employees, Puerto Rico, pharmaceuticals industry, n=196	Cross-sectional correlation study, questionnaire-based survey	Cultural specifics (South America)	Perceived PC violation lowers job satisfaction and organisational commitment and raises turnover intention; credible explanations can reduce negative effects
18	ABI/INFORM	Searle and Ball (2004)	Paper	Development and maintenance of trust during M&As	Merging confectionary producers, UK, employees of all kind, n=6	Longitudinal study, in-depth interviews	Small-sample approach, employees regarded not differentiated	4 themes reveal differences between trust and distrust: importance of perceived changes of the PC, organisational justice, individuals' reputations, and risk management

(Table continued form previous page)							
No.	Source	References	Publication type	Area of research	Population	Methodology	Population specifics	Findings
19	ABI/INFORM	Senior, Fearon, Mclaughlin and Manalsuren (2017)	Paper	Employees' perceptions, anxieties and worries about early merger change	Further education sector, all kinds of college employees, n=128	Multiple methods; quantitative, qualitative survey, statistical and content analysis	Specifics of the public or education sector	Post-merger perception of lowered PC fulfilment; missing communication, job security and uncertainty after the merger led to negative consequences; improved organisational communication, the development of trusted people to support employees, further employee training and new opportunities for teamwork are suggested
20	ABI/INFORM	Shield, Thorpe and Nelson (2002)	Paper	HRM aspects of mergers in NHS, exploration of post-merger PC's of NHS staff	Merged general hospital trusts, NHS, UK, all kinds of employees	Multiple methods (group and personal interviews, participant observation, action research), 2 studies	Specifics of the public sector, NHS, and privatisation situation	Importance of the exploration and understanding of the staffs' PC and of supporting HRM activities in the integration process
21	Google Scholar	Jackson (2019)	Book Chapter	Organisational justice in M&As	Education sector, business school	Case study	Specifics of education sector	Changing identity and strategy of their organisation lowered trust and led to perceptions of PC breach

(Table continued from previous page)								
No.	Source	References	Publication type	Area of research	Population	Methodology	Population specifics	Findings
22	Google Scholar	Nugraha, Ardiwinta, Kadiyono and Zulrizka (2016)	Paper	Positive impact of communication to psychological climate and PC	77 lecturers, educational institutions	Correlation study, questionnaire-based survey	Cultural specifics (Indonesia)	Unfavourable psychological climate raises risks of perceived PC breaches
23	ABI/INFORM	Holland and Scullion (2013)	Paper	Role of building blocks of PC for employee retention	5 acquired subsidiaries	Multiple case study	Subsidiaries of one organisation	Need for a HR due diligence on the building blocks of the PC
24	ABI/INFORM	Young, Stammerjohan, Bennett and Drake (2018)	Paper	Effects of PC breaches during M&As	493 employees who experienced a M&A in the USA	Questionnaire based online survey	US mergers, employees regarded in general	Transactional PC breaches are found to appear more frequent than relational PC breaches
25	ABI/INFORM	Sverdrup and Stensaker (2018)	Paper	Restoring trust in the context of organisational change	2 large multinational companies, n=58, Nordic energy industry	Inductive longitudinal study, mixed methods, interviews, observation	Cultural and sectoral specifics (Nordic energy sector)	A model for trust repair suggests restoring trust after conflicts in the change process by renegotiating the relational PC
26	ABI/INFORM	Cho,Park and Dahlgaard-Park (2017)	Paper	Employee commitment in the context of M&A	222 employees who experienced a M&A in South Korea	Structural equation model, questionnaire-based survey	Cultural specifics (South Korea)	Three types or organisational justice and psychological resilience positively affect commitment to change and relational PC

No.	Source	References	Publication type	Area of research	Population	Methodology	Population specifics	Findings
			(Table continued form previous page)					
27	ABI/INFORM	Sharma, Pandey and Sinha (2019)	Paper	PC breach and behavioural outcomes in the context of M&A	24 large IT/ IT consulting firms, n=418	Email/ hardcopy questionnaire-based survey, cross-sectional	Cultural and sector specifics (IT hubs of India)	PC breach negatively affects organisational citizenship behaviour and fosters workplace deviant behaviour
28	ABI/INFORM	Van den Heuvel et al. (2016)	Paper	Sense-making in the context of change	39 HR directors, change managers, management consultants	In-depth interviews	Change agents and experts of 8 countries	Central role of the PC for sense-making during organisational change periods
29	ABI/INFORM	Arunachalam (2020)	Paper	Impact of PC breach	Bank employees	Questionnaire survey	State bank of India	PC breach impacts job stress, higher organizational citizenship behaviour due to improved post-merger job involvement

(Author's own table)

Appendix II – PC Obligations and Promises Guideline

Employee obligations	Employee promises	Employer obligations	Employer promises
Job performance	Good service	**Job content**	Varied work
	Professional manner		Limited disturbances
	General honesty		Own work fashion
	Skills development		Responsibility
	Satisfying performance		Right to supervise
	Team player		Right to own opinion
Loyalty	Protect organisation image		Departmental influence
	Confidentiality		Flexibility
	Not support competitors	**Rewards**	Fair salary
Ethics	Honesty with leave		Job security
	Resignation notice		Additional rewards
	Cost-effective		Allowances
Extra-role behaviour	Respect company time		Recognition
	Innovation	**Management policy**	Procedural fairness
	Assist others		Fair discipline
	Social participation		Communication structures
Flexibility	Accept transfer		Information
	Do non-required tasks	**Social aspects**	Co-employee relationships
	Work on extra hours		Supporting social activities
	Geographical mobility		Colleague assistance
	Conformity		Good working atmosphere
			Social network

Employee obligations	Employee promises	Employer obligations	Employer promises
		Career development	Reaching true potential
			Stimulating work
			Room for won initiatives
			Suitable work
			Ability to achieve progress
			Promotion abilities
			Skills development
			Horizontal job mobility
			Training opportunities
			Fair work pressure
		Organisational support	Quality products
			Customer satisfaction
			Feedback
			Righteous management
			Jackson in management
			Efficient organisation
			Good working conditions
			Good HRM
			Fair work time
			Reimbursement of costs
			Respect for private life

(Linde & Schalk, 2008, p. 307)

Appendix III – Types of Cooperation with Growing Intensity

Table 36: PC Types of Cooperation with Growing Intensity

	Examples	Features	Organisa-tional change	Share im-pact	Control	Collabora-tion intensity	Time horizon
Merger/ fusion	Amalga-mation, Consoli-dation	Both organi-sations merge	Very high (transfor-mation/ revolution)	100%	Domi-nant part has control	Fully in all business fields	Perma-nent
Acquisition/ takeover		Integra-tion of target as an entity	high (reforma-tion/ evolution)	Majo-rity	Domi-nant part has control	Contribu-tion of assets and resources	Perma-nent
Joint venture (JV)	Demerger, i.e. carve-out, spin-off	New firm, business field oriented	None (rsp. demerger of spin-offs)	None	According to stake	In the business field of the JV	Long-termed
Strategic alliance	Consortium, working partnership	Project oriented	None	None	According to contract	Partial in defined projects	Medium-termed (project length)
LoI/ MoU	Selected cooperative activities	Activity oriented	None	None	None	Partial in defined fields	Short-termed

(Author's own table)

Appendix IV – Leading Questions for In-Depth Interviews

This appendix shows the major leading questions for the interviews and how the RQs link to the interview questions. Depending on the interview situation and the respondents' feedback, further questions were asked, or questions were skipped.

Table 37: Leading Questions for In-Depth Interviews

No.	Research Questions
RQ1	What is the content of the PC for senior managers in company X?
RQ2	How do pre-merger experiences and schemas influence the PC of senior managers in company X?
RQ3	How does the merger process influence the PC of senior managers in company X?

No.	Interview Questions
Questions linking to RQ1:	
0.1	What were the objectives of the target (the selling firm) for the M&A?
0.2	What were the objectives of the group (the buying firm) for the M&A?
1.1	What expectations does the company have of you as a manager?
1.2	What expectations do you have of the company in return?
1.3	Do you feel caught up in the M&A process? Or did important topics remain open?
Questions linking to RQ2:	
2.1	What was your experience with the buying company before the M&A idea was even born?
2.2	To what extent have these pre-merger experiences influenced your expectations?
2.3	Have all the promises made to you in the early merger talks been kept during integration?
3.1	Who were the key contacts representing the group for you in the M&A process starting from the earliest discussions?
3.2	How have these contacts influenced your expectations?
Questions linking to RQ3:	
3.3	How do you assess the PMI measures and the support by the central departments or the PMI integration team?
3.4	How did you as a manager deal with the situation that your employees had open questions about the M&A, at times when you yourself might not have all the answers?
3.5	How did you handle the communication towards your employees regarding the M&A?
3.6	What has it done to you that you, as a successful founder and long-standing managing director of the target, have now become a team leader within the group after the M&A, because the group classifies the team size in the overall context of the service portfolio, based on the number of employees and based on the size of the processed budget?
3.7	Do you see a danger of social loafing now that your team becomes part of a large group?
3.8	How do the two corporate cultures fit together?
3.9	How do you cope with the group's strongly profit-oriented corporate culture (strong EBIT orientation)?
3.10	How do you rate the management style, working methods and communication behaviour of the group? Does this fit together?

