Organizational Growing Pains – The Drawback of Successfully Growing German SMEs?

An Exploratory Study on the Emergence of Growth-Related Crises and Potential Mitigation Strategies

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Abstract

Small and medium-sized enterprises (SMEs), associated with strong performance and prolonged growth, play a pivotal role for Germany's economy. Yet, research found that organizational growth is accompanied by challenges, surfacing as organizational growing pains, that risk culminating in growth-related crisis-events. With our study we investigated these pains that constitute a potential drawback for successfully growing German SMEs, aiming at deriving mitigation strategies.

Built on a revised approach to grounded theory, with our exploratory study we followed a social constructionist epistemology. Accordingly, we crafted empirical data covering individual experiences and sensemaking processes by means of ten semi-structured interviews in five German SMEs.

Induced from this data, we developed a process model of growth-related crises. Aligning with previous research, we found that German SMEs face growth-related challenges evidenced by emerging organizational growing pains. We identified factors provoking and sustaining these pains, and derived corresponding mitigation strategies. Specifically, we advocate for a comprehensive crisis management, built on a crisis-as-process view. Hence, we encourage early pre-crisis management by enhancing attentiveness towards subtly emerging growing pains; and proactive post-crisis management by responding more effectively to crisis-events. We further urge for active organizational learning from past crises to facilitate the mitigation of growing pains.

By investigating the underdeveloped topics of growth-related challenges and crisis management in the German SME context, we contribute to organizational development theory, crisis management and SME research. Moreover, we provide practical implications to cope with growing pains by means of holistic crisis management.

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1. Introduction

1.1 Small and Medium-Sized Enterprises in Germany

The German SME sector constitutes a driving force of the country's economy (Audretsch et al., 2018; IfM Bonn, 2020b, 2020c; KfW, 2018). In 2017, SMEs encompassed more than 99 percent of all businesses in Germany and contributed approximately 35 percent of annual revenues (IfM Bonn, 2020b). The employment growth rate of German SMEs shows a constant rise for more than a decade (KfW, 2018), corresponding to a workforce of more than 31 million people. Besides this significant role for the labor market, the annual turnover generated by German SMEs in 2017 increased by 4.7 percent. Thus, German SMEs are often "characterized as the backbone of the German economy" (Audretsch et al., 2018, p. 2), contributing to the nation's economic strength and showing a constant and prolonged growth (KfW, 2018).

The importance of SMEs for national economies, such as Germany, motivated a rise in academic research, investigating topics such as entrepreneurship, leadership, finance or small firm growth (Dobbs & Hamilton, 2007; Herbane, 2010; Mayr et al., 2017; Wiklund et al., 2009). Yet, we argue, that organizational growth is naturally accompanied by organizational challenges. These have been found to adversely impact organizational performance, which may result in a growth-related crisis (e.g. Donaldson, 2006; Flamholtz & Hua, 2002; Greiner, 1972, 1997). Although smaller firms show higher growth rates than larger firms (Muller et al., 2017) and are more vulnerable to crises (Herbane, 2010; Jin, 2010; Spillan & Hough, 2003), research into growth-related challenges and potential crises in SME literature remains rare. Laitinen (2013) even stipulated that research into performance decline has widely neglected small firms.

1.2 Research Field

Within the broader research of organizational theory and development studies, which forms the first theoretical pillar of our study, the downsides of organizational growth have gained rising attention. Besides its benefits, scholars recognized distinct challenges in managing organizational growth (e.g. Donaldson, 2006; Flamholtz & Hua, 2002; Fleck, 2010; Greiner, 1972, 1997). For instance, Eric Flamholtz dedicated much of his work to the studies of managing *development gaps* emerging between the organization's infrastructure and its rising size (e.g. Flamholtz, 1995; Flamholtz & Hua, 2002). As one of his key findings, the author identified *organizational growing pains* as symptoms of development gaps and

described their negative effects on a firm's performance. Accordingly, development gaps become noticeable in the form of organizational growing pains and cause a weakening of the organizational performance, arising at the transition points between development stages.

In our study, we link these performance declines to what Roux-Dufort (2007) defined as an organizational crisis, namely "a process of organizational weakening that degenerates until the point of disruption" (p. 108). Thus, organizational crisis research represents the second pillar of our study. Accordingly, we suggest that growing pains represent symptoms of growth-related crises, which eventually culminate in a disruptive crisis-event. By assessing growth-related crises and change from a process perspective (Roux-Dufort, 2007; Williams et al., 2017), we oppose to the salient research approach to crisis-as-event. Thereby, we address Pettigrew, Woodman, and Cameron's (2001) claim that studies of organizational development widely neglected researching "the link between change processes and organizational performance outcomes" (p. 697).

Additionally, Pettigrew et al. (2001) emphasized "that processes of change are embedded in contexts and can only be studied as such" (p. 698). This motivated us to direct our study to the German SME context. Hence, SME research forms the third academic pillar of our study. Even though SME research is well-developed, it has widely neglected the topic of crisis management (Herbane, 2010; Mayr et al., 2017). Thus, the differences between SMEs and larger firms, for instance, regarding ownership and management structure (Man et al., 2002), and the vast economic impact of SMEs call for studying growing pains as symptoms of an emerging growth-related crisis in the context of SMEs.

1.3 Problem Focus and Presentation of Research Questions

Our study combines the three presented fields: organizational development, growth-related crises, and SME research. Thereby, we address the shortcomings that (1) research on organizational development or crisis has not profoundly investigated the SME context, nor has SME research focused on performance decline or crises; (2) existing research emphasized the emergence of development gaps or crises at transition points between static development stages, and, thus, focused primarily on managing the crisis-event, thereby, neglecting the continuous emergence of subtle changes and growing pains; and (3) research has not provided specific solutions on how to cope with or reduce these pains. With our study we address the research questions (1) *whether organizational growing pains exist in German SMEs;* (2) *which*

underlying processes provoke and sustain organizational growing pains in the German SME context; and (3) *how German SMEs can tackle or reduce organizational growing pains*.

Overall, we intend to contribute to organizational development and crisis management research by assessing the applicability of existing theories to the German SME context. We address the underdeveloped topics of performance decline and crisis management in SME research. Opposed to the predominant emphasis on managing a crisis-event (Roux-Dufort, 2007), we approach crises from a holistic processual perspective. That is, we take the subtle emergence of a crisis during its incubation phase into account. Moreover, we examine the post-crisis phase with a focus on the role of organizational learning, to ultimately provide solutions for German SMEs on how to cope with and reduce growth-related challenges.

1.4 Topic Delimitation

We delimit our research to the analysis of successfully growing German SMEs with a focus on organic growth. In light of the variety and lack of consistency of SME definitions (Keats & Bracker, 1988; Mayr et al., 2017), we refer to the definition of the Institute for SME Research Bonn (IfM Bonn, 2020a). SMEs are defined by a maximum employee number of 500 and a maximum annual revenue of 50 million Euro. Focusing on successfully growing firms, we defined a minimum revenue of 10 million Euro as inclusion criterion for our sample.

The second delimitation refers to the geographic scope, motivated by the pivotal role of SMEs for the German economy and the unique characteristics of the German SME sector (Audretsch et al., 2018; Rammer & Spielkamp, 2015). Delimiting our study to the example of German SMEs, allows us to follow Pettigrew et al.'s (2001) call for studying change embedded in distinct contexts.

We furthermore delimit the research scope to the study of organic growth, thus excluding inorganic growth by means of acquisition. Because "it is likely that the processes underlying these different types of growth are fundamentally different" (Davidsson et al., 2006, p. 57), this distinction is important to avoid misinterpretations. We define growth as an increase in employee number or annual revenue. This delimitation enables us to heuristically analyze organizational development (Van De Ven & Poole, 1995).

1.5 Thesis Outline

To respond to our research questions, we begin in the subsequent chapter by reviewing existing literature on organizational growing pains, relevant SME research, and the academic discourse on the processes of organizational development and growth-related crises. In the third

chapter, we define our methodology including reflections on our philosophy of science, the exploratory research design, our approach to qualitative data collection, our data analysis methods, and the quality of our research. In the fourth chapter, we present the key findings, allocated into six aggregate dimensions derived from the analysis of our data, before discussing these findings in contrast to the reviewed literature. Based on our discussion, we develop practical implications and provide implications for future research that address the limitations of our study. The final chapter presents a conclusion summarizing our key findings and major contributions to theory and practice. We now turn to reviewing the existing literature on the three theoretical pillars of our research on organizational growing pains.

2. Literature Review

Within this chapter, we build the theoretical foundation of our object of study, namely organizational growing pains, which we define as symptoms of growth-related problems and consequent performance inefficiencies, that may culminate in a growth-related crisis. Thus, we first assess the academic discourse on organizational growing pains and relevant concepts that explain growth-related challenges to specify our understanding of the phenomenon. Within the second part, we review literature on growth and growth-related challenges and crises in the German SME context, which forms the first academic pillar of our study. Thereafter, we review research on organizational development and crises, respectively forming the second and third academic pillar of our study. Thereby, we establish an alternative, processual approach to organizational development and growth-related crises. We do so, to account for the subtle emergence of organizational growing pains along the crisis process in a holistic way. Throughout our literature review we identify three specific shortcomings of the present academic discourse that we address by means of our empirical study.

2.1 Perspectives on Organizational Growing Pains

We begin this subsection by reviewing theories and models explaining negative effects of organizational growth on organizational performance. Our objective is to examine to what extent growth has been depicted as a cause for organizational performance losses, and in what form these losses manifest themselves. Applying this broad understanding of the phenomenon of organizational growing pains is of special importance, as the term has not yet been well-established throughout organizational studies. Thereafter, we critically reflect on the reviewed models.

2.1.1 Models of Growth-Related Challenges

With the aim of embedding organizational growing pains in the existing literature, we initially describe our understanding of its context, that is, organizational growth. According to Van De Ven and Poole's (1995) review of prior work studying organizations, organizational growth constitutes a part of an entity's development, which reaches from an organization's initiation to its termination. The authors argue that growth represents a change process, which is "a progression of change events that unfold during the duration of an entity's existence" (p. 512). Thus, we refer to organizational growth as a form of organizational development, that constitutes a continuous change process. The positively connoted concept of growth has been found to be accompanied by negative effects that pose challenges to organizations. We now turn to reviewing existing research that has examined the emergence of these adverse effects resulting from growth, that we label as organizational growing pains.

With his frequently cited practitioner-oriented model, first presented in 1972, Greiner (1972, 1997) stipulated that organizations progress from one distinct stage of stability to another, interrupted by a phase of revolution. According to this model, organizations experience five different stages of evolution, which respectively culminate in a crisis that is characteristic for the organizations current size and age. In order to cope with an emergent crisis, Greiner (1972, 1997) concluded that the company must develop a revolutionary strategy to adapt the organization in a way that restores organizational functioning. This organizational change is aimed at facilitating the management of additional growth and the transition to a new evolutionary stage that eventually culminates in another crisis. As discussed by several scholars (Hernes et al., 2015; Orlikowski, 1996; Weick & Quinn, 1999), the notion of revolution utilized by Greiner is typical for the understanding that organizations require radical, episodic changes to re-establish organizational stability. Thus, we categorize Greiner's evolutions and revolutions as a punctuated equilibrium model, which depicts the risk that negative effects of organizational growth may culminate in a growth-related crisis. However, we identified one specific shortcoming of Greiner's (1972, 1997) model, namely that it does not examine how the distinct crises materialize.

Related to this criticism, Eric Flamholtz dedicated much of his research on negative effects and challenges resulting from organizational growth, particularly examining how these effects emerge (e.g. Flamholtz, 1995, 2009; Flamholtz & Aksehirli, 2000; Flamholtz & Hua, 2002). One of his central findings is that organizations may experience negative effects of

organizational growth "which can occur because of a discrepancy between an organization's development (its infrastructure) and its stage of growth" (Flamholtz, 1995, p. 47), namely *organizational growing pains* and *organizational aging pains*. While the former typically surface in the initial stages of an organization, the latter tend to be experienced by mature organizations. The notion of pains expresses the adverse effects of these discrepancies, such as hindering normal functioning and, thus, long-term growth. Specifically, Flamholtz (1995) determined that "growing pains are not merely problems in and of themselves, but symptoms of a deeper systematic problem" (p. 48). In the academic discourse, the research conducted by Flamholtz and colleagues stands out, since these authors established the use of the term organizational growing pains in the context of organizational growth. To the best of our knowledge, this term remains exclusively used by Flamholtz and his colleagues.

Figure 1

Organizational Development Gap (Flamholtz & Hua, 2002, p. 530)
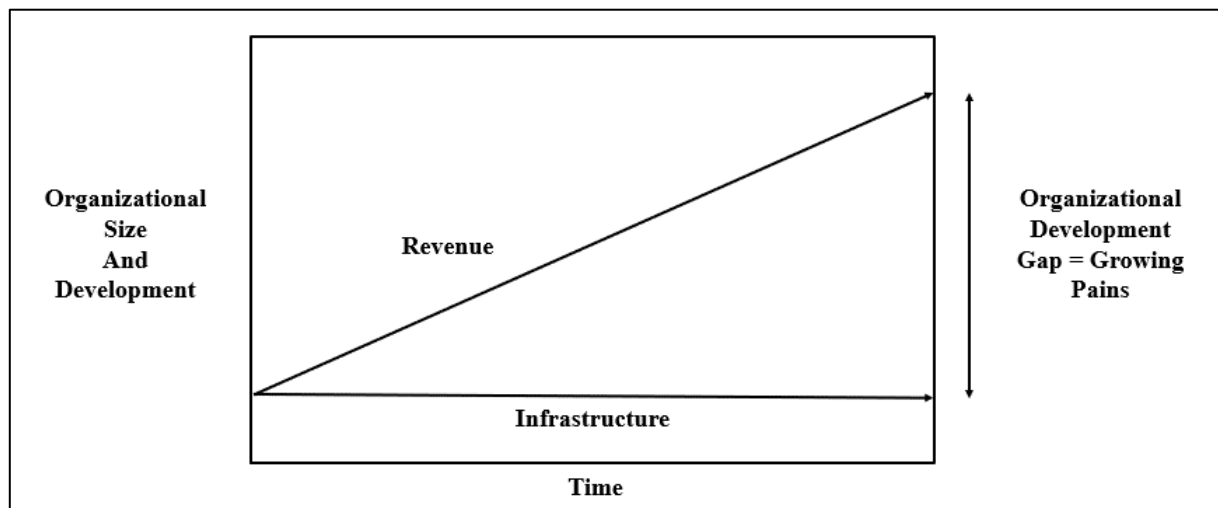
Flamholtz (1995) stipulated that there are specific capabilities an organization has to develop to be able to cope with the increasing size and complexity resulting from organizational growth. These specific capabilities constitute an organization's infrastructure, which is mainly formed by operational and management systems as well as the corporate culture. In case an organization's infrastructure is not developed to the same extent as the organization grows, an organizational development gap (Figure 1) emerges and widens increasingly. Symptoms of this development gap may, in turn, become noticeable in the form of various types of organizational growing pains. As Table 1 shows, the majority of such growing pains refers to people's feelings or perceptions. However, we adopt a broader understanding of the term organizational growing pains that reaches beyond the following ten types identified by Flamholtz (e.g. Flamholtz, 1995;

Flamholtz & Hua, 2002). We generally refer to symptoms of growth-related problems, which cause performance inefficiencies.

Table 1

Organizational Growing Pains (Flamholtz & Hua, 2002, p. 528)

1. People feel that 'there are not enough hours in the day'.
2. People spend too much time 'putting out fires'.
3. People are not aware of what other people are doing.
4. People lack understanding about where the firm is headed.
5. There are too few good managers.
6. People feel that 'I have to do it myself if I want to get it done correctly.'
7. Most people feel that 'our meetings are a waste of time.'
8. When plans are made, there is very little follow-up, so things just don't get done.
9. Some people feel insecure about their place in the firm.
10.The organization continues to grow in sales but not in profits.

The original model was expanded by subsequent studies (e.g. Flamholtz & Hua, 2002), stipulating, for instance, that the intensity of growing pains can be measured and varies depending on the size of the development gap. We argue that this gap explains the occurrence of the five growth-related crises presented by Greiner (1972, 1997). The diagram depicted in Figure 1 indicates the subtle emergence of growing pains characterized by a rising intensity, that is represented by the increasing development gap caused by organizational growth. Consequently, an organizational development gap and its symptoms, namely organizational growing pains, do not materialize suddenly. Instead, these follow a gradual process that may culminate in a growth-related crisis. Similar to Greiner (1972, 1997), Flamholtz (1995) argued that these crises merely occur between distinct growth stages and indicate that "the transition between stages has not been made successfully" (p. 47).

The mentioned development gap was found to provoke a state of disequilibrium (Flamholtz, 1995). Thus, Flamholtz's framework can be categorized as a punctuated equilibrium model as it stipulates that organizational actors need to re-establish stability by closing the organizational development gap. Yet, Flamholtz and colleagues did not specify the organizational adjustments required to close this gap. Therefore, in the following sections, we review Mintzberg's (1979, 1980) structural configurations. These exemplify organizational responses to a rise in size, as built on the central hypothesis of contingency theory (e.g. Donaldson, 2006; Mintzberg, 1979). This is based on our assumption that the notion of an organizational development gap established by Flamholtz (1995) widely aligns with the term

of an *organizational misfit*. The latter is used by contingency theorists to explain the emergence of growth-related performance inefficiencies (Chandler, 1962; Donaldson, 2006).

The fundamental hypothesis of contingency theory is that an organization is most effective if its structure fits the situational contingencies, thereby linking organizational change to performance (Chandler, 1962; Donaldson, 2006). Accordingly, contingency theory determines that organizational growth may have negative effects on organizational performance. That is, growth affects the contingency variable size, which creates a temporary misfit between the organization and its contingencies. This "misfit lowers performance, eventually leading to a performance crisis and adaptive structural change into fit" (Donaldson, 2006, p. 20). The notion of a misfit corresponds to what Flamholtz (1995) termed organizational development gaps, that trigger the emergence of growing pains.

Mintzberg's (1979, 1980) structural configurations represent one of the most exhaustive and widely applied frameworks for organizational design (Närman et al., 2016), depicting common forms of organizational adaptation to contingencies. The framework is based on the central hypothesis of contingency theory that "effective structuring requires an internal consistency among the design parameters and the contingency factors" (Mintzberg, 1980, p. 328). At the core of his framework, Mintzberg (1979) presented five basic structural configurations, based on distinct sets of design parameters, responding to different characteristics of contingency factors. The latter refer to organizational conditions such as size. Organizations apply design parameters, as exemplified in Table 2, to develop the division of tasks and the coordinating mechanisms between them, which constitute the organizational structure. Hence, a change in contingency factors triggers an organizational response, mainly in the form of episodic changes adjusting the design parameters to rising contingency factors. More specifically, Mintzberg (1979) described common structural adaptations to a rise in size to re-align the organizational structure. Accordingly, with growth, the organizational structure becomes more elaborate. This structuration is presented in Table 2, with a focus on the design parameters that Mintzberg (1979) portrayed as being directly impacted by a change in size.

Table 2

Impact of Rising Contingency Variables on Design Parameters (adapted from Mintzberg, 1979, p. 67)

Design parameter and description	The impact of a rise in size (i.e. growth) on design parameters
Job specialization: specialization of tasks and the distinction between administrative and performative tasks	Increasing job specialization and division of labor
Behavior formalization: standardization of work processes, and, thus, regulation of behavior, related to an increase in bureaucratic structures	Increasing behavior formalization and standardization
Training and indoctrination: specification and standardization of position requirements	No direct impact mentioned. However, since training and indoctrination goes in line with job specialization and behavior formalization, training and indoctrination tend to become increasingly standardized and formalized.
Unit grouping: design and structure of organizational organigram	The larger an organization, the more differentiated its grouping. Larger firms tend to be increasingly grouped by markets.
Unit size: size of units and work groups	Rising unit size
Planning and control systems: standardization of outputs	Increasing use of planning and control systems
Liaison devices: allow contacts between individuals, ensure mutual adjustment and coordination between individuals and units	The larger an organization is, the greater the need for lateral linkages, e.g. in the form of a matrix structure

Mintzberg's (1979) structural configurations represent specific episodic changes that organizations commonly implement to react to organizational misfit. The latter, for instance, emerges due to rising contingency variables during organizational growth. We relate the inherent performance inefficiencies of an organizational misfit to Flamholtz's (1995) notion of an organizational development gap. Thereby, we present growing pains as symptoms of this misfit, which result in performance decline.

Overall, in this first section of our literature review, we presented organizational growing pains as symptoms of an emerging development gap, as established by Flamholtz (e.g. Flamholtz, 1995; Flamholtz & Hua, 2002). We furthermore linked this concept of development gaps, which were found to cause organizational performance decline (e.g. Donaldson, 2006; Flamholtz & Hua, 2002; Greiner, 1972, 1997) to contingency theory. This theory depicts

development gaps that lead to performance inefficiencies triggering widely episodic organizational adjustments to re-align an organization to its rising size (Donaldson, 2006; Mintzberg, 1979). As a consequence, it has been found that an increasing development gap, as noticed in the persistent rise of growing pains, risks culminating in a growth-related crisis, particularly arising at the transition points between development stages of a firm (Donaldson, 2006; Flamholtz, 1995; Flamholtz & Hua, 2002; Greiner, 1972, 1997). Based on the existing concepts, we classify organizational growing pains as both the symptoms of an arising development gap and as an indicator for an emerging growth-related crisis.

2.1.2 Criticism of the Reviewed Models of Growth-Related Challenges

Despite the explanation for the emergence of organizational growing pains provided by the reviewed scholarly work, we determined three overarching shortcomings. First, due to the notion of development stages utilized in the three presented frameworks, we argue that these are based on the assumption of an organizational equilibrium, namely, that "a static state of fit between structure and contingency causes high performance" (Donaldson, 2006, p. 20). Thus, the authors prescribed episodic changes to reestablish organizational stability, for instance, as a response to a crisis-event. Second, we determined that the reviewed articles are – as most research on crisis management and performance decline (Herbane, 2010; Laitinen, 2013; Mayr et al., 2017; Spillan & Hough, 2003) – primarily based on research in large enterprises and, therefore, widely neglect the SME context. Third, we claim that the traditional concept of organizational growing pains and the reviewed theories do not provide sufficient solutions on how to cope with these pains.

The first shortcoming is built on Tsoukas and Chia (2002), who criticized the change understanding inherent in such models, as "it makes sense of change by denying change" (p. 571). That is, episodic approaches neglect the ongoing change processes occurring in organizations. Instead, as exemplified by the models presented by Flamholtz (1995), Greiner (1972, 1997), and Mintzberg (1979), the underlying assumption is that change is intentionally created and executed by a change agent, which is often assigned to the management level (Orlikowski, 1996). Once this prime mover has implemented the planned changes, the organization is refrozen (Lewin, 1947), in the new state until effectiveness decreases again, triggering new episodic change initiatives. Approaches following this understanding are consistent with the static three-stepped idea of changing introduced by Lewin (1947). The author claimed that changing group standards requires unfreezing the current state, moving to

the new or desired one and, finally, refreezing the newly achieved state. When applying this episodic understanding of change, organizations are moving between states of stability and change. This perspective has been identified as problematic, since it is "premised on the primacy of organizational stability. Whether improving an existing status quo or shifting to a new one, the assumption underlying these models is that the preferred condition for organizations is some sort of steady state" (Orlikowski, 1996, p. 64). Motivated by this criticism, the perspective that we adopt strongly differs from this understanding. We assume that change unfolds continuously, and organizations are, thus, in a constant process of changing (Hernes et al., 2015; Langley et al., 2013; Orlikowski, 1996; Pettigrew et al., 2001; Tsoukas & Chia, 2002; Weick, 1979; Weick & Quinn, 1999; Wenzel & Koch, 2018).

Addressing the second shortcoming, we now review to what extent SME literature has analyzed issues of organizational growth, growth-related challenges or crises.

2.2 Organizational Growth and Growth-Related Challenges of German SMEs

This distinct review is important, since the specific attributes of German SMEs distinguish these from large enterprises and the predominant Anglo-Saxon management model of publicly traded firms (Venohr et al., 2016). Therefore, we first present these unique characteristics, and second, examine existing SME research on the issues of growth, growth-related challenges and crises.

2.2.1 Unique Characteristics of German SMEs

The essential role of SMEs for national economies, such as Germany, and their unique characteristics motivated a rise in SME research (Dobbs & Hamilton, 2007; Herbane, 2010; Mayr et al., 2017; Wiklund et al., 2009). In general, SMEs differ from larger firms in terms of management practices, ownership structures, strategies, resources, organizational design or corporate culture (Audretsch et al., 2018; Keats & Bracker, 1988; Kumar et al., 2012; Venohr et al., 2016).

Many of the unique characteristics attributed to SMEs are portrayed as advantages, that build a strong firm performance. For instance, SMEs tend to be mainly managed by the owner, who often adopts a patriarchal leadership style, that goes along with direct participation of the management in the operating business, and a strong employee loyalty (Berghoff, 2006; Keats & Bracker, 1988; Simon, 1992a). The organizational structure of smaller firms is generally simple, constituted by flat hierarchies and informal, direct communication channels. This ensures flexibility, relatively fast decision-making processes and rapid responses to change

imperatives (Berghoff, 2006; Mintzberg, 1979). Finally, SMEs were found to be more aware of upcoming internal crises than larger companies (Mayr et al., 2017), because practitioners in smaller firms tend to estimate higher danger "due to their sense of urgency out of the limited staff size and a stronger need for higher-level situation surveillance" (Jin, 2010, p. 53).

Besides these general SME attributes, there are several characteristics that distinguish German SMEs from their international counterparts, which further support their strong performance (Audretsch et al., 2018; Katzenbach, 1994; Simon, 1992a). Simon (e.g. 1992a, 1992b, 2009) outlined specific success factors of German SMEs. For instance, German SMEs typically focus on high-quality products adapted to individual customer needs. Therefore, they commonly operate in niche markets with a strong service orientation (Simon, 1992b, 2009). German SMEs also emphasize employing and maintaining a highly qualified workforce. Moreover, they intend to remain widely self-reliant and independent from external investors or R&D capabilities, which results in a limited willingness to enter cooperation (Simon, 1992a, 2009). Furthermore, Germany as a business location nurtures their leading economic position, due to the strong national economy. The latter is facilitated by, amongst other factors, the country's geostrategic location, national policies, and institutions. As a consequence, German SMEs often hold particularly strong export and internationally leading market positions (Audretsch et al., 2018; Simon, 1992a, 2009).

Yet, especially during organizational growth or crises, some of these advantageous characteristics may transform into disadvantages potentially causing a weakened performance or failure (Mayr et al., 2017). For instance, due to their specialization on niche segments, SMEs are generally less diversified, which creates a larger dependence on individual customers (Mayr et al., 2017; Simon, 1992a, 2009). SMEs also tend to be less prepared, and more vulnerable to negative environmental pressures, which may hinder efficient crisis management (Runyan, 1983 as cited in Mayr et al., 2017). Consequently, crises are prone to have a stronger impact on smaller than on larger firms. Furthermore, due to their small size and the fact that SMEs are "more likely to refrain from external financing" (Cyron & Zoellick, 2018, p. 217), their "access to financial and managerial resources is more limited" (Mayr et al., 2017, p. 110). In conclusion, some of the characteristics of German SMEs may be disadvantageous, particularly when coping with organizational growth and growth-related crises. Therefore, we now review SME research on organizational growth, growth-related challenges, and potential crises.

2.2.2 SME Research on Organizational Growth

A well-established and broad sub-stream of SME research focuses on small firm growth (Cyron & Zoellick, 2018; Dobbs & Hamilton, 2007; Keats & Bracker, 1988; Wiklund et al., 2003, 2009). Keats and Bracker (1988) developed a small firm performance model. It depicts the firm's performance and respective growth as an outcome of individual entrepreneurial characteristics, the behavior of the owner, and contextual factors of the task environment. O'Gorman (2001) elaborated on factors that contribute to sustainable SME development. The author illustrated growth as a result of the entrepreneur's strategic choices and structural attributes of the environment. It has also been found that SME growth is often driven by individual motivation of the owner or executive manager (Baum et al., 2001; Wiklund et al., 2003; Wiklund & Shepherd, 2003). Yet, research has also shown that SME managers tend to lack this growth motivation and are rather concerned with the impact of organizational growth on individual workload, employee well-being, or the risk of losing control and autonomy (Wiklund et al., 2003).

2.2.3 SME Research on Growth-Related Challenges and Crises

On the contrary, even though SME research has also addressed challenges arising for SMEs during organizational growth, which at times leads to organizational failure or crisis (Nedzinskas et al., 2013; Ropega, 2011), only little progress on growth-related crises in the SME context has been made.

For instance, there exists some literature on challenges that hinder SMEs in coping with organizational growth. Ropega (2011), for example, related SME business failure during growth and development processes to managerial lack of awareness about "a critical situation in time" (p. 478), and the consequent time lag in implementing the right action to respond to particular growth or development thresholds. Growth for SMEs is, thus, particularly challenging, since smaller companies are generally "exposed to bigger threats because […] they do not have the support of extra finance or resources that larger companies typically possess" (p. 476). Hence, it is crucial for SMEs to "quickly and skillfully perceive symptoms of business crises [in advance] in order to preserve business from bankruptcy" (p. 482). However, despite the fact that SMEs tend to be generally more vulnerable and prone to crises, SME research on crisis management remains scarce (Herbane, 2010; Mayr et al., 2017; Spillan & Hough, 2003). Only recently, progress has been made concerning SME research on crisis management (e.g.

Mayr et al., 2017). Still, we did not find scholarly work focusing on growth-related crises within SMEs, particularly none with a focus on German SMEs.

The review of existing SME research on growth, growth-related challenges and the unique characteristics of German SMEs supports the need for a separate analysis of growth-related challenges in the German SME context. Thereby, we extend the previously identified shortcomings of the academic discourse and conclude: (1) The assumptions that organizational changes are episodic, and that growth-related crises mainly occur at distinct transition points, neglect the subtle emergence of microscopic, continuous changes. (2) The original concept of organizational growing pains and the presented models on organizational development and crises are primarily directed towards larger firms and, thus, widely exclude the SME context. Simultaneously, there exists no focused SME research on growth-related challenges or crises, particularly not in the German SME context. Furthermore, (3) the concept of growing pains and the presented theories do not provide solutions on how to tackle these pains.

Therefore, primarily addressing the first shortcoming, we now present our processual perspective on the emergence of organizational growing pains, and potential growth-related crises. We first establish our understanding of organizational development as a continuous adaptation process to growth. Second, we review literature that builds the base for our processual approach to organizational crises. This perspective contrasts to the rather static view depicted by Flamholtz (1995) and Greiner (1972, 1997), who presented crises as disruptive events occurring at fixed transition points. Within the discussion of our empirical findings, we apply this processual understanding to the German SME context to address the second shortcoming of the existing academic discourse. Lastly, we derive solutions for German SMEs on how to cope with these pains, thereby focusing on the third shortcoming.