No.	Interview Questions (continued from previous page)
3.11	To what extent have you been informed about the corporate vision and essential content of the corporate strategy and how have you and your company been embedded in it?
3.12	Do you feel pressure from the integration into the group?
3.13	Were there any objections or fears from your employees and how did you deal with them?
3.14	Did your employees accept the M&A or do you believe that there were cases of the so-called merger syndrome?
Questions linking to RQ1:	
4.1	Do you fit into the group's job model as an executive, with all that you will bring and contribute to the company?
4.2	What does it matter to you that you get a personal deal that fits you exactly?
4.3	Who would make this i-deal with you?
Questions linking to RQ3:	
5.1	What went particularly well in the M&A process and what could still be improved?
5.2	How could integration or the integration process be further improved?

(Author's own table)

Appendix V – Sample and Key Findings of the Observation

The following table characterizes the sample and key findings of the observation of 28 M&A probe talks with 17 potential candidate firms between 2013 and 2020.

Table 38: Sample and Findings of the Observed M&A Probe Talks

Code	Company description, country of origin (HQ)	SMs on target + investor side / function target SMs	Year of talk, no. of observed workshops	Target motivation	Investor motivation	RQ 1: Content of the PC of the SMs	RQ 2: Pre-merger influences on PC	RQ 3: Events that influence the PC during M&A process	PC content representing exclusion criterion
OB01	Property valuation, Germany	3 + 3 / founders, managing directors	2013/ 2014, 2	Growth, age succession plan, administrative structures	Competence expansion, deeper value creation	Career prospects and hierarchical status, reduction of working hours for private social engagement or part-time retirement, size and kind of company car, succession plan for the company and perspectives for the employees; dominance of transactional PC content	Joint projects, subcontractor, personal contacts of SMs	Fit of the business models, neutrality and personal nature of the appraiser job, size and complexity of the group, acceptance of customers	SMs need to continue to run company, reduction of working hours or exit not desired, personal character of the expert business, loss of neutrality as an appraiser, person related customer networks not transferable, founder feel high economic pressure and strong EBIT orientation

Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
(Table continued form previous page)									
OB02	Property valuation and market research, Germany	3 + 4 / managing directors	2015, 2	Economic business model	Competence extension, knowledge transfer, new data-oriented business model, deeper value creation	Maintain person-related visibility in the market and in networks, retention of degrees of freedom, career model for SMs, recognition and acceptance at eye level, assessment and classification not only by monetary values like budget or EBIT; dominance of relational PC content	Subcontractor, data supplier	Brand disappearance feared, increase economic viability of the business model	Future joint business model not sufficiently coordinated, personal networks and market perception not transferable, dependence of the business model on senior managers, no clear integration driver from the Group, target feels high economic pressure and strong EBIT orientation

	(Table continued from previous page)								
Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
OB03	Sustainability consulting, Belgium	3 + 4 / founder, managing directors	2014, 2	Growth, market potentials of a larger company, combination of the expertise	Capacity extension, market access	Space for creativity, embedding in the existing department on eyes level without dominance, fit into the career model and target system, visibility as an innovative partner and retain all innovative consulting fields, founder wants to leave and remain networker/ project acquirer, dominance of relational PC content	Subcontractor, joint projects, smaller competitor on the market	Divestment of a business model and the operating senior manager, founder only wants to act in an advisory capacity, local projects on site	The managing directors wanted to retain their independence, the founder did not want to be active in the operative business after the M&A and one senior manager wanted to spin-off with his business model

	(Table continued from previous page)								
Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
OB04	ICT consulting and planning, Germany	2 + 4 / founder, managing director	2017, 2	Growth, market potentials of a larger company, broader range of services, closeness to RE and construction sector	Competence extension, capacity extension, deeper value creation	Career model in the new company, access to larger and holistic projects, everything from one source business model, profit from size and international locations of the group, monetarization of development of own company, growth of the own company; dominance of transactional PC content	Joint projects, subcontractors, personal contacts of senior managers, projects with separate participation of both companies	Successful joint projects, no exclusivity through further cooperation in ICT	Reservations about potential risks of the business model, acceptance of the partners on eyes level, career model for the founder in the group

Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
					(Table continued from previous page)				
OB05	Healthcare consulting and planning, Switzerland	2 + 3 / founder, managing director	2017/ 2018, 2	Age succession plan	Capacity extension, market and network access	Feared loss of the target's brand, succession plan for the company and brand, retention of corporate identity and culture, retain independence and degrees of freedom, no dominance of large group, career model for the employees, dominance of relational PC content	Senior managers know each other from networks and committee work or association work, projects with separate participation of both companies	Personal-bound network and expertise of the founder, deficits in the second-row leadership team of the target, acquiring joint projects planned	Founder was not able to decide and hesitating, tried to solve structural problems of his firm by recruitment of a new managing director, founder cannot let go of his company

	(Table continued from previous page)								
Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
OB06	ICT consulting, Germany	1 + 2 / founder, managing director	2017, 1	Age succession plan	Competence extension, knowledge transfer	Transferring his work life knowledge, training and up-skilling of a new to build expert team, dominance of relational PC content	Joint projects, subcontractor	mere knowledge transfer is not sustainable, team building requires more	Founder does not want to continue to run the company, wants to retire, networks and knowledge are person-bound and can only and are only conditionally transferable
OB07	Sports facilities consulting, Germany	2 + 3 / founders, managing directors	2017, 1	Want to be business managers and networkers	Competence extension, market and network access	Stabilization of own business model and financing of joint project acquisitions, dominance of transactional PC content	Senior managers know each other from networks and association and committee work	Pure business management and networking activities do not work	Networks in this area are very non-transparent, group has compliance concerns

(Table continued from previous page)									
Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
OB08	Real estate consulting, Germany	3 + 3, founder, managing directors	2018, 2	Growth, market potentials of a larger company, gain market leadership, monetarization of the company and established network	Capacity extension, access to innovation and start-up network, access to SMs, access to start-up network	Purchase price, no subordination under existing specialist area of the group, career model and hierarchical position of the SMs, SMs see themself as innovators in the field and as a booster through his network	SMs know each other as competitors on the market and from networks, committees and associations	Purchase price claim, purchase price is dominant topic	Integration reservations, non-acceptance of subordination under the existing area department, purchase price unrealistic, no acceptance of the group's integration model, value of the network not quantifiable

(Table continued form previous page)									
Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
OB09	User experience consulting, Germany	2 + 3 / founder, managing director	2014, 2	Growth, financial potentials of a larger company, seeks investor	Competence extension, deeper value creating, innovative business models	Keep degrees of freedom, remain work culture and space for creativity, room for other business models and new foundations without the group, wants to develop new business models, relief through administrative structures, does not want to be controlled by the group, seeks implementers for his ideas, dominance of relational PC content	Target is present in mass media with innovative projects	Founder was seeking for pure financial investor without management involvement	Conflicting business interests with other business models of the founder, investments only with management involvement

	(Table continued from previous page)								
Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
OB10	Hospitality consulting, Germany	1 + 3 / founder, managing director	2014, 1	Growth, market potentials of a larger company, financial stability, profit from administrative structures	Capacity extension, competence extension, building of a local branch expert team	Career model, space for creativity and individuality, dominance of transactional PC content	SM was former employee of the group, i.e. returner	Commercial due diligence exposed financial stability issues of the target, economic deficits of the target's business model, founder was surprised and upset by deficits	The business model is loss-making and not profitable, founder feels high economic pressure and strong EBIT orientation
OB11	Construction management, Germany	1 + 2/ founder, managing director	2014, 1	Potentials of a mutual business model	Capacity extension, competence extension, deeper value creation	Degrees of freedom, self-determination, maintain brand independence, continue to cultivate personal networks, integration into large groups viewed rather sceptically, management claim for the entire area, dominance of relational PC content	Know each other from architectural competitions	Managing director wants to keep his independence, personal networks	Founder does not want to give up his independence, competition management only possible through proximity to the university and would lose neutrality if integrated into a large group

	(Table continued from previous page)								
Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
OB12	Factory and plant planning, Germany	2 + 5 / founder, managing director	2018, 1	Monetarization of the company, profiting from size and locations	Capacity extension, competence extension, deeper value creation	Degrees of freedom, self-determination, purchase price, no relocation, dominance of transactional PC content	Initiative by M&A consultant	Purchase price, integration difficulties, fit of working methods	Purchase price not acceptable, concerns about integration capacity and fit
OB13	User experience consulting, Germany	2 + 4 / founder, managing director	2013/ 2014, 3	Potentials of a mutual business model, achieving market leadership, profiting from administrative structures, profiting from size and international locations of the group	Capacity extension, competence extension, deeper value creation	Degrees of freedom, self-determination, maintaining the special work culture, significance of performance profile in the group, hierarchical position and career model of the senior managers, maintaining the brand, equal acceptance and visibility in the group, acceptance of the achievable daily rates, dominance of relational PC content	Successful joint projects	Target needed clarity about economic status of own company, commercial due diligence revealed economic issues, target had to clarify own company structure	Fit of work culture, acceptance on eyes level, no strong EBIT orientation, acceptance of different market rules, acceptance of lower daily rates, commitment of the partners for the new business model and to fully support the growth and integration aims

	(Table continued form previous page)								
Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
OB14	Construction management, Germany	5 + 6 / founder, managing directors	2013/ 2014, 3	Age succession plan, company growth	Competency extension, diversification into a new field, establishing new full-service management models, deeper value creation	Future career models for the SMs, stability and security of the company, dominance of relational PC content	Successful joint projects of both as separate companies with separate roles	Information duties on major projects had to be clarified first; longer change process to pick up employees, as both sides have different interests to represent on customer projects	Willingness to develop one's own business model, to grow and increase profitability, clarification of future role and interaction, acceptance of the integration of executives from the group
OB15	Project management and ICT consulting, Germany	3 + 6 / managing directors	2020, 1	Search for a strong partner, complementary business models, reorganisation of the company	Competency extension, access to knowledge, expertise and references	Contribution of knowledge and customer networks, mutual win-win situation, dominance of relational PC content	Joint projects as subcontractors, and joint work on projects as separate companies with different roles	Joint pilot projects planned, excluding competitional fields	Acceptance and trust on eyes level, successful pilot projects to test the joint business models

	(Table continued form previous page)								
Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
OB16	ICT consulting, France	3 + 4 / managing directors	2017, 1	Strong partner, each partner contributes core competency	Competency extension, capacity extension, access to market	Acceptance and visibility of company, career models for SMs, meaning of the targets lead markets in the group strategy, dominance of relational PC content	Impulse by M&A consultant	Fit of the work cultures, cultural fit, business language, ability of collaboration	Conditions of the potential M&A, drivers for cooperation are necessary, importance of markets in the overall context
OB17	Materials management consulting, Germany	1 + 3 / founder, managing director	2020, 1	Access to customers and larger projects	Competency extension, access to innovative start-up	Quality of the projects, to select the desired kinds of customers, economic aspects not in the foreground, dominance of relational PC Content	Personal contacts of senior managers	Fit of the work cultures, interaction with the existing department	Dominance of the group is not accepted, strong EBIT and controlling orientation of the group, maintaining degrees of freedom, profitability and growth are not in the foreground, but the quality of the projects and consulting, being able to make a difference and change for more sustainability

Code	Company	No. of SMs	Year, No. of talks	Target motivation	Investor motivation	RQ 1	RQ 2	RQ 3	PC content
(Table continued form previous page)									
OB18	Real estate consulting, Germany	1 + 3 / founder managing director	2014/ 2015, 3	Stabilisation of business model, access to qualified staff, staff qualification	Capacity expansion	Career expectation, lower personal risk, pension provision	Former employment, personal contacts to board member	Gossip, perceived spying on or bullying, feels left alone in PMI, overwhelmed by residual processing	Integration into the expert area, subordination, optimisation of staff qualification
	In total: n=18 SMEs (cases)	In total: n=41 SMs on target side plus 21 SMs on investor side (without duplicates)	In total: n=31 workshops/ meetings						

(Author's own table)

Appendix VI – Characterisation of the In-Depth Interviews

The following table shows a characterisation of the sample which has been interviewed.

All names of persons, projects or companies have been anonymised and/or will not be stated to protect anonymity and conformity to disclosure agreements where applicable. All acquisitions mentioned below have been announced in public media by the acquiring company before the publication of this thesis.

Table 39: Characterisation of the In-Depth Interviews with Senior Managers

Code	Date of interview	Total duration	Function of respondent	Demo-grafics	Major business field	Approx. number of employees	Country of origin/ HQ	Year of M&A	Main motivation of target	Main motivation of investor
SM01	19/10/16	Approx. 90 minutes	Managing director	Over 60 years, female	Office environments conception	80 – 100	Germany, Switzerland	2015	Succession plan, growth, access to larger projects and customers	Acquisition of knowledge, service extension
SM02	20/06/17	Approx. 60 minutes	Managing director, founder	40 - 50 years, male	Factory and plant planning	10 – 20	Germany	2019	Growth, financial stability	Acquisition of knowledge, service extension
SM03	18/12/18	Approx. 60 minutes	Managing director, founder	50 – 60 years	Office environments conception	80 – 100	Germany, Switzerland	2015	Succession plan, growth, access to larger projects and customers	Acquisition of knowledge, service extension
SM04	26/10/18	Approx. 60 minutes	Managing director, founder	40 – 50 years, male	Facility Management Consulting	10 – 20	Germany	2018	Financial stability, organisational structures, growth, recruiting power	Capacity extension

(Table continued from previous page)										
Code	**Date**	**Duration**	**Respond ent**	**Demo-grafics**	**Business field**	**Number of employees**	**Country of origin/ HQ**	**Year**	**Motivation of target**	**Motivation of investor**
SM05	27/12/18	Approx. 60 minutes	Managing director, founder	Over 60 years, male	Facility Management Consulting	10 – 20	Germany, Austria	2016	Succession plan, organisational structures, development perspectives for staff	Capacity extension, access to networks
SM06	14/03/19	Approx. 60 minutes	Managing director, founder	30 - 40 years, male	Software Development	20 – 40	Germany	2019	Financial stability, access to financing, strategic business partner	Innovative business models, service extension, knowledge acquisition
SM07	19/12/19	Approx. 90 minutes	Interim managing director, internatio nal PMI manager	30 - 40 years, male	RE Consulting and Construction Project Management	3,500	Germany, Europe, international	Vari-ous	Growth, financial stability	Internationalization, access to international markets, capacity extension
SM08	24/10/19	Approx. 70 minutes	Managing director	40 - 50 years, male	Real Estate Consulting	20 – 40	United Kingdom, Netherlands	2017	Growth, internationalisation, organisational structures	Internationalisation, access to international markets, capacity extension
SM09	03/01/19	Approx. 60 minutes	PMI Manager	50 - 60 years, female	Real Estate Consulting and Construction Project Management	Approx. 4,000	Germany, Europe, international	Vari-ous		

(Table continued form previous page)

Code	Date	Duration	Respondent	Demo-grafics	Business field	Number of employees	Country of origin/ HQ	Year	Motivation of target	Motivation of investor
SM10	03/01/19	Approx. 60 minutes	PMI Manager	30 - 40 years, female	Real Estate Consulting and Construction Project Management	Approx. 4,000	Germany, Europe, international	Various		
SM11	15/03/19	Approx. 60 minutes	PMI Manager	30 – 40 years, female	Real Estate Consulting and Construction Project Management	Approx. 4,000	Germany, Europe, international	Various		
SM12	07/02/19	Approx. 60 minutes	PMI Manager	40 - 50 years, female	Real Estate Consulting and Construction Project Management	Approx. 4,000	Germany, Europe, international	Various		
SM13	23/07/20	Approx. 45 minutes	Chief Technical Officer	20 – 30 years, male	Start-up platform	20 – 30	Germany	2020	Innovative business model	Complementing capacity and expertise, growth

(Author's own table)

Appendix VII – Support of the Final Themes

The following table shows how many SM of the interviews and observations supported the final themes and provides details.

Table 40: Characterisation of the SMs Supporting the Final Themes

	Content	Theme 1	Theme 2	Theme 3	Theme 4	Theme 5	Theme 6	Theme 7	Theme 8	Theme 9	Theme 10
In-depth interviews n=13 SMs (interviews)	**13 SMs**	**11 SMs**	**Topic not applicable**	**10 SMs**	**13 SMs**	**13 SMs**	**8 SMs**	**11 SMs**	**11 SMs**	**8 SMs**	**9 SMs**
Code of respondents	SM01 SM02 SM03 SM04 SM05 SM06 SM07 SM08 SM09 SM10 SM11 SM12 SM13	SM01 SM03 SM04 SM05 SM06 SM07 SM08 SM09 SM10 SM11 SM12		SM01 SM03 SM04 SM05 SM06 SM07 SM08 SM09 SM10 SM11	SM01 SM02 SM03 SM04 SM05 SM06 SM07 SM08 SM09 SM10 SM11 SM12 SM13	SM01 SM02 SM03 SM04 SM05 SM06 SM07 SM08 SM09 SM10 SM11 SM12 SM13	SM01 SM03 SM04 SM07 SM08 SM09 SM10 SM11	SM01 SM03 SM04 SM05 SM06 SM07 SM08 SM09 SM10 SM11 SM12	SM01 SM03 SM04 SM06 SM07 SM08 SM09 SM10 SM11 SM12 SM13	SM01 SM03 SM04 SM07 SM08 SM09 SM10 SM12	SM01 SM03 SM04 SM05 SM07 SM08 SM09 SM10 SM11

(Table continued from previous page)