2.3 A Process Perspective on Organizational Development

Throughout the past years, scholars have been criticized for adopting different perspectives when studying organizations without interrogating what exactly constitutes an organization (Davidsson et al., 2006; Schoeneborn et al., 2019). Therefore, in this section, we firstly outline our understanding of organizations. Secondly, we present how this process perspective relates to our continuous change understanding.

2.3.1 A Process Perspective on Organizations

Our perspective on organizations is primarily informed by a process view, which has become increasingly salient in the recent discourse (Langley et al., 2013; Tsoukas & Chia,

2002; Wenzel & Koch, 2018). This view opposes the entity perspective, which has been predominantly adopted in previous organizational studies (Schoeneborn et al., 2019).

One of the distinguishing elements of these two views is the contrasting epistemological foundation they are based on. The entity perspective is built on the positivistic assumption that there is one objective truth. In addition, the organization itself and its members are viewed as well-defined and separable entities representing a given context that facilitates the study of organizational activity. Hence, scholarly work following this understanding approaches organizations as given entities and is aimed at explaining how individuals, specifically managers, knowingly create and change the order within the organization they operate in (Hernes et al., 2015; Tsoukas & Chia, 2002).

In contrast, the process perspective is consistent with the epistemological assumptions of social constructionism (Langley et al., 2013). When adopting this epistemological lens while studying organizations, research focuses on "ongoing interactions among different individuals, between individuals and organizations, and between multiple levels across organizations" (p. 9). Accordingly, organizations are viewed as complex systems consisting of interconnected and dynamic relationships among its members. Scholarly work following this orientation aims to uncover the processes by which the social construction of organizational activity occurs, namely collective and individual "language-based processes of cultural interpretation and sense making" (Watson, 2006, p. 56). Some researchers (Gehman et al., 2013; MacKay & Chia, 2013; Tsoukas & Chia, 2002; Wenzel & Koch, 2018) developed this process perspective even further, arguing for a process ontology, which depicts a "world of processes, in which things are reifications of processes" (Langley et al., 2013, p. 4). In our methodology section, we further outline how this processual view is reflected in our ontological foundation of relativism. Our process understanding of organizations is consistent with Weick's (1979) shifted focus from organization to organizing. That is, organizations are not given entities, but rather, constructed by means of ongoing processes of organizing.

Corresponding to this shift from perceiving organizations as given entities to a focus on the processes that construct organizations, Tsoukas and Chia (2002) concluded that "organizations are sites of continuously changing human action, and organization is the making of form, the patterned unfolding of human action" (p. 577). Hence, inherent in human activities of organizing are the mentioned constantly occurring processes of change (Orlikowski, 1996; Tsoukas & Chia, 2002), which are caused by "the reweaving of actors' webs of beliefs and

habits of action to accommodate new experiences obtained through interactions" (Tsoukas & Chia, 2002, p. 567). From this follows, that even stable patterns, which are the envisaged result of organizing activities, are subject to change, because actors continuously accommodate new experiences, that change the patterns within an organization (Hernes et al., 2015; Orlikowski, 1996; Tsoukas & Chia, 2002; Wenzel & Koch, 2018).

2.3.2 A Process Perspective on Organizational Change

Tsoukas and Chia (2002) applied this shifted perception of organizations to organizational change. The authors pointed to the difference between change in organizations and organizational change, whereof the former occurs constantly on a micro-level, while the latter is constituted through a process of institutionalization on a macro-level. Since microscopic changes, that are "local initiatives, improvisations, and modifications individuals engage in" (Tsoukas & Chia, 2002, p. 580), may never be institutionalized, change in organizations not necessarily leads to organizational change. Instead, these ongoing small changes often remain unrecognized until they accumulate into an "empirical observation of difference in form, quality, or state over time in an organizational entity" (Van De Ven & Poole, 1995, p. 512), which potentially translates into organizational change. However, these ongoing small changes are often overlooked in both theory and practice (Tsoukas & Chia, 2002). Therefore, similar to the different understandings of an organization, there exist different perspectives on how change unfolds within a firm. In particular, these understandings can be separated into episodic and continuous (Weick & Quinn, 1999).

As criticized earlier, the static approach of episodic change contradicts our dynamic perspective on organizations, that is, change is inherent in organizing activities and constitutes a continuous process (Hernes et al., 2015; Orlikowski, 1996; Pettigrew et al., 2001; Tsoukas & Chia, 2002; Weick & Quinn, 1999). Still, the commonly perceived need to implement discontinuous change initiatives to reestablish organizational stability (Hernes et al., 2015), illustrates the failure to recognize the constantly occurring sensemaking processes that influence and change organizational activity (Tsoukas & Chia, 2002). Weick and Quinn (1999) advocated, that when acknowledging that change unfolds continuously, the goal of organizations is to enhance their adaptability to react to changing circumstances. Hence, the role of a change agent differs widely when change is understood as a phenomenon that is continuously happening within organizations. In this case, change agents are especially concerned with communication, as this is the medium within which change, triggered by

ongoing sensemaking processes, generally occurs (Ashcraft et al., 2009). The corresponding task of change agents is to "explain current upheavals, where they are heading, what they will have produced by way of a redesign, and how further intentional changes can be made at the margins" (Weick & Quinn, 1999, p. 381).

Yet, Hernes et al. (2015) argued that organizations that are capable of continuously adapting to changing circumstances represent an ideal, which cannot possibly be reached as "organizations do not really ever catch up with, even less surpass, their environments" (p. 118). This idea aligns with Cartesianism, which represents a revised approach to contingency theory (Donaldson, 1987, 2001, 2006). Opposed to the rather static adjustments of traditional contingency theories along distinct structural configurations (e.g. Mintzberg, 1979), Cartesianism suggests that numerous fits exist along a continuous line. Thereby, "repeated incremental changes in contingency and structure" (Donaldson, 2006, p. 22) enable an organization to achieve high performance along a continuum. Hence, we classify Cartesianism as a process model of a continuous organizational development triggered by growth. According to this approach, organizations constantly adapt to contingencies, but never reach a permanent state of equilibrium (Donaldson, 1987, 2001, 2006). This framework represents a disequilibrium theory, which aligns with our understanding of change as a continuous process.

Built on the Cartesian approach to contingency theory, Donaldson (1987) developed the concept of Structural Adaptation to Regain Fit (SARFIT) to explain how the organizational adaptation specifically triggered by organizational growth unfolds along a continuous line. This implies, that organizations achieve higher performance once their structure is in fit with contingencies. Higher performance then causes resource excess, which eventually enables expansion (Hamilton & Shergill, 1992). Expansion, for instance, refers to organizational growth causing an increase in size, which constitutes one central contingency variable (Mintzberg, 1979). Hence, structural fit leads to a higher performance, that might stimulate organizational growth. In turn, this represents a rise of the contingency variable size, which creates a temporary misfit between contingencies and the current structure of the organization (Donaldson, 2006). This misfit is accompanied by a negative effect, namely decreasing organizational performance. This constantly triggers structural changes aimed at re-adapting structure to fit the current contingencies (Chandler, 1962). Thereby, the Cartesian SARFIT model allows to depict an organizational adaptation process as a response to growth along a

continuous line. We argue that this approach may reduce and potentially prevent the emergence of a development gap, and, thus, the rise of organizational growing pains.

Having presented our processual perspective on organizations and growth as triggering microscopic adaptations along a continuous fit line, we now review literature that builds the base for this processual perspective on growth-related crises. Thereby, we intend to transfer our process view to growth-related crises to investigate how growing pains emerge. As a starting point, we draw on Tsoukas and Chia's (2002) prediction that "excessive preoccupation with planned change risks failing to recognize the always already-changing texture of organizations" (p. 579). Due to the widespread understanding that organizational change merely unfolds in an episodic and planned manner, organizations may lack the capability to recognize the need to adapt continuously before major efficiency discrepancies accumulate to a growth-related crisis (Donaldson, 2006; Flamholtz & Hua, 2002; Greiner, 1972, 1997). By doing so, we aim to identify factors along the crisis process that impact organizations in recognizing and responding to emerging growth-related crises, which may provoke and sustain organizational growing pains as symptoms of a persisting development gap.

2.4 A Process Perspective on Growth-Related Crises

The academic discourse on organizational crises is broad and multifaceted, differentiating between crises in terms of forms, causes or manifestations (Doern et al., 2019; Kovoor-Misra et al., 2001). Since a "clear understanding of the attributes of a crisis is crucial for its prediction, management, and control" (p. 77), Kovoor-Misra et al. (2001) distinguished between three crisis forms, that are commonly discussed in the academic discourse. The first, *technological disasters*, are "caused by a combination of failures in the organizational system that finally culminates in a technological failure" (p. 80). Second, *crises of decline* are "caused by internal dysfunctions […] that make it difficult for organizations to respond to technological changes or remain aligned with market expectations over time" (p. 81). Third, *developmental crises* are commonly described as emerging during "the evolution of organizations […] arising at the transition points in an organization's growth" (p. 81), such as depicted in the development model by Greiner (1972, 1997). Kovoor-Misra et al. (2001) presented the latter form of crises as organizational inefficiencies that lead to performance decline.

Another key differentiator refers to the disparity between the understanding of a crisis as an event opposed to a process (Roux-Dufort, 2007; Williams et al., 2017). Research on the former depicts crises as difficult to plan, surprising, and often disruptive events. It focuses on

how to respond to or recover from crises. This research is mainly concerned with the aftermath of a crisis, which has been criticized for being limited to extreme or exceptional events (Roux-Dufort, 2007; Williams et al., 2017). Research on crisis-as-process, on the contrary, focusses on "investigat[ing] processes that may lead to a crisis event" (Williams et al., 2017, p. 735) portraying crises as emerging in different phases, extending the scope beyond exceptional situations (Roux-Dufort, 2007). Thereby, the crisis-as-process approach accounts for "preevent, in-event, and postevent crisis management" (Williams et al., 2017, p. 736).

Regarding these two differentiators of organizational crises, we adopt the processual approach to developmental, that is, growth-related crises. We intend to analyze these crises in a comprehensive manner. Hence, we oppose the assumption that developmental crises merely emerge at static transition points between life-cycle stages (e.g. Greiner, 1972, 1997). Instead, corresponding to our perspective on growth as triggering a continuous progression of microscopic changes along a continuous fit line (e.g. Donaldson, 2006), we align with Williams et al.'s (2017) definition of a crisis. Accordingly, crisis refers to "a process of weakening or degeneration that can culminate in an event that disrupts the actor's (i.e. individual, organization, and/or community) normal functioning" (p. 739). Instead of adhering to the strictly negative connotation of the term, we perceive a crisis as "a critical turning point that has the potential to dissolve or positively transform the business as a whole" (Carmeli & Schaubroeck, 2008, p. 179).

We stipulate that the idea of depicting crises as processes of weakening (Doern et al., 2019; Williams et al., 2017) is closely related to Flamholtz and Hua's (2002) finding, that organizational development gaps gradually cause performance decline. Consequently, we classify organizational growing pains as symptoms of both development gaps and emerging growth-related crises. This identification is crucial for our study, since it was found that in organizational practice, small changes – and thus growing pains – are often overlooked (Tsoukas & Chia, 2002), and eventually accumulate to a growth-related crisis-event (Williams et al., 2017). As a consequence, organizational actors tend to address such disruptive events by means of episodic changes, instead of fostering the organization's capability of continuously adapting to microscopic changes (Dunphy, 1996; Tsoukas & Chia, 2002). This approach widely refers to the before-described approach to crisis as an event.

By adopting a process view on crises, we take the early emergence of growing pains into account. We follow Buchanan and Denyer (2013), who established an ideal six-phase event sequence (Figure 2) of an organizational crisis.

Figure 2

Organizational Crisis as a Six-Phase Event Sequence (adapted from Buchanan & Denyer, 2013)

Phase 1: Pre-crisis or incubation	⇨	Phase 2: Crisis-Event	⇨	Phase 3: Crisis response management	⇨	Phase 4: Invesitgation	⇨	Phase 5: Organizational Learning	⇨	Phase 6: Implementation

To respond to our different research questions, we focus on the first, third, fifth and sixth phase of this model. To examine research questions 1 and 2, namely, whether organizational growing pains exist in German SMEs, and which underlying processes provoke and sustain these pains in the German SME context, we focus on the incubation (phase 1) terminating in a crisis-event, and the crisis response phase (phase 3). During the incubation, we primarily investigate processes that hinder an early recognition of an emerging growth-related crisis. Throughout the response phase, we assess factors that restrict implementing the organizational crisis response, and thereby potentially sustain growing pains. To address research question 3, we analyze organizational learning (phase 5) on how to cope with growth-related crises, and its implementation (phase 6). In the following, we outline the characteristics of the four phases along with factors that influence these.

2.4.1 Factors Restricting the Recognition of the Incubation Phase of Organizational Crises

With regard to the incubation phase, we are concerned with identifying the elements that may hinder an organization from recognizing an emerging crisis and the related organizational growing pains.

Watkins and Bazerman (2003) identified three types of vulnerabilities that prevent organizations from detecting emerging crises, namely psychological, organizational, and political ones. *Psychological vulnerabilities* are errors based on the cognition of the human brain. Accordingly, the brain is eager to only perceive information that is consistent with an individual's existing beliefs. This may lead to a blindness towards crisis triggers that would cause cognitive dissonance. Tripsas and Gavetti (2000) referred to this concept as *cognitive inertia,* which "affects the adaptive intelligence of organizations" (p. 1147), and hinders an effective organizational response, potentially contributing to the emergence of organizational inertia. Managerial cognitive inertia is thereby depicted as strong persisting beliefs, that remain

rigid during the processes of organizational development and learning. The second type of vulnerabilities described by Watkins and Bazerman (2003), *organizational vulnerabilities* refer to silo structures that impede the flow of information to the executive level. As a consequence, it is difficult for managers to recognize an approaching crisis, because the required information is dispersed through different parts of an organization, which filter important details before reporting to the upper level. Lastly, *political vulnerabilities* are caused by inappropriate decision-making processes. For instance, if the information flow from the workforce to the management level is impaired, top-down decisions may be performed without the required data, and, thus, may have adverse effects on the organization's functioning.

The common theme among the above-described vulnerabilities and the notion of cognitive inertia is that these result in a lack of awareness. Awareness has been identified as a prerequisite for individual actors to initiate change processes, and, thus, to respond to a crisis (Chandler, 1962; Ropega, 2011). That is, organizational crises may occur because executives lack awareness, and are not attentive to symptoms of an emerging crisis. In contrast, the rest of the workforce is often more sensitive to these daily disturbances (Doern et al., 2019). Therefore, "businesses need to instill active awareness and vigilance in their workforce so that potential crisis triggers can be recognised and brought to the attention of leaders" (Carmeli & Schaubroeck, 2008, p. 178) along with the need for managers to "refine their sensitivity to be able to perceive subtle differences" (Tsoukas & Chia, 2002, p. 578).

2.4.2 Restricting Effect of Resistance to Change on Organizational Crisis Responses

Not all challenges and events, that may have an adverse effect on organizational functioning, are predictable during the incubation phase of an emerging crisis. Thus, it is important to analyze how businesses respond once a crisis culminates in a disruptive event. Even though crisis triggers may originate from inside and outside, it must be noted that "how organizations respond is endogenously conditioned" (Tsoukas & Chia, 2002, p. 578). That is, the organizational response to a crisis-event is influenced by organizational actors' sensemaking processes.