	Content	Theme 1	Theme 2	Theme 3	Theme 4	Theme 5	Theme 6	Theme 7	Theme 8	Theme 9	Theme 10
Observation n=18 cases (target firms)	18 Cases	14 Cases	11 Cases	**Topic not applicable**	13 Cases	15 Cases	**Topic not applicable**	11 Cases	12 Cases	**Topic not applicable**	**Topic not applicable**
Code of cases (number of participants each)	OB01 (3+4) OB02 (3+4) OB03 (3+4) OB04 (2+4) OB05 (2+3) OB06 (1+2) OB07 (2+3) OB08 (3+3) OB09 (2+3) OB10 (1+3) OB11 (1+2) OB12 (2+5) OB13 (3+4) OB14 (5+6)	OB01 (3+4) OB02 (3+4) OB03 (3+4) OB04 (2+4) OB05 (2+3) OB07 (2+3) OB08 (3+3) OB09 (2+3) OB10 (1+3) OB11 (1+2) OB13 (3+4)	OB01 (3+4) OB03 (3+4) OB05 (2+3) OB06 (1+2) OB07 (2+3) OB08 (3+3) OB09 (2+3) OB11 (1+2) OB12 (2+5)		OB01 (3+4) OB02 (3+4) OB03 (3+4) OB04 (2+4) OB05 (2+3) OB06 (1+2) OB07 (2+3) OB10 (1+3) OB11 (1+2) OB13 (3+4) OB14 (5+6)	OB01 (3+4) OB02 (3+4) OB03 (3+4) OB04 (2+4) OB06 (1+2) OB07 (2+3) OB08 (3+3) OB09 (2+3) OB10 (1+3) OB11 (1+2) OB13 (3+4) OB14 (5+6)		OB01 (3+4) OB02 (3+4) OB03 (3+4) OB04 (2+4) OB05 (2+3) OB08 (3+3) OB09 (2+3) OB11 (1+2) OB13 (3+4) OB14 (5+6)	OB01 (3+4) OB02 (3+4) OB03 (3+4) OB04 (2+4) OB05 (2+3) OB08 (3+3) OB09 (2+3) OB11 (1+2) OB13 (3+4) OB14 (5+6)		

Summary	Content	Theme 1	Theme 2	Theme 3	Theme 4	Theme 5	Theme 6	Theme 7	Theme 8	Theme 9	Theme 10
	OB15 (3+6) OB16 (3+4) OB17 (1+3) OB18 (1+3)	OB16 (3+4) OB17 (1+3) OB18 (1+3)	OB16 (3+4) OB17 (1+3)		OB15 (3+6) OB18 (1+3	OB15 (3+6) OB16 (3+4) OB18 (1+3		OB18 (1+3)	OB16 (3+4) OB17 (1+3)		
Number of participants	41 SMs of target-side 21 SMs of the group*	30 SMs of target-side 17 SMs of the group*	23 SMs of target-side 17 SMs of the group*		30 SMs of target-side 16 SMs of the group*	36 SMs of target-side 15 SMs of the group*		28 SMs of target-side 20 SMs of the group*	31 SMs of target-side 20 SMs of the group*		

*without duplications, i.e. those who were involved in different conversations were only counted once: absolutely 19 different SMs in total

Summary	Content	Theme 1	Theme 2	Theme 3	Theme 4	Theme 5	Theme 6	Theme 7	Theme 8	Theme 9	Theme 10
Supporting SMs from interviews	13	11		10	13	13	8	11	11	8	9
Supporting SMs from observation	62	47	40		57	49		46	50		

Note: These figures serve to express trends and emphases and to show that the themes were strongly supported by the respondents. Due to the chosen research approach, statistical evaluations are not appropriate. In addition, the statements from the interviews should carry more weight, as the interviews dealt more intensively and in each case with one person and their opinions.

(Author's own table)

Appendix VIII – Communication and Information

The following figures show the findings concerning communication and information during the M&A process.
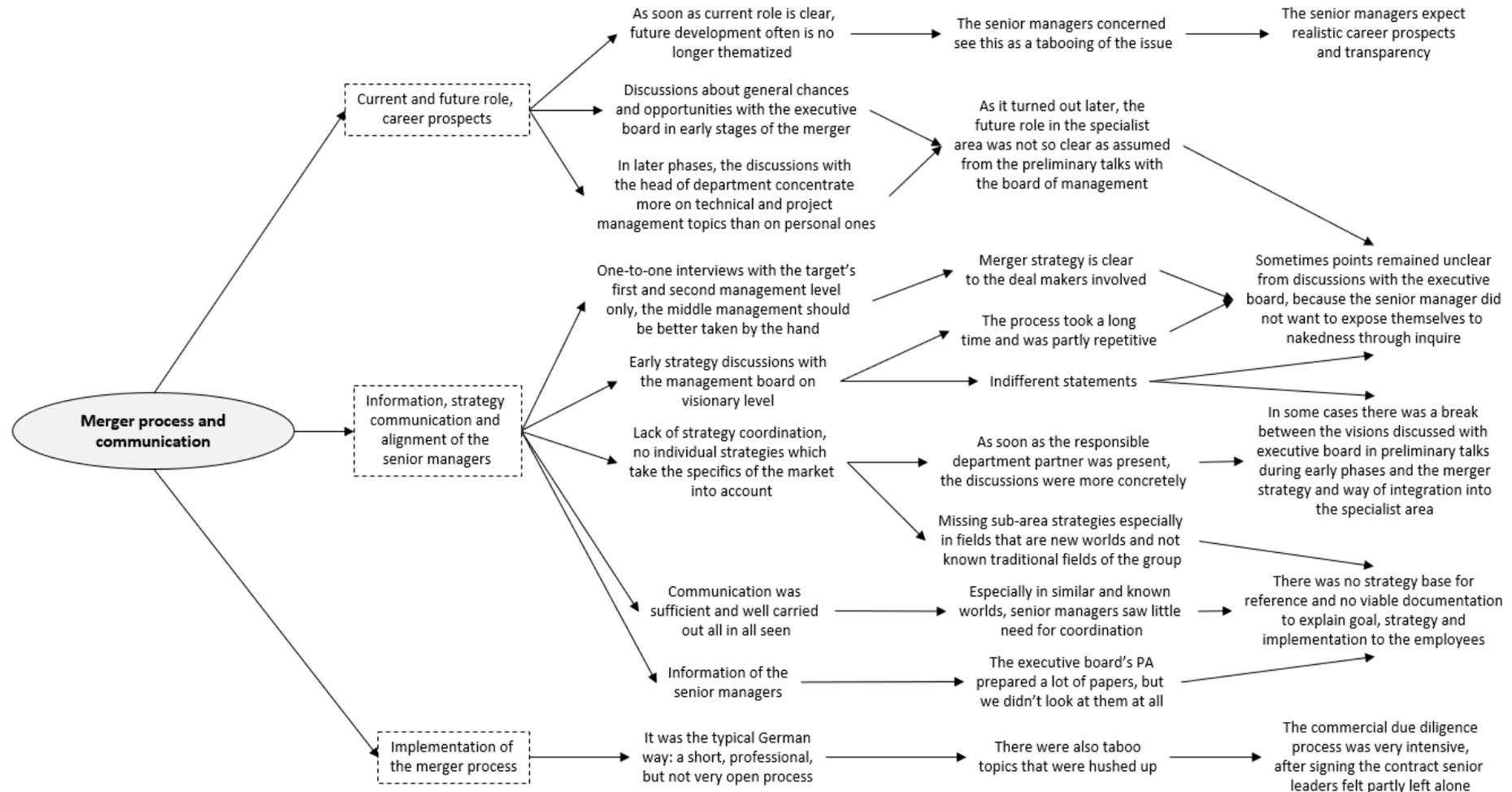

*Figure 28: Merger Process and Communication Part 1* (Author's own figure, initial thematic map)
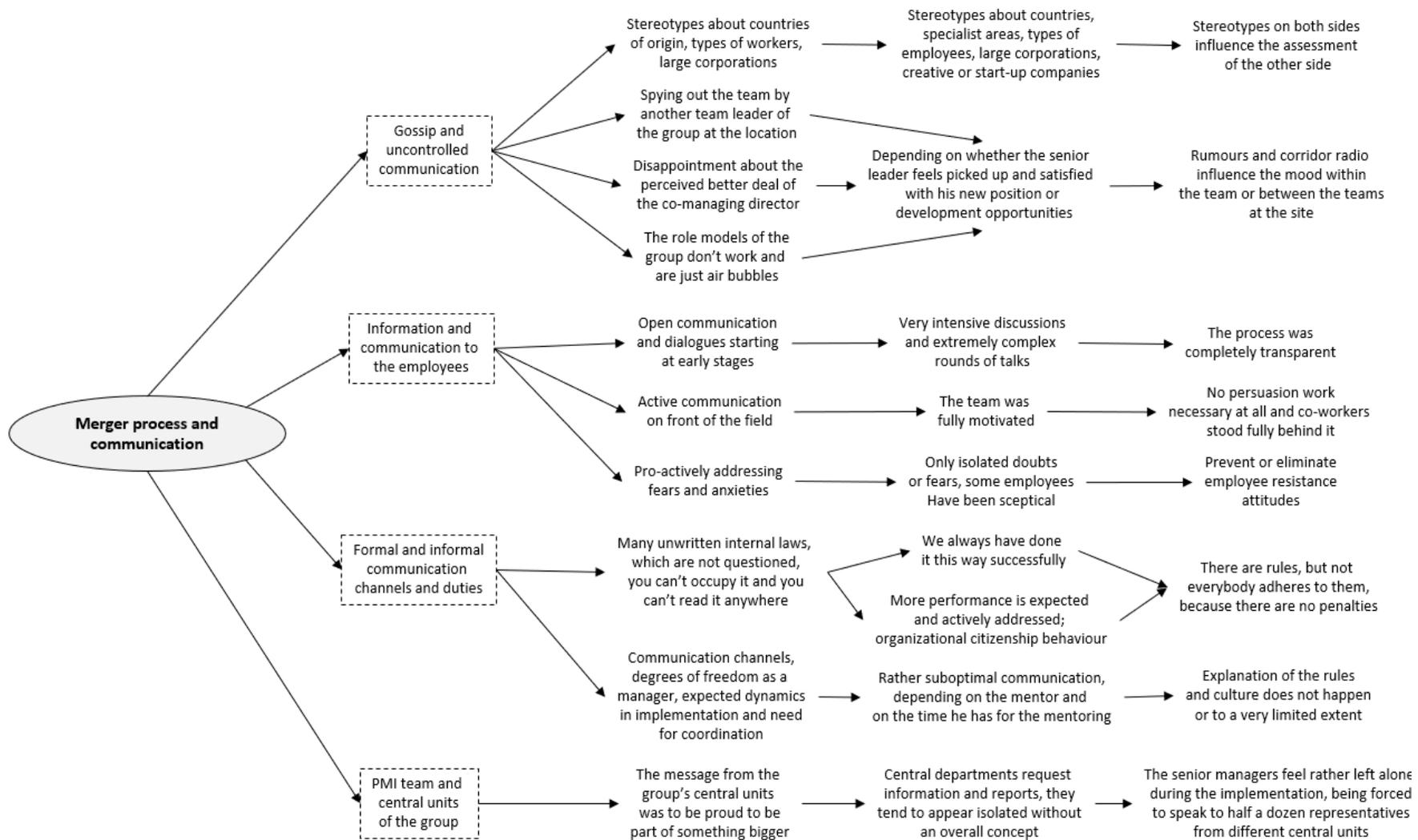
Figure 29: Merger Process and Communication Part 2 (Author's own figure, initial thematic map)

Appendix IX – Context of the PC of Potential M&A Candidates

The following figure shows the findings of the observations concerning the content of the PC of the SMs of the potential M&A candidates. Six of the content dimensions indicate to be knock-out criteria for the further M&A negotiation process.
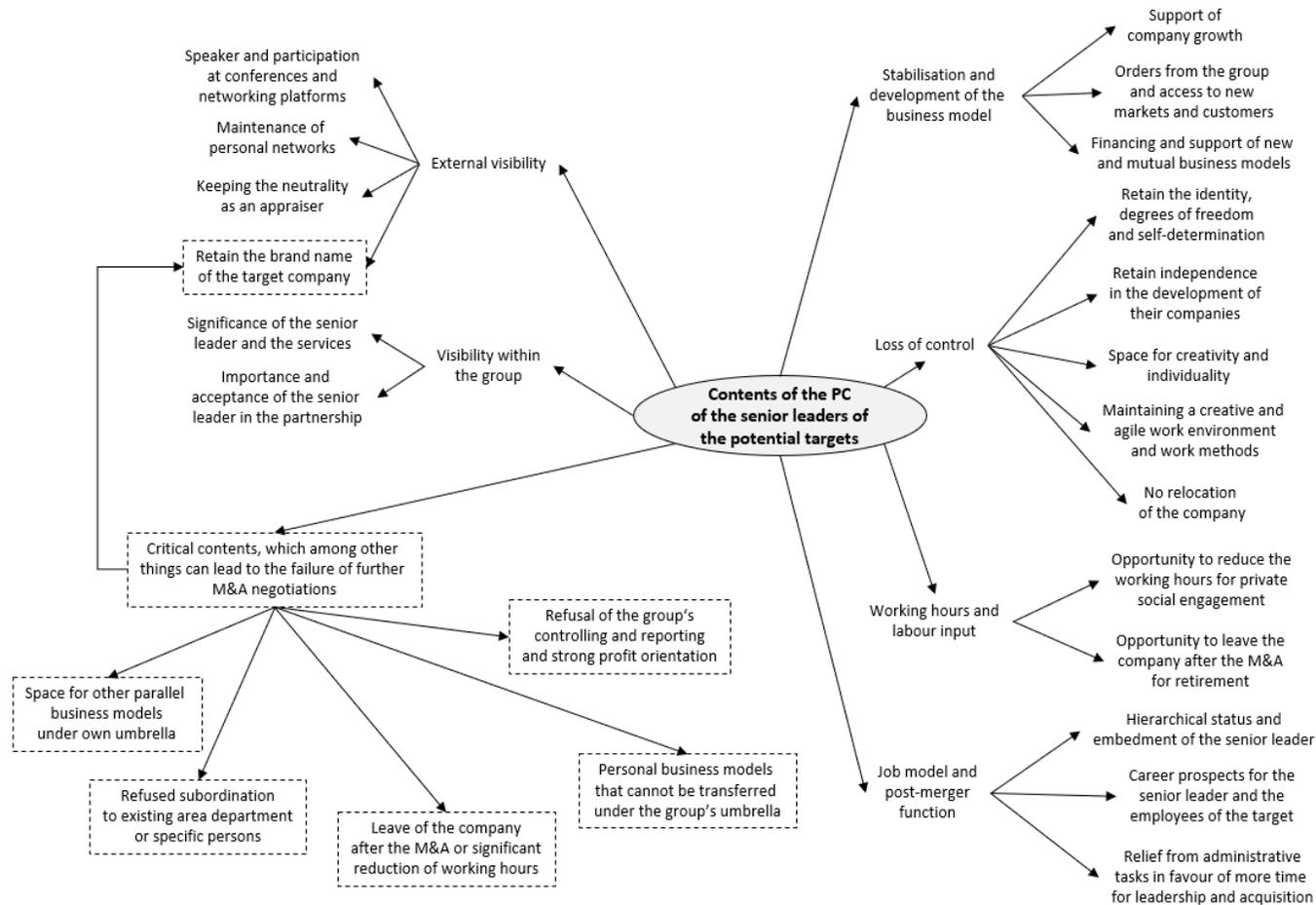

Figure 30: Content of the PC of Potential M&A Candidates (Author's own figure, developed thematic map)

Appendix X – Contact Persons and Agents of the Organisation

The figure below contains the thematic map on formal and informal agents and contractors of the PC.
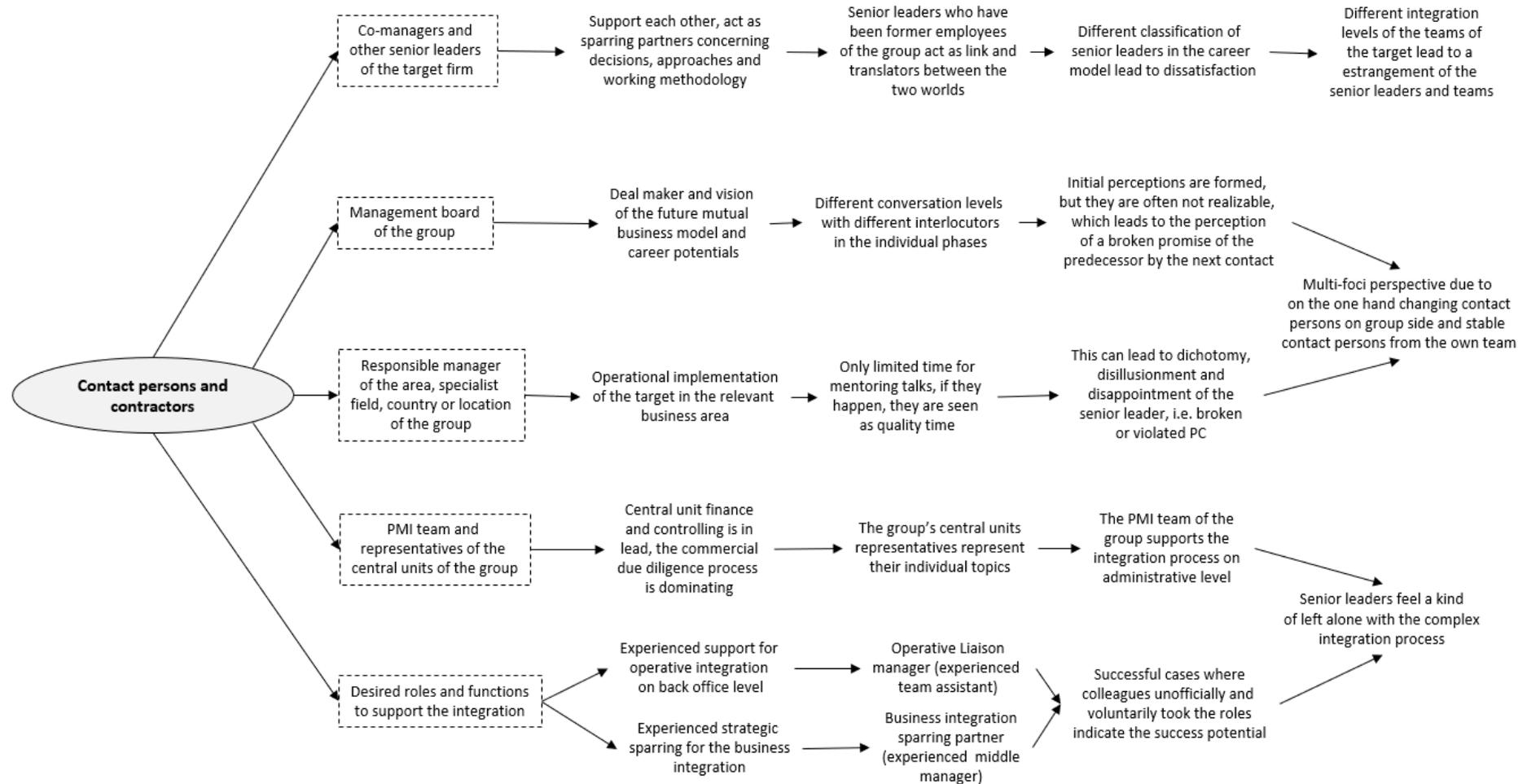
Figure 31: Contact Persons and Contractors (Author's own figure, initial thematic map)