Various explanations exist, why organizational actors fail or lag in responding appropriately to a change imperative (e.g. Chandler, 1962; Hannan & Freeman, 1984; Schreyögg & Sydow, 2011). In the context of growth-related crises, we argue that this change imperative is triggered by the culmination of growing pains in a disruptive crisis-event, manifested in performance decline (Chandler, 1962; Donaldson, 2006; Flamholtz & Hua,

2002). Hence, we stipulate, if the organizational response to a crisis-event is restricted or delayed, the development gap may broaden, which, in turn, sustains growing pains.

Resistance has been identified as a main reason for a restricted or delayed implementation of responses to change imperatives (Pardo del Val & Martinez Fuentes, 2003; Watson, 1971). Thereby, resistance generally refers to any form of inertia sustaining organizational rigidity and, thus, comprises "all forces which contribute to stability in personality or in social systems" (Watson, 1971, p. 745). Scholars have focused on various aspects of resistance to change, such as the occurrence of resistance on distinct levels, namely the individual, the organizational or the institutional level (Dent & Goldberg, 1999; Hannan & Freeman, 1984; Oreg, 2003; Watson, 1971). In the following sections, we portray common determinants of resistance on these distinct levels, which hinder organizations in implementing their response.

2.4.2.1 Determinants of Resistance to Change on the Individual Level. There exists a broad research stream investigating why individuals resist to change (Oreg, 2003). This research, for instance, found that individual resistance to change often occurs, when changes benefit the organization, but do not comply with individual interests. However, even when organizational benefits align with individual objectives, certain individuals oppose changes more than others, due to varying degrees of personal adaptability. Oreg (2003) reviewed existing literature on individual resistance and clustered personal traits as sources of resistance into six groups, which have most commonly been discussed in the academic discourse.

Accordingly, individuals are prone to resist, (1) when they assume that a change initiative imposed by others compromises control over their individual situation. This can be counteracted by increased employee participation (Conner, 1992 as cited in Oreg, 2003; Sagie & Koslowsky, 2000). (2) Cognitive rigidity, which, for instance, is manifested in dogmatism and a closed mindset, is another personal trait that implicates resistance (Lau & Woodman, 1995; Oreg, 2003). (3) A lack of psychological resilience hinders individual adaptability, built on the perception of stress, directly associated with change (Judge et al., 1999; Oreg, 2003; Sagie & Koslowsky, 2000). Furthermore, (4) individuals may lack the ability or willingness to adjust to new situations (Kanter, 1985; Oreg, 2003). Individual resistance is also linked to (5) a weaker individual need for new stimuli (Goldsmith, 1984 as cited in Oreg, 2003), and (6) a personal "reluctance to give up old habits" (Oreg, 2003, p. 681).

The common understanding of resistance to change as a "decidedly one sided" (Ford et al., 2008, p. 362) view, in which change agents are depicted as "victims of […] dysfunctional responses of change recipients" (p. 362), has been criticized. The concept has been claimed to ignore the change agent's active role in constructing the reality by sensemaking processes, interpreting and labeling dysfunctional action or inaction as resistance. Consequently, Ford et al. (2008) expanded the dominant understanding by illustrating resistance to change as a "self-fulfilling label given by change agents […] to make sense of change recipients' reactions to change" (p. 363). The authors argued that change agents may, in fact, contribute to the emergence of the reactions labelled as resistance. Furthermore, the authors stressed that resistance can also be perceived as a positive contribution to change. Therefore, we view individual resistance as a two-sided phenomenon, constructed by both the recipients' and the change agents' behavior and sensemaking processes. We follow Ford et al.'s (2008) conclusion that the "change agent's job […] must include responsibility for the relationship with recipients, as well as the tactics of change implementation. This includes taking charge of change dialogues to include inquiry that gets to the root of apparently resistive behaviors" (p. 373).

Consequently, personal traits and the change agent's role play a pivotal role in explaining the emergence of individual resistance. However, resistance not only arises on an individual level, but also on the organizational and the institutional level (Watson, 1971).

2.4.2.2 Determinants of Resistance to Change on the Organizational Level. In the following paragraphs we focus on two distinct, yet, interrelated concepts, that explain the rigidification process during organizational growth, namely, *path dependence* and *structural inertia*. Both concepts respectively restrict organizational actors' agency by delimiting the action scope or decelerating the implementation speed of organizational responses.

The notion of path dependence was established by David (1985) and Arthur (1989), who illustrated how "inefficient technologies […] become locked in as industry standards" (Stack & Gartland, 2003, p. 487). This original idea has been extended to the organizational level. Organizational path dependence describes a process of rigidification, that restricts organizational agency by past decisions or actions and potentially results in a lock-in (Schreyögg & Sydow, 2011; Vergne & Durand, 2010). However, this concept has been criticized for its lack of emphasis on the active role of organizational actors in constructing reality (Garud et al., 2010), which forms a central part of our process perspective (Hernes et al., 2015; Orlikowski, 1996; Tsoukas & Chia, 2002). In response to this criticism, Garud et al.

(2010) provided a revised approach to path dependence, which the scholars termed *path creation.* This concept stresses the active role of individuals in mobilizing past decisions to create new paths. Similarly, Sydow, Windeler, Schubert, and Möllering (2012) found that paths can be broken and "extended by powerful actors" (p. 930). The key difference between path dependence and path creation, extension or breaking refers to the distinct degrees of individual agency.

By limiting the available action scope, path dependent processes were stipulated to eventually cause structural inertia (Schreyögg & Sydow, 2011). Still, Schreyögg and Sydow (2011) clearly distinguished between the concepts: "while structural inertia may well be an outcome of a path-dependent process, not every kind of inertia is caused by [...] path-building processes" (p. 330). The two concepts are closely related, yet, vary in their dimensions and underlying assumptions. That is, path dependence is mainly built on a self-reinforcing mechanism (i.e. meso) of past events and decisions (Vergne & Durand, 2010). On the contrary, structural inertia represents a macro phenomenon, in which organizations are driven towards creating rationally reproducible structures to gain public legitimacy. Hence, structural inertia emerges as the result of "blind structural reproduction" (Schreyögg & Sydow, 2011, pp. 329-330) driven by the external demand for accountability, which leads to an "(assumed) necessity of routinizing and institutionalizing organizational activities in order to secure reliability and accountability" (p. 329). Yet, the "properties that give some organizations reproducibility also make them highly resistant to structural change" (Hannan & Freeman, 1984, p. 155), that is, prone to the rise of inertia.

The original concept of structural inertia, established by Hannan and Freeman (1984), emphasizes the impact of the rigidification process as evidenced in a slow speed of response. In their concept, the scholars depicted organizations as collective actors "decoupled from individual intentions" (p. 151). This original perception of organizations as being decoupled from individual actions has been criticized, which particularly applies from our social constructionist perspective. Schwarz (2012), for instance, claimed "that [traditional] structural inertia theory neglects the internal influences on organizational adaptation" (p. 547), and, thus, overlooks stability that is deliberately caused by subjective sensemaking of decision makers. To address this criticism, Schwarz (2012) developed a modified model, that he termed *deliberate structural inertia.* The latter explores the rationales of central "decision makers in purposely endorsing structural inertia during organizational change" (p. 547). The scholar

stressed the active choice of action by depicting structural inertia as derived from a decision-maker's "choice, rather than a forced (population-level) adaptation" (p. 549). This observation broadens the scope of the original concept that was mainly driven by external macro forces. In contrast, this revised approach includes internal micro forces on the emergence of inertia.

In conclusion, we align with the basic ideas of the rigidification processes depicted by both path dependence and structural inertia theory, limiting an organizational actor's action scope or decelerating the speed of the crisis response. Since we assume that organizations and change represent multi-dimensional phenomena, we take both notions, that differ particularly regarding their underlying dimensions, into account for our analysis. We consider that path dependence describes resistance on the meso-level driven by self-reinforcing mechanisms. In turn, structural inertia explains organizational rigidification (i.e. meso) by the interplay of micro and macro pressures, namely the internal drive for external legitimization. Finally, as we oppose the disregard of individual agency and the perception of an organization as being decoupled from individual action, we align with the above-mentioned modified versions of the concepts, recognizing the impact of individual actions (Meyer & Schubert, 2007; Schwarz, 2012; Sydow et al., 2012). Thus, we acknowledge that the agency in implementing responses to growth-related crises may be limited due to both path dependence and structural inertia.

2.4.2.3 Determinants of Resistance to Change on an Institutional Level. Besides determinants of resistance on the individual (micro) and organizational (meso) level, there exist institutional (macro) determinants of resistance to change. These affect an organization's action scope, and, thus, the speed of response to changing contingencies. We argue that this may further impact or exacerbate the emergence of development gaps and the consequent rise of growing pains. For example, institutional isomorphisms show such a stabilizing effect on organizations (Meyer & Schubert, 2007).

This indicates that, even though an organization's response to a crisis is endogenously conditioned (Tsoukas & Chia, 2002), there are also exogenous pressures that have an impact on a firm's agency. According to DiMaggio and Powell (1983), these pressures may, for instance, arise on the *organizational field level*, which comprises "organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (p. 148). In the initial stage of such organizational fields, actors tend to be diverse, but over time they increasingly converge towards each other. This process of homogenization

is referred to as *institutional isomorphism*, which arises in three forms, namely "coercive, mimetic, and normative" (p. 147) pressures. The paradox inherent in these isomorphisms is that organizations become increasingly homogeneous as they intend to create change. The first term, *coercive isomorphism*, describes "formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function" (p. 150). The second, *mimetic isomorphism*, arises due to uncertainties organizations face within their environment. To cope with emerging uncertainties, organizational actors attempt to imitate competitors' processes, which already gained legitimacy within an organizational field. Finally, *normative isomorphism* refers to processes and practices that are established as the standard, and passed on among members of the same occupational group. Consequently, organizational activity within organizational fields becomes gradually homogenous, as organizations aim to reduce uncertainty and gain legitimacy (DiMaggio & Powell, 1983). This, in turn, may show a delimiting effect on a single organization's agency, and its ability to respond to growth.

Overall, we conclude that there exist several restricting factors during the crisis response phase. We depicted these restrictors as determinants of resistance to change on an individual, organizational and institutional level. These factors may respectively limit the organization's action scope in responding to a growth-related crisis-event.

2.4.3 Implementation of Organizational Learning Resulting from Crises

The last two phases of the crisis process, which we focus on, organizational learning and its implementation, describe how actors within an organization utilize the experience acquired throughout the crisis process to enhance the company's adaptability. This ongoing process fosters the *resilience* of an organization, which is defined as the ability to "respond to adversity or recover more quickly following adversity, to develop more 'unusual' ways of doing business and bounce back" (Doern et al., 2019, p. 403).

In particular, Toft and Reynolds (2005) differentiated between active and passive organizational learning. The former describes the mere identification of lessons, while the latter also comprises the implementation of corresponding organizational changes. An important element of this process is the ability to unlearn old behaviors and instead create novel solutions to cope with emerging situations (Carmeli & Schaubroeck, 2008; Quinn & Cameron, 1983). The importance of unlearning is supported by prior crisis research (Madsen, 2009; Madsen & Desai, 2010), which determined that the learning process enabled by failures is more effective

than the one triggered by success. Accordingly, active organizational learning may prevent the emergence of future crises, because the workforce learns to react more quickly to changing environmental conditions and, in turn, avoids accumulating events with adverse effects (Carmeli & Schaubroeck, 2008; Doern et al., 2019; Madsen, 2009; Madsen & Desai, 2010; Quinn & Cameron, 1983).

However, scholars examining organizational learning have also identified factors that inhibit this process (Lawrence, Mauws, Dyck, & Kleysen, 2005; Schilling & Kluge, 2009; Smith & Elliott, 2007). Specifically "rigid beliefs and assumptions; communication problems; denial of expertise; disregard for outsiders; focus on narrowly defined problems; denial of threat; and reluctance to embark on significant culture change" (Buchanan & Denyer, 2013, p. 213) have been found to restrict organizational learning from crises.

In conclusion, organizational growing pains may emerge within distinct phases along the growth-related crisis process. During the pre-crisis period, which comprises the incubation phase of a crisis, growing pains may rise subtly as symptoms of an increasing development gap (Flamholtz, 1995; Flamholtz & Hua, 2002), particularly due to the lack of an early managerial awareness (Buchanan & Denyer, 2013; Carmeli & Schaubroeck, 2008; Ropega, 2011; Watkins & Bazerman, 2003). Once these pains culminate to a disruptive crisis-event (Donaldson, 2006; Flamholtz, 1995; Roux-Dufort, 2007; Williams et al., 2017) organizational actors are prompted to respond to this crisis (Buchanan & Denyer, 2013). Hence, we position the implementation of the crisis response and the organizational learning phase within the post-crisis period. That is, organizations respond to growth-related crisis-events to tackle or reduce growing pains by implementing organizational changes to decrease the underlying developmental gap (Donaldson, 1987, 2006; Flamholtz, 1995; Flamholtz & Hua, 2002). When this response is delayed due to various determinants of resistance, developmental gaps may persist and sustain growing pains. Finally, through organizational learning and its implementation, organizations can prevent or reduce the emergence of a growth-related crisis (Buchanan & Denyer, 2013). By assessing and linking these selected phases of an organizational crisis process to theories that explain the emergence of organizational growing pains, we created the foundation to discuss our findings.

Overall, the review of existing literature on SME research, developmental studies, and crisis management, provides us with theoretical explanations for the existence (research question 1) and persistence (research question 2) of organizational growing pains. In turn, these

explanations constitute starting points to respond to research question 3. However, as claimed throughout the previous chapters, we identified specific shortcomings of the academic discourse, namely that (1) the original concept of organizational growing pains introduced by Flamholtz (1995) and related theories are mainly based on an episodic change understanding and a crisis-as-event approach. Thereby, these theories neglect the subtle emergence of growth-related problems, that risk culminating in a crisis-event. (2) Most of the presented concepts about growing pains, growth-related challenges and crises are directed towards large firms, and SME research widely neglected the issues of growth-related challenges and crises. (3) The reviewed literature focused on the emergence of growth-related challenges instead of deriving solutions on how to tackle or reduce these.

Hence, with our empirical study, we aim at addressing the first two shortcomings by responding in more detail to research questions 1 and 2. That is, we intend to assess the applicability of the existing theoretical concepts to the German SME context. Thereby, we follow a holistic, processual approach to both organizational development and growth-related crises, focusing on underlying processes of the subtle emergence of organizational growing pains. To address the third shortcoming, we respond to research question 3, identifying solutions on how German SMEs can tackle or reduce organizational growing pains.

3. Methodology

In this chapter, we outline our methodology that builds the foundation of our study addressing the identified shortcomings of the present academic discourse. We intend to investigate the (1) existence of organizational growing pains in German SMEs, the (2) underlying processes that provoke and sustain these pains, and (3) to derive learnings from successfully growing German SMEs on how to cope with and potentially prevent these pains. To explain our methodological and theoretical choices, we reflect on our underlying philosophy of science, followed by a description of the applied research design. Thereafter, we present our data collection, including our approach to sampling, and analysis methods, before reflecting on the quality of our research design.

3.1 Philosophy of Science

In this section, we reflect on the ontology and epistemology underlying our study to illustrate how these are related to the processual perspective on organizations which we applied to examine the phenomenon of organizational growing pains. Thereby, we explain our role as researchers including how it impacts our approach along with the resulting findings.