Appendix XI – Pre-Merger Schemas and Stereotypes

The figure below contains thematic maps on pre-merger schemas and stereotypes influencing the PC.
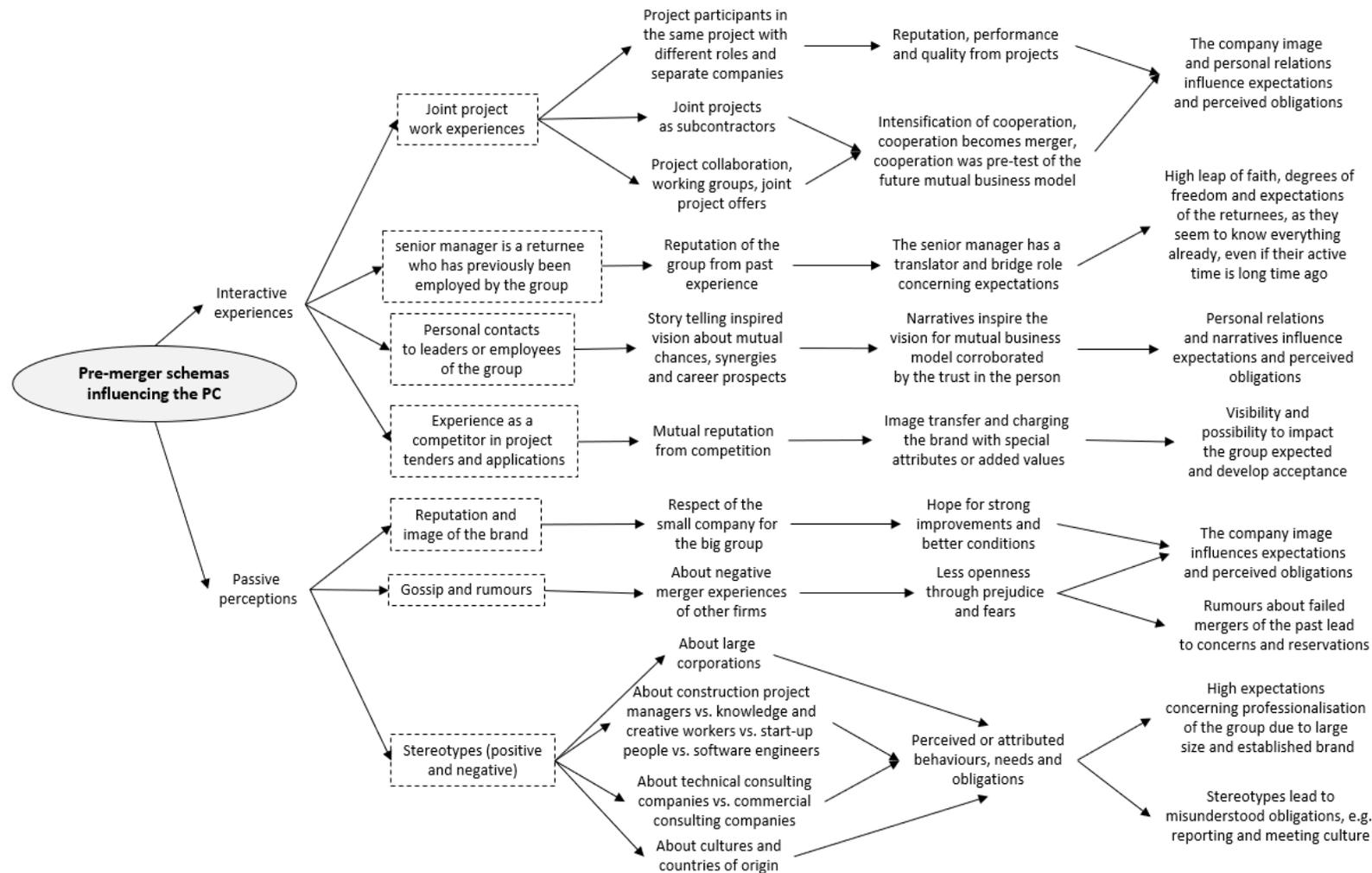
Figure 32: Pre-Merger Schemas (Author's own figure, initial thematic map)
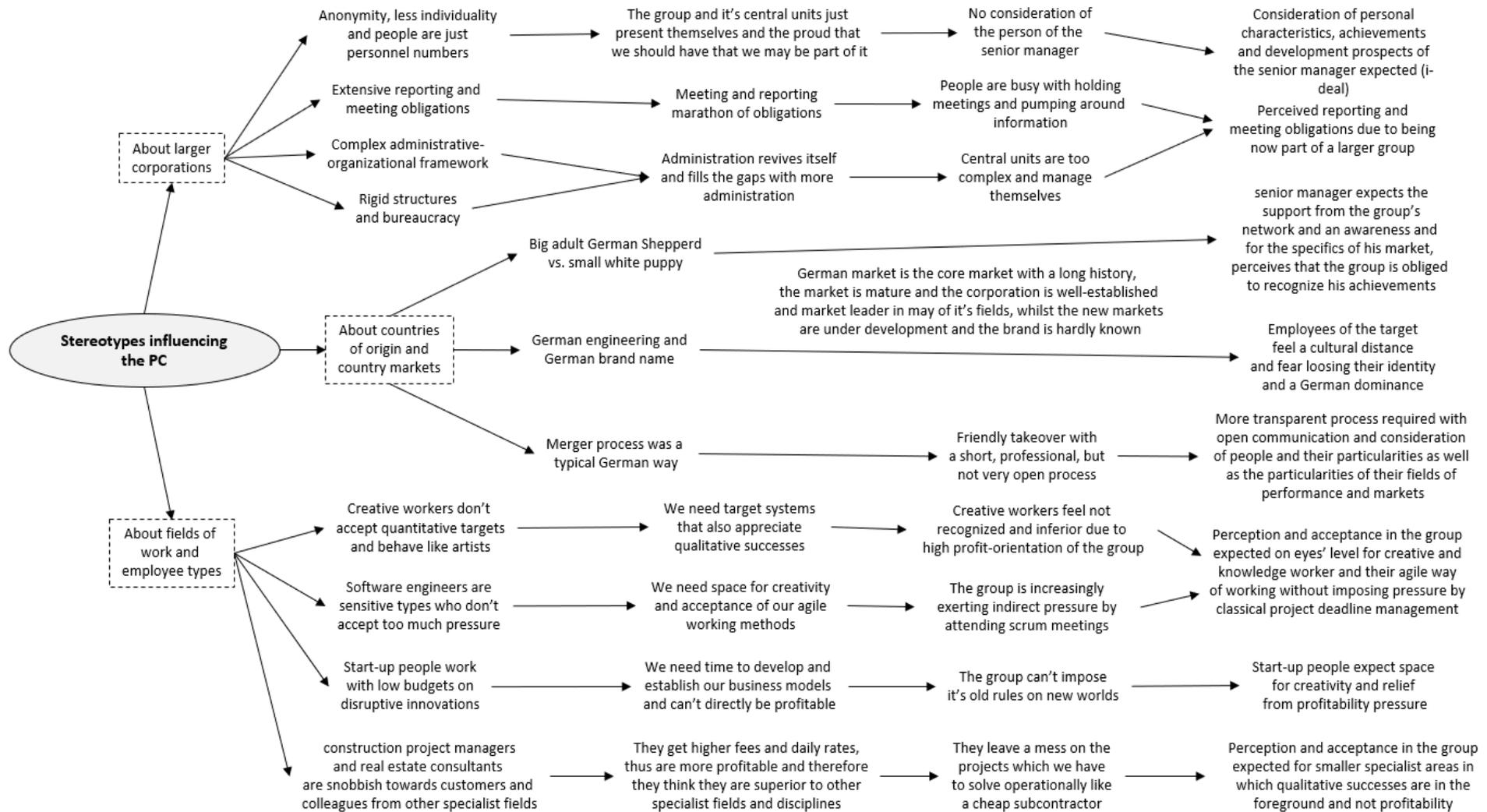
Figure 33: Pre-Merger Stereotypes (Author's own figure, initial thematic map)

Appendix XII – Culture and Identity

The figure below contains thematic map about culture and identity.
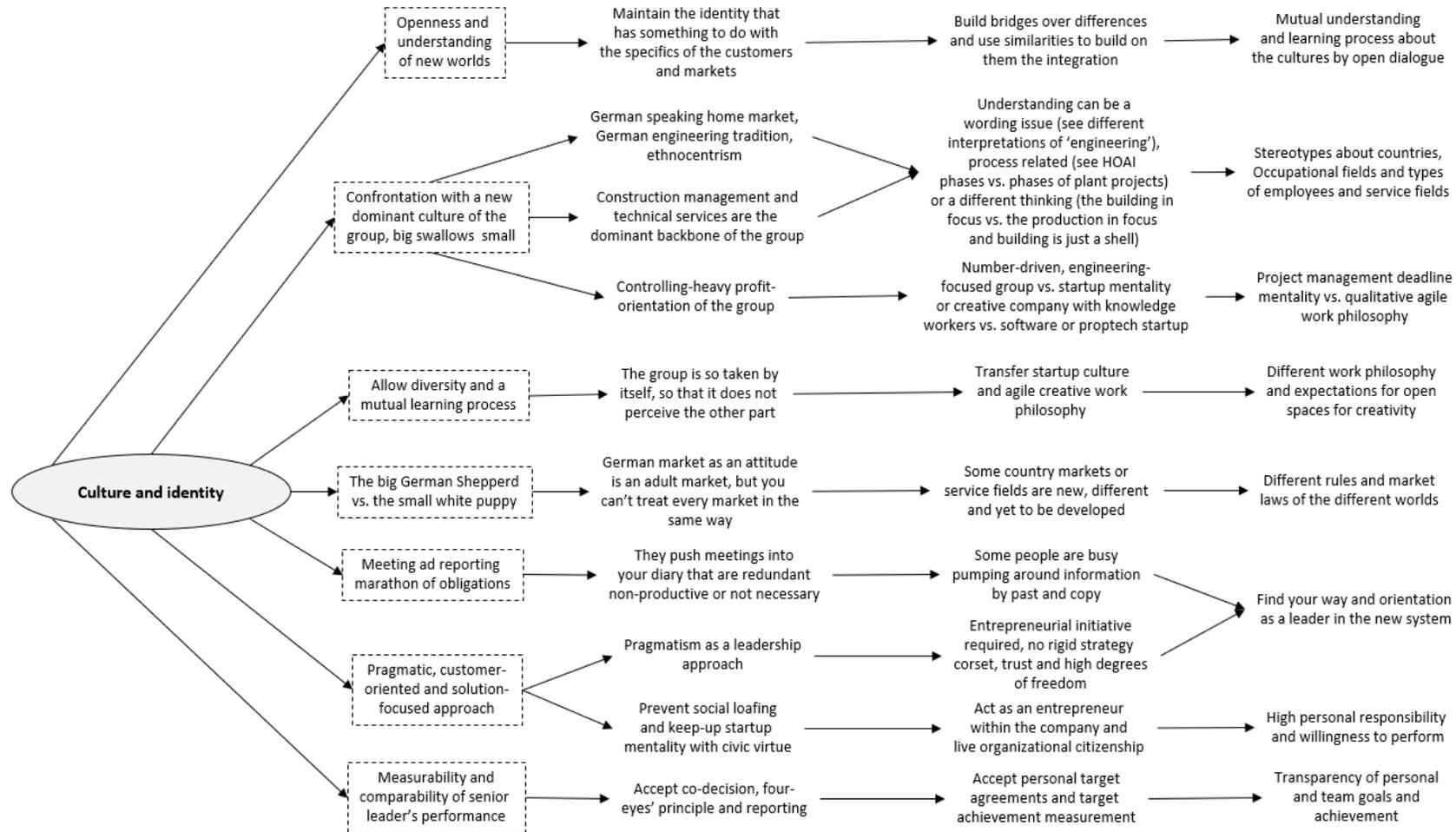
Figure 34: Culture and Identity (Author's own figure, initial thematic map)

Appendix XIII – Breach or Violation of the PC

The figure below contains thematic map about breach or violation of the PC.
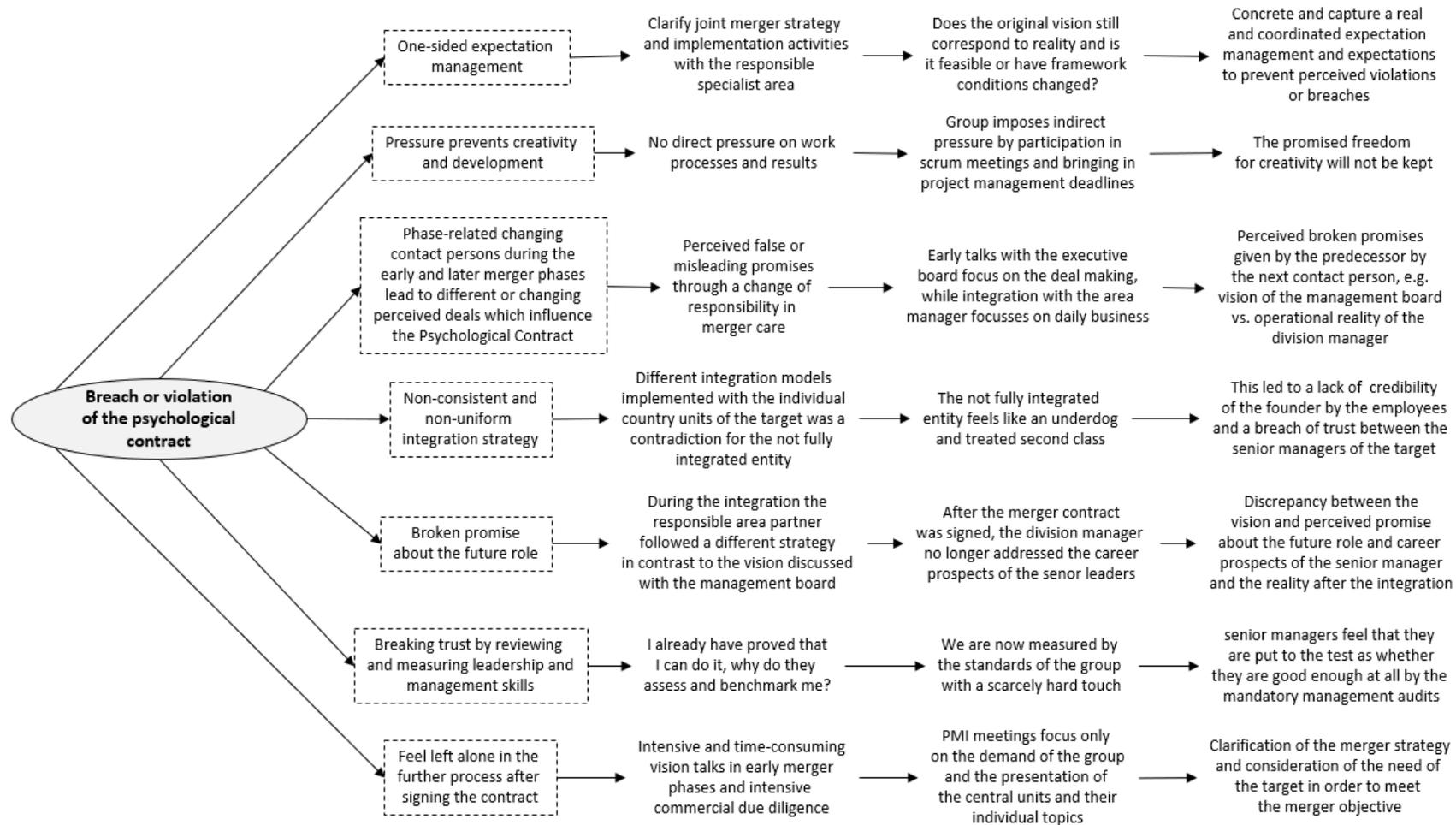
Figure 35: Breach or Violation of the PC (Author's own figure, initial thematic map)

Appendix XIV – Sample of the Observation

The following table provides the sample size and structure of the observation.