Starting with the ontology, our research is based on the implications of relativism, which stipulates that many truths exist. That is, reality is not detached from humankind, but rather, co-constructed by human minds and processes of communication (Easterby-Smith et al., 2015). Thus, what exactly is considered reality depends on individuals' subjective perception of their experiences and how they make sense of them. In accordance with this understanding of being, we follow the implications of social constructionism, which is based on the idea that an individual's experience of reality is influenced by the wider society and its socialization processes (Saunders et al., 2016). To acquire knowledge about these different perceptions of truth, social constructionism positions the researcher as a part of the observed situation. The objective of the researcher is to provide an explanation of the experienced situation in order to gain a better understanding of it (Easterby-Smith et al., 2015). Accordingly, we are aware that our understanding of the analyzed situations represents one of many truths. That is, our results are influenced by our subjective interpretation of our empirical data. Therefore, we incorporated several elements in our research design aimed at ensuring the quality of our study, which we present in the subsequent sections.

The implications of our adopted relativist perspective differ widely from the realist standpoint, which proposes that there is only one truth that can be objectively assessed. Therefore, the researcher must stay detached from the object of study (Crotty, 1998). It is important to note, that these ontologies are not superior to one another, but aim at pursuing the same objective, namely, to provide a valid explanation of the studied setting (Latour, 1988).

For our study, we chose to adhere to the implications of relativism, as we believe that in order to grasp an object of study, it must be analyzed in conjunction with its situational context comprising the social processes that co-construct reality (Easterby-Smith et al., 2015). Hence, the correspondent epistemology also influences the understanding of our object of study, namely an organization. In contrast to the positivist assumption that organizations are given entities, we draw from the premise that organizations are indeed socially constructed by means of human sensemaking and communication processes (Tsoukas & Chia, 2002).

By outlining our reflections on the ontological and epistemological foundations of our study, we aimed at providing transparency concerning our position as researchers in relation to our object of study. In addition, these underlying reflections that led us to adopt a processual perspective on organizations, shaped our methodological choices (Saunders et al., 2016).

3.2 Research Design

Based on the epistemological foundation of social constructionism, our research design follows a qualitative approach. As Easterby-Smith et al. (2015) noted, qualitative data cannot merely be collected, but rather, it requires a research design specifically developed to craft this type of data. Hence, the subsequent sections are aimed at illustrating the steps we applied to craft the data required to answer our research questions.

More specifically, we applied a hybrid qualitative approach to answer the three research questions. Depending on the extent to which we were able to respond to each research question by reviewing literature on organizational growth, our research approach transitioned from a widely abductive to a gradually more inductive approach. Corresponding to voices criticizing the limitation of academic knowledge on the process of organizational growth (Davidsson et al., 2006), existing research provided varying levels of applicable explanations for each of our research questions. This led us to apply a widely abductive research approach to answer research question 1, which we were mainly able to answer based on prior scholarly work. Research question 2, we were able to partly respond to by means of concepts and explanations that the academic discourse provided. Thus, we answered this research question in a partly abductive and partly inductive manner. Yet, as identified before, the reviewed literature was mostly directed towards larger firms. This motivated our focus on the German SME context. Therefore, related to research question 1 and 2, we intended to refine existing theories by testing their applicability to the German SME context.

This literature served as a starting point to address research question 3. However, we also identified the lack of existing studies to provide theoretical explanations and, thus, to explicitly discuss how German SMEs can tackle and eventually prevent growth-related crises and the emergence of growing pains. To answer research question 3, we applied a widely inductive approach with a focus on gaining a rich understanding of how companies make sense of organizational growth and potential challenges. Moreover, we intended to assess how firms cope with the negative effects of growth.

3.2.1 Grounded Theory as a Hybrid Research Design

To combine abductive and inductive research methods, we followed the implications of a revised approach to grounded theory, which "starts with a systematic, inductive approach to collecting and analyzing data to develop theoretical analyses" (Charmaz, 2008, p. 155). In a later stage, namely the data analysis, this approach "transition[s] from 'inductive' to a form of

'abductive' research, in that data and existing theory are now considered in tandem" (Gioia et al., 2013, p. 21).

To apply this hybrid research design we did not strictly adhere to the original model of this approach (e.g. Glaser & Strauss, 1967; Strauss & Corbin, 1990), but rather to the revised versions presented by Charmaz (1996) and Gioia et al. (2013). These comprise modifications that mainly concern the relation between the emergent theory and the collected data. While the original approach assumes that the theoretical categories are merely inherent in the data, Charmaz (1996) assigned an active role to the researcher in the generation of the categories. This is consistent with our social constructionist epistemology, which positions the researcher as an active part of the studied environment. That is, "grounded theorists attempt to use their background assumptions, proclivities and interests to sensitize them to look for certain issues and processes in their data" (p. 32). However, as stressed by Gioia et al. (2013), we intentionally avoided "knowing the literature in great detail [in the early stage of our study], because knowing the literature intimately too early puts blinders on and leads to prior hypothesis bias (confirmation bias)" (p. 21). Being aware of our potential bias due to our a priori knowledge, we intended to delimit the impact thereof, by focusing on the expressions and perceptions of the participants.

By analyzing these, we engaged in *concept development* rather than theory development (Gioia et al., 2013). That is, we were concerned with "a more general, less well-specified notion [of theory] capturing qualities that describe or explain a phenomenon of theoretical interest" (p. 16) as a basis to make sense of organizational realities. Accordingly, consistent with our epistemological foundation of social constructionism, grounded theory represents an interpretive approach, which "seeks to learn how […] [people] construct their experience through their actions, intentions, beliefs and feelings" (Charmaz, 1996, p. 30). We aimed at acquiring insights from individuals that experience or have experienced organizational growth and potentially growth-related crises within the organization they are part of. Therefore, the core element of our study comprises semi-structured interviews "to obtain both retrospective and real-time accounts by those people experiencing the phenomenon of theoretical interest" (Gioia et al., 2013, p. 19). Therefore, instead of working with a large sample size based on random selection, we focused on the in-depth analysis of selected cases.

3.2.2 Multiple-Case Research Design

Yin (2018) argued that to answer our types of research questions which include interrogating how mid-tier companies can tackle growing pains, the case method is especially fruitful, as it facilitates obtaining profound insights into the object of study. Related thereto, we align with the interpretative sensemaking approach to case studies, which "seeks to understand the particular rather than generate law-like explanations" (Welch et al., 2011, p. 747). This approach is consistent with our epistemological foundation of social constructionism, as it positions the researcher within the studied environment, which opposes the detached researcher perspective prescribed by positivism.

More specifically, we chose to apply a multiple-case design for our study. Hence, our data is not only assembled by one organization, but five case organizations. Moreover, Yin (2018) stipulated that multiple-case studies may follow a holistic, meaning that only one unit within a case is analyzed, or an embedded approach, which looks at several sub-units within a case. To study the phenomenon of growing pains within organizations, we decided to incorporate two distinct units of analysis. This embedded multiple-case design allowed us to perform cross-case and within-case analyses (Yin, 2018) to examine whether growing pains are perceived differently within the mentioned sub-units of an organization. In that regard, our objective was to gain profound insights, which is why we chose to focus on crafting qualitative data within a purposefully compiled sample of five organizations.

3.3 Data Collection

3.3.1 Design of Semi-Structured Interviews

In order to respond to our research questions, we intended to "understand the constructs that the respondents use as a basis for their opinions and beliefs about […] [the] particular matter" (Easterby-Smith et al., 2015, p. 135). To gain this rich data on subjective perceptions, we conducted semi-structured interviews, that are "focused on particular themes; […] [yet] neither strictly structured with standard questions, nor entirely 'non-directive'" (Kvale, 2007, p. 12), thereby ensuring both flexibility and guidance.

As the foundation of our data collection, we created an interview guideline directed towards distinct research questions. We followed Gioia et al.'s (2013) advice to "make sure that [the guideline] is focused on the research question(s), that it is thorough (i.e., tries to anticipate related issues about which we should ask)" (p. 19). We furthermore clustered this guideline into five topical blocks (Kvale, 2007), namely "Block 1: Administrative", "Block 2: Context |

Personal & Professional Background", "Block 3A: Content | Growth – Challenges & Opportunities (general)", "Block 3B: Content | Growth – Challenges & Opportunities (addressing specific interviewees)", and "Block 4: Debrief" (see Appendix A). Block 1 and 4 framed our interviews, entailing briefing and debriefing, in which we informed the participants about the overall process and purpose, and encouraged them to respond as elaboratively as possible (Kvale, 2007). Block 2, 3A and 3B were directed towards gaining insights into the nature of the focal phenomenon. In particular, Block 3B was adjusted to individual participant's position.

To design the outline of our interview guideline, based on Gioia et al. (2013), we avoided "leading-the-witness questions" (p. 19). We initially defined mandatory question sets and allocated these into distinct content blocks (Kvale, 2007). We constantly revised the guideline throughout the data collection process by re-adjusting questions. Besides mandatory questions, we defined optional or alternative questions, which we posed depending on the ongoing interview progress. Additionally, we adapted the questions of Block 3B according to the participants' responses. For instance, when a participant categorized a certain organizational development as negative in a previous response, the follow-up question was adjusted, for example, questioning what specifically constituted those negative aspects. Follow-up questions were applied throughout the interviews. This encouraged elaboration to gain more in-depth knowledge about a statement (i.e. specifying and probing questions) or allowed confirming the correct understanding and interpretation (i.e. interpreting questions) of a notion (Kvale, 2007). Since all participants were native German speakers, it must be noted, that we solely applied the German version to guarantee a natural conversation, so that participants felt comfortable and established trust (Easterby-Smith et al., 2015). Accordingly, we translated all direct quotes included in our analysis from German to English.

We now present our approach of sampling suitable case companies, and individual interview participants within the case companies.

3.3.2 Sampling of Case Companies and Interviewees

In regard to our sampling method we followed Robinson (2014), who presented a four-point approach to sampling for qualitative research based on interviews. This approach comprises definitions of the sample universe, size, strategy, and sourcing, that we elaborate on in terms of both sampling of case firms and individual participants.

3.3.2.1 Sample Universe. The *sample universe* refers to the study population, that is constituted by means of inclusion and exclusion (Robinson, 2014). In our research, the population comprises all German SMEs that experienced organizational growth. On the company level, we identified the quantitative SME definition of the Institute for SME Research Bonn (i.e. IfM Bonn), that classifies a maximum number of 500 employees and a maximum annual revenue of 50 million Euro as central inclusion criteria for our case companies (IfM Bonn, 2020a). To address our research focus on growth-related challenges, we furthermore set a minimum annual revenue of 10 million Euro as an additional inclusion criterion. This was done to ensure that the case companies have already experienced considerable organizational growth, as evidenced by reaching this minimum revenue.

Since we intended to grasp diverse and potentially opposing views on growth and growth-related challenges, we identified two distinct individuals per case company in terms of their roles, particularly differentiating between management and non-management positions. Since we aimed at investigating growth over time, we considered the employment period as an additional selection criterion. We thereby referred to the relative employment period of the individual in relation to the company's age, since the age of the case firms varied largely.

3.3.2.2 Sample Size. We followed Guest, Bunce, and Johnson (2006), who classified an approximate sample size of six to twelve individual participants as sufficient in qualitative research to cover the vast majority of codes emerging when analyzing qualitative data. Accordingly, we pre-determined a sample size of ten individual participants as approximate target for our study. Yet, based on our exploratory approach we did not set this as an a-priori fixed sample size, but instead iteratively decided on whether additional samples added value to our data (Robinson, 2014). Once additional samples did not create additional value, which refers to the "point in data collection and analysis when new information produce[d] little or no change to the codebook" (Guest et al., 2006, p. 65), a level of saturation was reached. We observed that our data had reached a level of saturation, once we attained a sample size of ten individual participants, which translated into a sample size of five on the company level.

3.3.2.3 Sample Strategy. To engage in concept development (Gioia et al., 2013), our goal was not to test the generalizability of a theory, which would require random sampling to represent the entire study population. On the contrary, "purposive sampling strategies are non-random ways of ensuring that particular categories of cases within a sampling universe are

represented in the final sample of a project" (Robinson, 2014, p. 32). This sampling method allows to gain particularly rich and insightful data required for concept development.

On the company level, as a first step of our sampling strategy, we created a random list of German SMEs. We did so by applying search functions of the German Chamber of Commerce and Industry (i.e. IHK) to ensure the compliance with the above-mentioned SME definition in terms of employee numbers. Once this data base randomly created a list of firms, in the next step, we verified, whether the firms fulfilled the criterion of an annual revenue between 10 and 50 million Euro, and, thereby, purposefully delimited the number of case companies. To validate the compliance with this criterion we referred to data on annual revenues publicly available on the Bundesanzeiger, the official website of the German Federal Ministry for Justice and Consumer Protection, and on company websites. In regard to selecting the case companies, we emphasize that an entirely random selection process, which "in practice […] is virtually impossible" (Guest et al., 2006, p. 61), is neither feasible nor suggested for exploratory qualitative studies (Robinson, 2014). As a third step, after conducting the first interviews, we selected additional case companies applying a *snowball sampling* strategy, built on recommendations by interviewees. This led to chains of referrals, which we then evaluated according to the inclusion criteria presented before. Although starting from a random sampling strategy, we increasingly followed a purposive sampling approach on the company level.

On the individual level, we pursued a purposive sampling strategy, since we assumed "that certain categories of individuals may have a unique, different or important perspective on the phenomenon" (p. 32). Our assumption that findings may vary between individuals of the non-management and the management level was based on our a-priori knowledge and research. We chose to incorporate these two distinct analysis units in our research design to support our assumption and identify potential differences or similarities between these units. Therefore, we selected suitable individuals on the management and the non-management level, built on purposeful selection (Light et al., 1990). This distinction between non-management and management is particularly relevant for the subsequent chapter, in which we present our data analysis and findings indicating the respective levels by adding the note *employee* or *manager* after direct quotes.

3.3.2.4 Sample Sourcing. By *sample sourcing* Robinson (2014) referred to "matters of advertising, incentivizing, avoidance of bias, and ethical concerns pertaining to informed consent" (p. 25). Our approach to advertising and incentivizing was generally directed towards

management. Once we identified a potential case firm that complied with our inclusion criteria, we approached the company directly, primarily addressing managers. This approach was beneficial, since we identified managers as potential gatekeepers in regard to granting access to interview partners (Devers & Frankel, 2000). Correspondingly, we incentivized management by offering an executive summary of our key findings, to motivate managers to encourage further participation (Robinson, 2014). Thus, managers championed our study in identifying and recruiting the second interviewee, which then allowed us to gain access to participants on the non-management level. Finally, we ensured to reduce the impact of interviewee biases on our findings by providing only minimum information on our study focus beforehand, and avoiding to ask leading questions (Gioia et al., 2013). We limited ethical concerns by ensuring anonymity to all participants, and informing participants upfront about "the study's aims, of what participation entails, of its voluntary nature, of how anonymity is protected […] [to] help them reach an informed, consensual decision to participate" (Robinson, 2014, p. 35).

3.3.3 Presentation of Sample Companies and Interviewees

Based on the presented sampling method, we conducted ten semi-structured interviews with participants of five case companies, with a duration of 1 to 1.5 hours. Five participants were employed in positions on the non-management level across various departments, such as human resources, administration, sales or controlling. The other five interviewees held positions on the top-management level, representing the owner or executive manager of the firm. Thereby, our sample on the individual level was purposefully selected heterogeneously to investigate the focal phenomenon from versatile personal perspectives and gain an in-depth understanding (Robinson, 2014).