Table 41: Sample Size of Observation

| Code of the case (potential target firm)	Number of participants on potential target side	Number of participants from the group (investor side)	Number of observed meetings or workshops
OB01	3	3	2
OB02	3	4	2
OB03	3	4	2
OB04	2	4	2
OB05	2	3	2
OB06	1	2	1
OB07	2	3	2
OB08	3	3	2
OB09	2	3	2
OB10	1	3	1
OB11	1	2	1
OB12	2	5	1
OB13	2	4	3
OB14	5	6	1
OB15	3	6	1
OB16	3	4	1
OB17	1	3	1
OB18	1	3	3
Total: 18 firms	**Total: 41 SMs of potential targets**	**Total: 21 different SMs of the group incl. the researcher**	**Total: 31 observed meetings or workshops**

(Author's own table)

Appendix XV – Occupational Cultures

The table below shows occupational characteristics of the sample and gives examples for perceived occupational culture differences and similarities by the SMs of both sides.

Table 42: Perceived Occupational Culture Differences and Similarities

Fields	Dimensions	Target Companies	Acquiring Company
Matching fields (both sides have them) with high perceived cultural similarities	Occupation	Civil Engineers, Specialist Engineers, Specialist Planners, HVAC Planners, Architects, Industrial Engineers, Sustainability Consultants, Digitization Consultants, Business Economists, RE Experts	
	Work Culture	Project Management culture (manage deadlines, costs, and qualities), Construction processes, RE transactions, profit-orientated, result-oriented, steering	
	Range of Services	Construction Management, RE Consulting, Construction Project Management, Building Planning Services	
New fields (only one side has experience) with perceived cultural similarities	Occupation	RE Evaluators, User Experience/ Interior Designers, Industry Experts (Clinics - Doctors, Hotels - Hotel Managers, Production - Plant Planners, etc.)	
	Work Culture	Consultants, customer-oriented/ solution-oriented RE consulting	
	Range of Services	Factory Planning, Core Process Consulting	
New fields (only one side has experience) with high perceived cultural differences	Occupation	Software Developers, Data Analysts and Data Scientists, Psychologists and Change Managers	
	Work Culture	Error culture, agile work, experience-oriented/ design-oriented, creative work	
	Range of Services	Workplace Consulting, Software Development, Digital Platforms and Digital Business Models	

(Author's own table)

Appendix XVI – M&A Motives of the Acquirer's Deciders

Table 43: Strategic and Personal Motives of Acquirer's Deciders

Corporate Development	Business Development	Finance and Risk Management
Extend company size, visibility, and market power	Access new markets and market segments (local, national)	Take investment opportunities (e.g. in times of low interest rates, free cash flow, liquidity)
Integrate innovative start-ups (i.e. digital tools, technologies and platforms, such as proptechs)	Access new markets international (internationalisation)	Realise growth as a protection against own takeover
Re-positioning of the brand, i.e. thematic opinion leadership	Access key, anchor customers, networks, and multiplicators	
Take full or partial competitors out of the market	Enhance service development on existing markets (e.g. quality assurance, delivery capacity, scope of services)	Improve risk management (i.e. reduce cooperation, freelancer, outsourcing risks)
Control and bind important value chain partners		
Create synergies and economies of scale and scope		

Range of Services	Innovation and Knowledge	Human Resources and Skills
Extend scope of services (range of services, depth of service, new fields)	Acquire innovations, competencies (i.e. digital transformation; trend topics, such as smart buildings; technologies and tools, such as building information modelling)	"Recruit" manpower, capacity supplement (ability to deliver)
Gain corporate references (e.g. for public project tenders in areas where there are no or insufficient project experiences)		"Recruit" high professionals, experienced specialists (skills, knowhow, experience, critical knowledge), competency supplement
Diversification of the range of services or of markets (i.e. more independence of economic cycle from previous markets)		"Recruit" external junior executives
		Gain personal references (e.g. for acquisitions in new fields)
		"Recruit" innovative, creative people, innovation supplement
		"Recruit" whole functioning teams and entities, capacity supplement

(Author's own table)

Appendix XVII – M&A Motives of Targets' Deciders

Table 44: Strategic and Personal Motives of the Targets' Deciders

Corporate Development	Business Development	Finance and Risk Management
Economies of scale and scope (market power)	Internationalization (market access)	Realise tax benefits
Being part of a bigger success story (i.e. becoming market leader in the field)	Access to new markets (expansion)	Financial stability and background
Administrative support (functional departments) and structures	Access to larger customers (key account management)	Growth to secure market position (risk management)
Innovation infrastructure and structures, R&D investments	Access to larger and longer-termed projects	Long-term planning, stability and capacity utilisation
Support of the digital transformation		Pre financing of larger project acquisitions
Access to larger projects, key customers, framework contracts and international markets		Investments for innovations
Access to professional networks, trade associations, fairs, conferences, etc.		

Personal Motives		Human Resources and Skills
Succession plan		Career perspectives for junior leaders and employees
Business continuation (safe the heritage of the company)		Access to network of interdisciplinary, international colleagues
Bargaining, monetarisation of the lifework		
Degrees of freedom for the development of ideas, creativity and innovation		
Career perspectives		
Relief from administrative processes		
Relief from operational tasks towards more time for leadership, development and acquisition		

(Author's own table)

Appendix XVIII – Research Design of the Thesis

Table 45: Research Design and Methodological Positioning of the Thesis

	Dimension Key Questions	Assumption Patterns of Thought	Positioning Methodological Choice
Research Philosophy			
Ontology	What is the nature of reality?	Social constructed, subjective	Subjectivism, Interpretivism
Epistemology	What is considered acceptable knowledge?	Subjective meanings	Constructivism
Axiology	What is the role of values?	Value bound, seeking understanding	Subjective
Research Paradigm	What is the way of examining?	Understand fundamental meanings	Interpretative
Research Approach	What is the design of the research?	Explore a phenomenon, identify themes and patterns	Inductive
Research Methodology	What methodology is applied?	Purposive choice of methods	Qualitative approach
Research Strategy	What research strategy is applied?	Explore real-life phenomenon, ensure confidentially, sensitive situation and topic, dependence on access to interview partner	Case study research, single case with embedded sub-cases
Time Horizon	What time horizon is regarded?	Access restrictions may apply, voluntary participation	Cross-sectional
Data Making			
Data Collection	What is the procedure for data collection?	Small samples, research ethics, qualitative, non-standardized	Purposive sampling, observation of professional pre-merger explorative workshops, semi-structured one-to-one in-depth interviews
Data Analysis	What is the procedure for data analysis?	Verbatim Transcripts, qualitative	Thematic analysis
Data Presentation	How will the results be presented?	Patterns and clusters, themes, citations	Themes, Thematic maps, citations of interview statements

(Author's own table)

AG   Aktiengesellschaft (Public Company)

BMWi   Bundesministerium für Wirtschaft und Energie (Federal Ministry of Economics and Energy)

bn.   Billion

BRIC   Brazil, Russia, India, and China

CA   California

CASP   Critical Appraisal Skills Programme

CD   Corporate design

CEO   Chief executive officer

CH   Switzerland

CT   Connecticut

CTO   Chief technical officer

DBA   Doctorate in Business Administration

DC   District of Columbia

DNA   Deoxyribonucleic acid

DTI   Department of Trade & Industry

EBIT   Earnings Before Income and Tax

ed., eds.   Editor, editors

edn.   Edition

e.g.   Exempli gratia (for example)

EU   European Union

EUR   Euro (ISO 4217:2015 currency code)

GBP   Pound Sterling (ISO 4217:2015 currency code)

GDR	German Democratic Republic
GTAI	Germany Trade and Invest
Group	Company X, acquirer/ buyer/ investor company, company group X
HOAI	Honorarordnung für Architekten und Ingenieure (fee structure for architects and engineers)
HR	Human resources
HRD	Human resources department
HRM	Human resources management
HQ	Headquarter
i.a.	Inter alia (amongst other things)
i.e.	Id est (that is to say)
IfM	Institut für Mittelstandsforschung, Bonn
Inc.	Incorporated, US corporation
IPO	Initial Public Offer
LOI	Letter of understanding
MA	Massachusetts
M&A	Mergers and Acquisitions
max.	Maximum
mil.	Million
MOU	Memorandum of understanding
NHS	National health service
NJ	New Jersey
NV	Naamloze vennootschap (public company)
NY	New York
n.p.	No pagination
OECD	Organisation for Economic Co-operation and Development

OME	Owner-Managed Enterprises
p.a.	Per annum
PC	Psychological Contract
PEN	Pennsylvania
PhD	Doctor of Philosophy
PLC	Public limited company
PMI	Post-merger integration
RE	Real Estate
rsp.	Respective
RQ	Research Question
SA	Société anonyme (public company)
SE	Societas Europaea
SM	Senior Manager
SME	Small and Medium-sized Enterprises
SWOT	Strengths, weaknesses, opportunity, and threats
TIME	Telecommunications, Information technologies, Mass media, and Entertainment
TQM	Total quality management
UK	United Kingdom
US, USA	United States of America
Vol.	Volume