On the company level, our sample included firms operating in diverse industries, such as IT service, clothing, consulting, and food manufacturing. Our company sample was characterized both by homogeneity, fulfilling our inclusion criterion of growth-experienced SMEs, and by heterogeneity in respect to the represented industries (Robinson, 2014). As illustrated in Table 3, the case firms furthermore varied regarding the employed workforce, that comprised between 60 and 200 employees, and annual revenues, reaching from 10 to 47 million Euro in 2019. Finally, the respective growth rates varied considerably, which was evident from the differing firm ages covering a range from 10 to 58 years.

Table 3

Overview of Company Information

Case Company	Industry	Number of Employees (2019)	Revenue 2019 (in mil. €)	Age (in years)
A	IT Service	200	22	58 (est. 1972)
B	IT Service	120	17	27 (est. 1993)
C	Clothing and apparel	73	47	14 (est. 2006)
D	Food manufacturing	70	12	22 (est. 1998)
E	Strategy consulting	60	10	10 (est. 2010)

Having presented our data collection method, we now turn to describing our methods on how we analyzed this data, following the revised approach to grounded theory.

3.4 Data Analysis

To develop a grounded theory model from our primary data, the analysis was predominantly informed by Charmaz (1996, 2008) and Gioia et al. (2013). In particular, the initial coding followed the implications of the former while the synthesis of *second order themes* and *aggregate dimensions* was based on the approach outlined by the latter.

Since we transcribed the interviews in a timely manner after conducting these, we were able to start coding the first transcripts while we were still collecting more data. This facilitated an ongoing adjustment of our interview guideline to refine our questions with an increasing focus on the evolving codes (Gioia et al., 2013). To establish these, we firstly started coding our transcripts individually line-by-line (Charmaz, 1996). The codes evolving from this first order analysis were primarily informed by the wording used by the research participants (Charmaz, 1996, 2008; Gioia et al., 2013). Thereby, this coding strategy facilitated an initial detailed understanding of our data.

As both researchers performed the line-by-line coding independently, the constant and continuous cross-checking of the results facilitated mutual discussions on differing interpretations of specific parts of our data. As a result of these discussions, we were able to progressively establish common ground by developing unified in vivo first order codes (Charmaz, 1996). By reconciling differing interpretations (Gioia et al., 2013) we were able to progressively condense the large variety of codes to a more manageable number of 34 unified first order codes by the end of the data collection. This process was further facilitated by coding the transcripts in distinct Microsoft Word documents and merging the files from both researchers to allow comparing the results and detect similarities and differences. Once

agreement was reached, we transferred the quotes along with the respective codes to a Microsoft Excel sheet to enable an easier navigation throughout, and organization of the collected data.

As a next step, we identified relations among these codes to obtain a first understanding of the narrative our data was telling. This identification of connections and discrepancies also served to further condense the obtained first order codes into second order themes. Hence, while still moving back and forth between data collection and data analysis, in this stage, "we also […] [began] cycling between emergent data, themes, concepts, and dimensions and the relevant literature, not only to see whether what we are finding has precedents, but also whether we have discovered new concepts" (Gioia et al., 2013, p. 21). This process enabled us to increase the extent of abstraction towards a second order analysis, which comprised establishing 19 themes that were based on "researcher-centric concepts, themes, and dimensions" (p. 18). Accordingly, throughout this second order analysis, the approach changed from an inductive data-driven analysis to a rather abductive research, as both data and relevant theory from literature were jointly fed into the analysis (Alvesson & Kärreman, 2007). Until this stage, we attempted to maintain an "enforced ignorance of the literature" (Gioia et al., 2013, p. 21) to prevent indulging in a confirmation bias.

Once a structure of first order codes and second order themes was established and the ongoing data collection did not result in additional codes or other modifications of this structure, we recognized that we reached saturation of our data set (Guest et al., 2006). As a final step, we intended to distill the second order themes into aggregate dimensions (Gioia et al., 2013). As a result, we established 6 of these dimensions by identifying further similarities and differences within the second order themes of our data set.

Through organizing our data along with the established 34 codes, 19 themes, and 6 aggregate dimensions by means of a Microsoft Excel sheet, we were able to create a detailed data structure (Appendix B). This static picture, in turn, enabled the development of a "grounded theory model […] that shows the dynamic relationships among the emergent concepts that describe or explain the phenomenon of interest and one that makes clear all relevant data-to-theory connections" (Gioia et al., 2013, p. 22). To further analyze this phenomenon of interest, both researchers independently performed an in-depth analysis of each code, theme, and aggregate dimension, to engage in mutual discussions on the findings.

3.5 Quality of the Applied Qualitative Research Design

Transparency and ongoing reflection about the applied research design are considered central quality drivers in qualitative research (Easterby-Smith et al., 2015). The researcher can actively contribute to the research quality by reflecting on and transparently assessing the research design, particularly concerning the applied means of data collection and analysis. Tracy (2010) presented a best practice model for the assessment of the overall quality of qualitative research, whereof we assess the aspects of rich rigor, credibility, and resonance.

3.5.1 Rich Rigor

Rich rigor largely depends on the application of appropriate theoretical constructs, data and methods (Easterby-Smith et al., 2015). Gioia et al. (2013) stressed the qualitative rigor that their approach to grounded theory brought to inductive research by connecting data, the emerging concepts, and the emerging grounded theory. This is enabled by *tandem reporting* of the informants' and the researchers' voices, which allows "for a systematic presentation of both a '1st-order' analysis (i.e., an analysis using informant-centric terms and codes) and a '2nd-order' analysis (i.e., one using researcher-centric concepts, themes, and dimensions […])" (p. 18). We ensured the appropriateness of our data by carefully selecting case companies, that comply with our inclusion criteria, and by assessing distinct – and potentially conflicting – perspectives within and among cases.

3.5.2 Credibility

To support the credibility of our findings, we included elaborate illustrations and details about participants' statements and central themes that emerged from our data. In particular, we embedded these in the form of direct quotes and tables that underpin our findings section. Thereby, we allow the reader to better grasp our interpretations and potentially draw own conclusions from our data (Tracy, 2010). Furthermore, we applied *crystallization* in our data collection, that refers to collecting data from multiple sources. In our study, these comprise interviews with distinct case companies as well as financial and employee data available in online data bases and on the company websites, covering distinct individual perspectives by interviewing different units of analysis, as well as the participation of two researchers. This approach, opposed to triangulation that is built on a realist paradigm (i.e. assumption of a single reality), increases credibility not by enhancing data validity, but by "open[ing] up a more complex, in-depth, but still thoroughly partial, understanding of the issue" (p. 844). When evaluating the quality of our research design, it is also important to note, that we do not consider

notions, such as reliability and validity, as relevant criteria. This is because qualitative research, particularly, when adopting a constructionist lens, is not concerned with generalizing findings, but instead with gaining a rich understanding of selected cases. Assessing multiple cases provided us with information on distinct aspects of the phenomenon, and thereby expanded our findings (Maxwell, 2013). Furthermore, by using multiple "informants who view the focal phenomena from diverse perspectives" (Eisenhardt & Graebner, 2007, p. 28), which included organizational members from distinct hierarchical levels or departments, helped us to avoid biases in the interview data.

3.5.3 Resonance

Resonance refers to the researcher's ability to meaningfully represent the findings in a transferable way. The goal of transferability, in that regard, must be clearly distinguished from data generalizability (Tracy, 2010). This is important because qualitative research does not intend to represent an entire population. Consequently, it does not produce generalizable data. Instead, the quality of qualitative research depends on the transferability of the results, that is "achieved when readers feel as though the story of the research overlaps with their own situation and they intuitively transfer the research to their own action" (p. 845). By portraying our data and respective findings in a detailed and rich manner, we enable the reader to interpret our findings and make individual choices about how to transfer our findings to understand another scene. Overall, by constantly reflecting and openly discussing the above-listed concerns, we intended to enhance the quality of our qualitative research design.

Having described our methodological approach, we now turn to analyze the empirical data derived from the semi-structured interviews across five case companies, and present our key findings. Thereafter, we discuss these in contrast to the before-reviewed literature to address research question (1) whether growing pains exist in German SMEs, research question (2) which underlying conditions provoke and sustain the emergence of these growing pains, and research question (3) how German SMEs can cope with or reduce these pains.

4. Data Analysis and Findings

This chapter presents our findings resulting from the analysis of the empirical data. In doing so, we follow the order depicted in the data structure (Appendix B) and analyze our findings along the six aggregate dimensions we established.

4.1 Emerging Organizational Growing Pains

In this section, we outline our findings on *emerging organizational growing pains*. In particular, we describe what contestants reported as *(potential) organizational growing pains* and the *triggers of (potential) organizational growing pains.*

4.1.1 (Potential) Organizational Growing Pains

Throughout our data, interviewees related the emergence of organizational growing pains to negative effects of growth. Moreover, these pains were reported to be "very subjective and individual [...]. I think each employee has a different sort of pain" (employee 1). Therefore, as indicated in the label of this theme, we define them as *(potential) organizational growing pains*. For instance, some employees perceived insufficient role definitions as problematic, because it resulted in a wider remit and, thus, increased their workload. In contrast, other employees stated ambiguous role definitions as an opportunity to "take part in all types of projects" (employee 1). Table 4 presents the organizational growing pains, which were described by interviewees to eventually result in personnel fluctuation due to the inherent negative impact on employee satisfaction.

Table 4

Identified Organizational Growing Pains

1. High level of pressure, stress, and workload
2. Decreasing level of individual motivation
3. Degradation of corporate culture reflected in a loss of proximity and openness in terms of personal relations, insights in colleagues' lives and tasks
4. Deceleration of internal processes
5. Decreasing transparency of internal processes (e.g. decision-making)
6. General dissatisfaction with growth-related organizational changes affecting employees' habits

As evident from this list, which we condensed from all interviews, the contestants confirmed the existence of growing pains in the sample SMEs. According to the interviewees' reasoning, the general existence of growing pains was mentioned to be inevitable, since "growth always means change and change never happens without some sort of pain, even though sometimes the change is for the better" (manager 1). Moreover, some interviewees stated that they had experienced several distinct growing pains, while others found it difficult to think of more than one, which we relate to the aforementioned subjectivity of organizational growing pains.

4.1.2 Triggers of (Potential) Organizational Growing Pains

Besides these findings confirming the existence of organizational growing pains, we identified various factors that were reported to trigger the emergence of these pains.

4.1.2.1 Organizational Growth Perceived as Central Success Indicator. Our data suggested that the emergence of growing pains is related to the perception of growth as a central indicator of organizational success. In particular, growth was understood and measured in terms of increasing number of employees, turnover, portfolio, and assets. These indicators were compared to a previously established growth objective. Correspondingly, the interviewees related growth to success and stagnation or recession to failure. As stated by one manager "the growth of an organization is always an indicator of its health. That is, only growing organizations are healthy" (manager 3). From this understanding organizational actors derived the necessity to grow, which was reported to be reinforced by the competition, customers, and employees. However, we stipulate that this perceived growth pressure constitutes the starting point of the emergence of organizational growing pains, due to the negative effects related to growth. We assess these effects in the next sections.

4.1.2.2 Perception of Growth as Necessary Evil to Achieve Success. It is noteworthy that growth was depicted as a phenomenon with two sides, namely problematic in the short-term and beneficial in the long-term. As one manager stated, "in the long run [growth is] positive, but it follows the typical shape of a shock curve" (manager 2). Accordingly, growth was considered to happen in a waveform consisting of ups and downs that need to be addressed. The challenge of this process was attributed to its unpredictable nature. Accordingly, interviewees described the organizational development as difficult to plan, hard to influence, and marked by a volatile pace, because "you cannot choose when it happens" (manager 1). Interviewees related this unpredictable nature to the fact that growth widely depends on external factors, which the organization cannot influence.

With their first responses during the interviews, informants often portrayed growth as generally positive, while negative aspects only surfaced after more detailed questions were asked. From this pattern, we interpret that growth was not perceived as inherently negative. Instead, interviewees shared the belief that firms must accept and manage the challenges provoked by organizational growth, as it was considered the necessary evil to achieve success. Accordingly, growth was depicted as a prerequisite for sustainable performance, motivated by the predominant perception of the long-term benefits of growth, as outlined in the

corresponding section. Long-term benefits of growth, such as stability, were perceived as positive and desirable, while, especially in the short-term, organizational growth was related to problems. The latter were described as inevitable in the short run, and emerged due to the perceived obligation to grow to ensure long-term success. Therefore, interviewees also stipulated that „if I knew that I would be able to maintain our current turnover for the next ten years, I would potentially decide against additional growth" (manager 1). As suggested by this quote, growth was not necessarily perceived as desirable, but rather as mandatory to secure a stable turnover.

4.1.2.3 Short-Term Problems Provoked by Organizational Growth. The growth strategy defined by management was linked to the emergence of short-term problems. That is, growth was depicted as problematic depending on the managerial growth objective: "The biggest issue is when management defines the objective to grow and then wants to achieve this no matter what, while not involving employees at all. Instead [management] expects way too much from the staff" (employee 4). This quote indicates two perceived triggers of organizational growing pains. On the one hand, these pains may emerge due to a lack of communication from management, that is, uncertainty about what is happening or changing within the organization. On the other hand, these pains emerge due to excessive growth objectives. In that regard, particularly drastic and rapid growth was characterized as most troublesome, as it was generally perceived to be accompanied by strong short-term problems. For instance, one manager described this by saying that "growing too fast […] is often problematic. I mean, if it occurs too fast, then you're just not able to catch up in terms of structures and so on" (manager 4). Accordingly, growing too fast was reported to exacerbate the difficulties of coping with growth.

Another common explanation for the emergence of growing pains were exceeded internal resources resulting from the before-stated ambitious growth objectives. Informants expressed their intention to prevent capacity bottlenecks and excessive workloads. Still, the perceived necessity to grow often motivated managers to accept additional contracts. This, in turn, raised the need to react in form of organizational changes, as "you risk that the whole organization collapses" (manager 2), when running on high capacity utilization without any buffer. A manager stated, "when you reach the maximum capacity once again, then you need to react again by creating new production capacities and, again, additional personnel, and so

on. It just accumulates" (manager 4). As evident in this quote, each time a capacity limit was reached, organizations needed to react to ensure the ability to fulfill the clients' demand.

Delayed structural or organizational adjustments were another cause for these capacity shortages, as "the organization often cannot live up [to new changing requirements]. We have often experienced that, well, we constantly experience that. We're often getting in our own way" (manager 2). As this quote implies, delayed structural or processual changes may lead to rising rigidity, that is, a deceleration of current processes, and, thus, to the emergence of growing pains. Hence, forced growth without monitoring its viability may result in a lack of resources, and, thereby, in an over usage of current resources, especially in terms of employees, which eventually triggers "the risk of collapsing employees" (manager 2).

Still, the perceived obligation to grow, particularly motivated by the long-term benefits of growth or excessive client demands, was described to force organizations to accept additional projects, despite already exceeded capacities. Therefore, "you commit to something only with the aim of obtaining a new client or developing a new line of business, but you don't have the experience, the resources, or whatever. That's when you hit a wall" (manager 2). The resulting problems expressed by the interviewees comprised, for example, the inability to deliver the requested service or product on time, while at the same time considerably increasing pressure and stress among the workforce. A manager explained that this stress was also caused by the "fear of not meeting the requirements, both in terms of know-how and in terms of workload or perceived workload" (manager 2). Moreover, our data indicated that the degree to which the stress resulting from high workload was recognized by employees, was often conditioned by specific mediating factors. Throughout our sample organizations, we especially identified the motivation employees received from management as one of these factors. This was evidenced by an employee saying that "it's certainly not the amount of work, it's more about receiving motivation or praise from your supervisor sometimes. And if you receive negative [feedback], then it seems like you've worked way more and you're way more stressed" (employee 3). Thereby, this quote also confirms the before-stated subjectivity of growing pains.

By expressing their general awareness of the listed short-term problems of growth, ultimately triggering growing pains, interviewees emphasized the importance of monitoring the negative effects of growth on employee satisfaction to identify or prevent supply bottlenecks. This was related to the objective of avoiding high personnel fluctuation, which interviewees stated as a possible result of employee dissatisfaction due to intensifying growing pains. This

was stipulated being especially problematic, as firms risk losing the tacit knowledge of employees who quit, since "a whole lot depends on the performance of individual employees [because] they have a lot of know-how, which is often not documented or integrated in specific procedures" (employee 2). However, organizational actors found it difficult to monitor employee satisfaction, which we further assess in the theme *hindered reciprocal information flow between employees and management*. Next, we present our findings on the positive effects of growth, that motivate management to establish ambitious growth objectives, despite the presented short-term problems.

4.1.2.4 Long-Term Benefits of Organizational Growth. The most commonly stated positive effects associated with growth comprised an increasing competitiveness due to a rising influence and visibility in the market. Interviewees stated that this enhanced market position was facilitated by two factors: externally, by an improved employer attractiveness, and internally, by an increased employee loyalty. Regarding the former, employer attractiveness towards highly qualified individuals was reported to improve, for instance, because growth enabled SMEs to provide more interesting and diverse jobs. Accordingly, an employee stated that "[due to growth] we're also becoming more attractive in terms of the topics that we provide [...]. If we post a job offer many people apply within a very short time, because [the related tasks] are very demanding, which is what many people would like to do" (employee 3). Regarding the increased employee loyalty, growth was reported to enable organizations to invest more into employees in terms of rising benefits or salaries, and providing an enhanced job security. As a result, these positive effects were reported to lead to a lower level of employee fluctuation, which adds to what the interviewees described as increased organizational stability: "This organizational structure is incredibly important. The way we were functioning throughout the first five years, which I would call the pioneering age, that doesn't work in the long run" (manager 4). As depicted in this quote, organizational structure was related to a rise in stability, which was perceived as crucial for long-term success.

Organizational stability was also described in terms of enhanced financial resources and a decreasing dependence on individual employees and customers. In the former context, this meant that more employees took on the same role, which decreased the risk of losing valuable knowledge in case one of them quit: "So now there are four Mr. Meiers, who are all capable of solving the same thing. Like that, I also have the chance to get the problem solved, in case Mr.

Meier is on vacation" (manager 2). Similarly, organizations found it easier to compensate the loss of individual customers, as the turnover is spread over an increased number of clients.

Lastly, interviewees stated that the experience acquired through organizational growth further enhanced the company's stability. In that regard, particularly the negative effects of growth were reported to enable an ongoing learning process, which we present within the aggregate dimension *implementation of organizational learning*.

The following Table 5 depicts the central findings on the aggregate dimension *emerging organizational growing pains.*

Table 5

Key Findings on Aggregate Dimension Emerging Organizational Growing Pains

Theme	Key findings
(Potential) Organizational Growing Pains	• Identification of six types of organizational growing pains • Growing pains perceived as inevitably provoked by growth; subjective and strongly dependent on individual perception • Organizational growing pains negatively impact employee satisfaction

Triggers of (Potential) Organizational Growing Pains	• Growth as a central indicator of organizational success
	 • Growth perceived as necessary evil to success, i.e. acceptance of short-term problems to obtain long-term benefits
	 • Managers' perceived obligation to grow, constituting the starting point of the emergence of organizational growing pains
	 • Negative short-term effects of growth, e.g.:
	   o Exceeded internal resources
	   o Rising pressure on workforce
	   o Inability to deliver requested customer demand on time
	   o Structural or processual discrepancies
	 • Positive long-term effects of growth, e.g.:
	   o Increasing competitiveness and employer attractiveness
	   o Increasing stability due to reduced personnel fluctuation
	   o Increasing stability due to wider risk distribution on higher number of employees and customers

4.2 Factors Leading to Accumulation of Organizational Growing Pains to a Growth-Related Crisis-Event

We found three themes in our data that explain the accumulation of organizational growing pains, namely the *assumption that growth inevitably triggers changes within the*

organization, a *hindered reciprocal information flow between employees and management*, and *reactive organizational change as a delayed response to a tipping point*.

4.2.1 Assumption that Growth Inevitably Triggers Changes Within the Organization

Interviewees generally shared the belief that changes caused by organizational growth are inevitable. That is, since the interviewed organizational actors assumed that they cannot influence these changes, they expressed the need to focus on coping with their consequences. This rather passive attitude towards organizational change, particularly within the growth context, was held by both managers and employees. A manager, for instance, explained that "[growth-related] changes are inevitable, and, thus, they should not be considered negative" (manager 1). For example, the open corporate culture, that was considered a positive characteristic of smaller firms, was often described as being impacted by organizational growth, as "you don't know the employees as much as you used to" (manager 1). Hence, this cultural change was considered to be an inevitable consequence of the increasing company size. As a result, maintaining the open culture was described to be increasingly difficult.

4.2.2 Hindered Reciprocal Information Flow Between Employees and Management

In addition to the changing corporate culture, we also found that specific attributes of managers and employees hindered the reciprocal information flow in the case SMEs. We found that this potentially delayed managerial awareness of emerging growing pains.

4.2.2.1 Changing Corporate Culture Hindering Reciprocal Information Flow. Regarding the barriers preventing communication between employees and managers, we identified the changing corporate culture to play a pivotal role. Employees often experienced a decreasing level of personal proximity caused by the increasing number of employees and size of the office buildings. Hence, the organizational growth was related to a rising challenge of maintaining personal relations to the increasing number of colleagues. This loss of proximity was perceived as one of the before-mentioned inevitable changes as stated by one employee: "That's just the way [the corporate culture] changes and right now we wouldn't be able to organize ourselves in any other way" (employee 5). Despite the inevitable nature of this cultural change, informants generally expressed a negative perception of this development. Due to the expanding workforce, interviewees stipulated that they did not know several of their colleagues nor what their tasks were. As a result, contestants reported to communicate less openly or directly with their colleagues, which led to an impeded information flow. These changes of

corporate culture were also reflected in individual behaviors of managers and employees, which we examine in the subsequent two sections.

4.2.2.2 Managers Hindering Reciprocal Information Flow. Related to the communication style of managers, we identified several attributes that hindered the reciprocal informational flow. For example, due to the changing corporate culture, managers expressed difficulties in coping with the decreasing level of personal relations with employees. Accordingly, the rising number of employees made the communication increasingly difficult, "in terms of accessibility, as you do not meet every employee at the coffee machine anymore" (manager 3). This confirmed the before-presented negative effect of the cultural change.

Besides the communication barriers arising due to the growing number of employees, managers expressed their own reluctance to discuss certain changes with the whole workforce. Instead, they sought one-on-one conversations: "That [organizational change] is not being publicly announced. Not by means of a staff meeting […], rather through one-on-one conversations with managers" (manager 1). Yet, this partial communication of change initiatives was interpreted by employees as a lack of communication of upcoming organizational changes stating that "certainly [changes] are not always being announced in advance" (employee 4). As a result, these two managerial attributes negatively impacted the information flow between management and employees.

4.2.2.3 Employees Hindering Reciprocal Information Flow. In turn, we found that employees also hesitated to communicate certain issues, such as negative feedback or dissatisfaction, directly towards management, which prevented managers from noticing subtle problems emerging during organizational growth. This was, for instance, caused by employees' anxiety or respect towards higher hierarchical levels. One manager stated that a rather hierarchical corporate culture and centralized decision-making power may reinforce this communication barrier: "The people [...] did not dare [telling management], because there were certain, very powerful [people] whom one could not get past, and this fear of changing things, which [the founder] once developed" (manager 2). This refers to the aforementioned difficulty of monitoring employee satisfaction, because "dissatisfaction is usually not simply shouted out, but it simmers" (employee 5). Instead of talking to the change agent or management, individuals tended to communicate to peers informally by means of "office grapevine" (employee 5). Hence, issues were attempted to be solved on the employee level rather than communicating them directly to management, as stated by an employee: "This [problem] was often also

relatively well absorbed by employees and […] it has therefore not yet led to such a major problem [on the management level]" (employee 2). These examples indicate that employees which were afraid of or not willing to communicate an arising change imperative hindered management's awareness. Thus, this communication barrier nurtured a slow and delayed reaction to a growth-related crisis. This may lead to the accumulation of growing pains up to a tipping point, at which major problems occur, such as personnel fluctuation.

4.2.2.4 Managerial Blindness Resulting from Hindered Reciprocal Information Flow. As stated in the findings on the three above-mentioned hindering factors, we found that a lack of open reciprocal communication channels nurtured managerial blindness. In turn, we determined that this blindness caused delayed organizational responses to growth-related change imperatives. This is supported by our data, since both management and employees described lacking managerial awareness or difficulties to recognize the emergence of subtle problems (i.e. organizational growing pains) in a timely manner.

An employee, for example, explained the challenge to notice emerging problems early, since subtle problems often remained unrecognized by managers, as long as key figures were positive. These problems would only be detected, when "a lot breaks down" (employee 2). Due to the underlying delayed awareness "it surprised everyone very much that so much happened at once. But it could have been foreseen, because for a long time nothing was done for employees, and for a long time the pressure was always increased without any support" (employee 2). While criticizing the resulting delayed response to these problems, this employee also conceded that "I think it's hard to recognize upheavals when you're in them" (employee 2). However, this instance illustrates that the awareness of the accumulating crisis had emerged earlier on the employee level, which highlights the importance of a strong reciprocal information flow to mitigate managerial blindness. In that regard, we found that managers also showed a general consciousness about their own blind spots and the difficulty to recognize emerging changes. Blindness was also related to a persisting information asymmetry, which "is problematic because [management is] always blind, because [it has] all the information and doesn't perceive this asymmetry of information at all, because [management doesn't] know, that [the employee] doesn't understand [management's] actions or decisions. Because [the employee] doesn't have this information" (manager 3).

Besides the hindered reciprocal information flow, managerial blindness was stated to be caused by habits impeding the early recognition of an emerging issue. Related thereto, a

manager reflected on the previous CEO, as further assessed in the findings on the *rigid mindset of managers and employees*. Specifically, this manager claimed that the previous manager became used to certain procedures, thereby enhancing blindness towards alternative ways and, consequently, an emerging change imperative.

Overall, we found that the hindered reciprocal information flow and individual habits caused difficulties for managers to recognize the accumulation process of subtle pains or change. This ultimately led to a delayed detection of an emerging growth-related crisis, and, thus, an impeded organizational response to cope with this crisis.

On the contrary, we determined that an intense information flow supported the transmission of required information. Therefore, an early awareness was referred to as a measure to prevent or reduce the emergence of organizational growing pains. This became evident in a manager stating that "of course you can stumble into [upcoming changes] completely blind, and then it hurts very much. Or you can prepare yourself mentally, which helps a lot that you already have certain models in your mind. But of course, you can also be prepared by actions […] or just by telling people what to expect" (manager 1).

4.2.3 Reactive Organizational Change as a Delayed Response to a Tipping Point

The stated managerial blindness was further reinforced by the belief that organizational actors can only react to the inevitable changes provoked by growth, instead of proactively modelling these on a more continuous basis. As a result, organizational actors waited until the short-term problems associated with growth accumulated to a tipping point triggering organizational change. For example, one manager described that "you notice that at some point there's a tilting moment, and then you assess the options [for possible change initiatives]" (manager 1). Hence, organizational actors experienced subtle continuous changes; these accumulated over time up to a point in which the need to change suddenly became evident, or management started realizing the need to react. This rather reactive process was frequently outlined, for instance, by an interviewee saying that "we've handled these [growth-related problems] rather conservatively and only hired more employees when the hut was on fire" (manager 1). Rarely, however, did interviewees express a more proactive change understanding, meaning that resources can be strategically planned to allow a better preparation for future growth. In that regard, one manager stated that "most likely you don't know how the turnover will develop [...], but at the same time, you have to proactively plan the staffing, contracts, and hiring" (manager 3). As evident from this quote, although some actors adopted

a more proactive position, they also referred to limitations due to the unpredictability of organizational growth.

Thereby, we found that the approach of implementing changes, as a mere reaction to suddenly perceived tipping points, constitutes a delayed organizational response. This, in turn, suppresses the possibility to implement the response during the early emergence of a crisis – before the accumulation to a disruptive event.

Our key findings regarding the aggregate dimension *factors leading to accumulation of organizational growing pains to a growth-related crisis-event* are summarized in Table 6.

Table 6

Key Findings on Aggregate Dimension Factors Leading to Accumulation of Organizational Growing Pains to a Growth-Related Crisis-Event

Theme	Key findings
Assumption that Growth Inevitably Triggers Changes Within the Organization	• Perceived passive position of organizational actors due to inevitability of changes triggered by growth • Strong focus of management on coping with consequences of growth-related changes due to the adopted passive position

Hindered Reciprocal Information Flow Between Employees and Management	• Hindered communication due to decreased openness and proximity of corporate culture
	• Negative effects of growth on corporate culture reflected in individual behavior of managers and employees
	• Managerial difficulty in maintaining personal relations due to increasing number of employees and reluctance to communicate specific changes to a broad audience
	• Employees' reluctance to communicate issues fosters managerial blindness
	• Managerial blindness as result of a hindered reciprocal information flow:
	  o Reinforced by managerial habits
	  o Delayed managerial awareness about emerging growth-related crises contributing to delayed organizational crisis responses

Reactive Organizational Change as a Delayed Response to a Tipping Point	• Reactive understanding of implementing changes due to strong focus on coping with consequences of growth and assumption of passive positioning towards inevitable growth-related changes • Managerial blindness reinforced by reactive understanding of changes held by organizational actors

- Accumulation of short-term problems to a tipping point due to managerial blindness and reactive change understanding
- Delayed response to accumulating subtle changes due to reactive implementation of changes as a response to this tipping point
- Impeded possibility of implementing organizational response during the early emergence of a crisis (i.e. before the accumulation to a disruptive event)

4.3 Organizational Responses to Growth-Related Crisis-Event

4.3.1 Implementation Speed of Change Initiatives

In the previous section we outlined factors that provoked delayed organizational responses to emerging growth-related crises. Furthermore, we determined that the speed of implementing these responses differed, particularly between a slow (i.e. long duration) opposed to a fast (i.e. short duration) implementation. This disparity refers to the time elapsed once management recognized a change imperative and decided to implement a change initiative. Accordingly, we determined that in just a few cases the speed of implementing this initiative was described as fast, while the majority was depicted as slow.

A fast implementation speed was, for instance, expressed by an employee: "When you are in a start-up, and [you might] not [have] too much previous experience, because you haven't had another job before, then you don't think about certain things, and sometimes something [such as an unforeseen problem or a new regulation] comes up. And then you have to quickly introduce a [new] regulation" (employee 1). A manager described a fast reaction stating that "[sometimes] 15 percent of the annual turnover is generated by a single project. If you acquire such a project, it naturally shakes up the workforce quite a bit. Within a few weeks, you have to somehow assign 15 percent of the workforce to such a project" (manager 1). Thus, the rarely mentioned cases of fast implementations referred to situations, in which either sudden problems needed to be addressed, client demands changed in an unforeseeable way, or upcoming tasks were not anticipated.

Still, the implementation speed was most commonly described as slow: "It took a long time until something […] became established and worked, [such as] the collaboration within the departments or the description of responsibilities" (manager 4), or "When you hire someone until they are ready to operate, this always takes some time" (manager 3). Another manager explained: "It can take up to a year to implement [a process standardization]. But, by then, the business may already be gone" (manager 2). This indicates that a slow reaction to a change

imperative was found to cause adverse effects, such as performance or financial losses. This slow implementation speed was reflected in the duration of realizing structural changes, the duration of onboarding new employees and, more generally, in factors that hindered the implementation of changes, as presented in the aggregate dimension *factors restricting implementation of organizational response*.

4.3.2 Implementation of Episodic Changes

By assessing the data regarding the implementation of the response to growth, we found that managers mostly embodied the ones responsible for implementing changes, namely the change agent. We also identified the most common responses to growth in the form of structural adjustments, as shown in the theme *specific solutions to cope with growth-related crises*.

Furthermore, the data indicated that change agents mostly implemented planned, episodic changes from top-down. This approach to change was associated with the use of the power inherent in management positions. As stated by a manager, "it's often related to a term with a negative connotation, namely power. That is, you just decide to do something in a certain way, regardless whether employees like it or not" (manager 2). This approach indicates the underlying distinction between managers implementing changes and employees receiving these, regardless whether the workforce supported these changes or not. This suggests a perceived difference between managers and individuals on lower hierarchical levels.

Corresponding to this top-down approach to change, the data revealed managers' approaches to resistance to change. For instance, we found that managers stated to be generally aware about the existence of resistance: "You will always have that 30-40-30 issue: 30 percent of the people like it, 40 percent don't care at all, and 30 percent resist. And that doesn't change" (manager 2). Mostly, managers also expressed their willingness to listen to resisters, as corroborated by an employee: "I do believe that the management board is willing to listen to employees and to let them participate in the decision-making" (employee 4). Yet, the following quote shows management's intention of reducing the volume of resisters' voices: "You always have people who resist, sometimes they resist more loudly, sometimes they resist more quietly, and we intend to get the quietest possible sounds" (manager 2). This indicates the change agent's intent to suppress the symptoms instead of actively listening to and involving resisters' concerns. Overall, we found little evidence of consideration and incorporation of resisters' voices when implementing responses to growth-related challenges. This corresponds to the initially stated top-down approach of planned changes.

4.3.3 Specific Solutions to Cope with Growth-Related Crises

Structural adjustments following a planned and episodic approach were the most common organizational response to a growth-related tipping point. This was based on the assumption that a growing organization inevitably requires structural adaptation, which was evidenced by the statement: "Growth in turn has determined the adaptation of the organization" (manager 5). That is, due to a rising size, "the organizational structures had to be adapted because not everyone could do everything anymore. Even the tasks became more specialized" (manager 2). The most dominant structural adjustments are presented in the following Table 7.

Table 7

Most Common Structural Adjustments Implemented by Case SMEs

- Clearer definition of roles and tasks
- Reduced range of tasks per individual
- Greater distribution and delegation of tasks and responsibilities
- Decentralization of power
- Standardization of processes, communication channels and platforms
- Establishing new departments
- Clearer separation of departments
- Geographic expansion and establishing additional locations
- Rising size of departments
- Increasing level of documentation and reporting

Yet, these structural adjustments were perceived as leading to both negative and positive effects. Negative aspects of an increasingly elaborate structure described by interviewees were increasing rigidity and deceleration of processes, such as "slow[ing] down decisions" (employee 1). A manager accordingly stated: "I think you aren't as fast anymore, […] you aren't as flexible anymore. Obviously, there are drawbacks" (manager 4). Thereby, an increasingly elaborate structure was stipulated to hinder organizational flexibility and adaptability. On the contrary, aspects such as an increased professionalization or efficiency, enabled through a more sophisticated structure, were generally described as positive. These effects were stated to sustain growth, as evidenced in the following quotes: "[We] can grow in the way that we can achieve more with the same people through standardization" (manager 2); "[By means of standardization] we want to improve speed and quality and certainly also part of the cost structure" (manager 2). A common approach applied by the case SMEs to mitigate

the negative aspects, refers to the learning *maintain flexibility despite increasing structure*, which we present in the section *implementation of organizational learning.*

Our key findings regarding the aggregate dimension *organizational responses to growth-related crisis-event* are summarized in the following table.

Table 8

Key Findings on Aggregate Dimension Organizational Responses to Growth-Related Crisis-Event

Theme	Key findings
Implementation Speed of Change Initiatives	• Rarely stated fast implementation speed referred to sudden occurrence of an unforeseen event, demand shift or problem, partly due to lacking experience • More frequently stated slow implementation speed referred to long duration of implementing changes, caused primarily by *factors restricting implementation of organizational response*
Implementation of Episodic Changes	• Key responsible person for implementing changes (i.e. change agent) mostly embodied by management • Response to growth mostly implemented in the form of episodic, planned change initiatives imposed from top-down • Correspondent approach to resistance to change aimed at reducing volume of resisters' voices
Specific Solutions to Cope with Growth-Related Crises	• Structural adjustments as most common response to organizational growth • Increasingly sophisticated structure perceived as negative (e.g. rising rigidity) and positive (e.g. rising efficiency, professionalization)

4.4 Factors Restricting Implementation of Organizational Response

The aggregate dimension *factors restricting implementation of organizational response* clusters internal and external factors that informants stated to hinder implementing changes to cope with organizational growth or growth-related challenges. Hence, these factors were described as narrowing down the action scope or impeding a timely implementation.

4.4.1 Internal Factors Restricting Organizational Response

Internal factors that we identified as restricting organizational actors' agency included past decisions and expressions that indicated rigid mindsets of employees and managers.

4.4.1.1 Past Decisions. Past decisions were reported to potentially delimit the agency when implementing structural changes. This internal restriction particularly referred to decisions on promoting or recruiting employees in order to implement a structural change, such as intending to delegate tasks and responsibilities. Regarding the former, some interviewees stressed that a decision on whether to recruit or promote employees cannot easily be undone: "You can't do that overnight, you can't send employees home again" (manager 3). This binding effect of a recruitment decision was stated to be fostered by the German employee protection law. The latter was described to have a similar effect on the promotion of employees, since "a departmental head is a defined position in terms of labor law. Once I have appointed someone [to a departmental head], then this person is a departmental head or [a higher hierarchical role] for a lifetime. And I must be clear that this structure will last for a long time" (manager 1). This indicates interviewees' awareness of the fact that decisions on certain structural changes cannot easily be undone, which decreases organizational actors' agency.

A manager explained that decisions on establishing new departments can show a similar restricting effect: "If I now create the department […], then it may be that due to changes in the business [environment] I no longer need this department. And therefore, I must be able to restructure flexibly" (manager 1). This required flexibility, however, cannot easily be maintained when creating new departments. Thus, managers stressed the importance of thoroughly considering the potentially restricting effect of structural decisions.

4.4.1.2 Rigid Mindset of Managers and Employees. The second internal restrictor is related to statements indicating a rigid mindset. By this, we refer to beliefs and behavioral attributes that are stable over time. This finding applies to both management and employees.

On the employee level, a rigid mindset, for instance, became obvious when a manager elaborated on the difficulty of filling leading positions internally as "it depends on the character [of the employee]. So some people block and say, 'well, I wouldn't feel comfortable with that', or they're not the type that they think they can handle personnel responsibility, then you have to accept that" (manager 5). This quote shows that certain personal traits, such as a lacking confidence or reluctance to take on new responsibilities, led to the occurrence of resistance. These traits, which we interpret as an indicator of a rigid employee mindset, restricted a timely implementation of a structural change, namely the delegation of power.

On the management level, we identified a rigid mindset when managers claimed to have limited possibilities in responding to growth due to the relatively small firm size. These limited

possibilities were, for example, related to a lack of financial resources. This was stated to be problematic, as it led to the fact that, as opposed to larger firms, "in a medium-sized company, […] decisions usually are only made or changed when they are almost due" (manager 4). Yet, we found this lack of financial resources to result from the desired financial independence. This was described as hindering the implementation of changes in response to growth: "We want to remain independent […] both in terms of external capital providers and bank loans. And of course, I can deal with growth much more easily if I have more capital" (manager 1). Opposed to the prevailing managerial perception that the agency is limited due to the lack of financial resources, we assert that this restriction results from a managerial mindset: a mindset that is reluctant to collaborate with external capital providers.

Furthermore, we identified rigid management mindsets in statements that described past experiences or habits of managers. For instance, an employee claimed that managers interpreted prior failures as an indication to be more careful in the future by stating, "in the beginning, the organization was close to bankruptcy. Therefore, in our organization very, very little money is spent, due to that constant fear of bankruptcy" (employee 2). This quote shows that due to past experiences management invested more carefully. Similarly, a previous leader's rigidity was referred to managerial habits as "when you […] have been running a company for more than 40 years in a certain way. Then to realize that it's somewhere cracking [is difficult]" (manager 1). This quote not only suggests the causal relation between habits and a rigid mindset, but also indicates that this managerial mindset might lead to difficulties in recognizing emerging subtle problems. We earlier classified this as managerial blindness.

Interestingly, a manager expressed awareness of the own rigid mindset and even advocated that "we would need a different executive management, or we, as executive management, would have to undergo a change" (manager 2) in order for certain changes to occur. This indicates that managers' mindset might be opposed to certain changes. It also stresses the need for a potential mindset change. Hence, we conclude that both a rigid employee (e.g. opposing structural changes) and managerial mindset (e.g. willingness of remaining self-reliant; habits and past experiences) may delay or impede organizational responses to growth.

4.4.2 External Factors Restricting Organizational Response

External factors that we classified as restricting the organizational actor's agency included pressures exerted by clients, other field-level actors and societal change.

4.4.2.1 Pressure Exerted by Clients. Clients were described as restricting the action scope, particularly when SMEs, due to their common focus on providing specialized solutions for niche segments, depended on a small number of customers. Hence, this pressure was specifically exerted by existing customers and the consequent threat of losing them. Existing clients and their shifting demands, which were commonly depicted as hardly foreseeable, put pressure on SMEs, for instance, by obligating SMEs to implement specific changes. This, in turn, narrowed down the scope of alternative options to respond to growth. For example, a case company was forced to increasingly standardize its processes: "We've got [among our customers], for example, financial service providers, that are forced by the regulations of the German Banking Act, [and] other companies [that] are forced by their own risk management to approach IT much more professionally [...]. And that is why there is simply a need for this professionalism. And logically, if the market [transfers] it to us or forces us to do so, then we must go along with it, otherwise we lose our customers" (manager 2). Similarly, the dependence on a small customer segment was described as problematic, when aiming at shifting the focal market segment due to a changed growth strategy. For instance, an employee associated a change in the product portfolio to a major loss in customers: "Then we changed our product portfolio. [...] As a result, we lost a lot of customers" (employee 2). Thus, the attempt to break with this dependence on one specific customer segment, might ultimately lead to losing the existing customers, limiting the agency in deliberately choosing a growth strategy.

Moreover, clients were depicted as restricting the organizational action scope. For instance, specializing the product portfolio to address specific demands was stated to both enable but simultaneously delimit growth. A manager explained the firm's focus on diversification: "We live in diversification and […] in order-related production or production specially tailored to the customer" (manager 4). This manager stressed the potential of margin growth opposed to volume growth: "If I'm offering [...] a complicated product, I might need much less quantity to have the same margin. It's always more about the margin" (manager 4). Yet, being specialized in a sector, might also restrict growth, when the market is saturated or there is no demand: "Of course the market [demand] always dictates [growth]. If you have a great organization, but no market for it, then it looks rather bad" (manager 2). Finally, a strong dependence on customers was also reported to cause adverse effects if existing customer demands exceeded internal capacities or resources. This was stated to potentially force firms to

grow more rapidly than intended, because "if you deny orders from existing clients, you will lose the client" (manager 5).

4.4.2.2 Pressure Exerted by the Organizational Field. Since clients are part of the organizational field, this code is interrelated with the previous one. Yet, besides the impact of clients, pressures were also stated to result from general market conditions, the availability of manpower or raw materials, competitors' behavior, or regulations.

For instance, when informants described their focus on a specific market segment, "growth is limited […] anyway, because […] we are dependent on whether goods are available on the market or not" (manager 5). The availability of human resources was stated to show a similar impact. That is, interviewees expressed difficulties to immediately obtain human resources to fill capacity discrepancies that arise due to growth. The limited availability of human resources, due to labor shortages, was reported to restrict the ability to respond to growth by adding the required manpower: "Growth is only possible if the necessary personnel can be found. This is difficult because of the shortage of skilled workers" (manager 5).

Additionally, it was stated that industry changes triggered organizational changes. For example, an industry changing towards rising digitalization triggered a corresponding organizational change in one sample SME. Furthermore, increasing regulations and laws were described to impose certain procedures on an SME, such as industry reporting standards. This was explained: "As the company has grown, so have the requirements for accounting and financing. The requirements in Germany have generally gone up steeply" (manager 5). This effect was depicted as rising with growth, since the larger a firm is, the more visible it becomes in the market and, consequently, to legal authorities: "The bigger you get, the more you're in the focus of the regulatory agencies" (manager 4). Overall, participants felt restricted in responding to growth due to various field-level aspects.

4.4.2.3 Societal Change. Another external restrictor that reoccurred throughout the data is the impact of societal change. Specifically, societal change was presented as corresponding to an employee mindset change, towards prioritizing work-life-balance over career advancement, accompanied by a reduced willingness to work extensive hours. Instead, employees were described to demand more flexibility in terms of their working schedule. Hence, the external societal change was reflected in specific structural changes, as explained in: "What has changed massively in society over the last 10, 15 years is that people are simply putting a much greater emphasis on work-life-balance. We have 15 percent of our employees

working part time. This would never have happened 20 years ago" (manager 1). Thereby, societal change imposed the implementation of certain structural adjustments, that, in turn, reduced the action scope by impeding alternative changes.

As another consequence of societal change and the corresponding mindset change, structural changes were described as facing individual resistance due to the sinking interest in career advancement: "We did a major structural reform last year, where we then filled new team leaders and department heads positions. And [we] thought that one or the other of them would be happy about a […] promotion […]. But it was only with the third candidate that we were able to find someone. [...] The other two employees simply said 'no, no need, I feel comfortable in my role […]. Promotion is not really for me'" (manager 1). Therefore, societal change was reported to restrict organizational actors' agency in forcing an organization towards implementing specific changes, namely increased part-time or flex-time positions. Furthermore, societal change was also stated to lead individuals to oppose promotions required to implement certain structural changes, such as the delegation of tasks and responsibilities. Consequently, external changes in society led to internal changes of the corporate culture and the organizational structure, which were reported to restrict the actor's agency when implementing changes as a response to growth.

We summarized the findings regarding the aggregate dimension *factors restricting implementation of organizational response* in Table 9.

Table 9

Key Findings on Aggregate Dimension Factors Restricting Implementation of Organizational Response

Theme	Key findings
Internal Factors Restricting Organizational Response	• Past decisions presented as limiting current or future action scope, e.g. decisions on recruitment, promotions, establishing new departments • Rigid employee mindset based on personal traits causes resistance to change, e.g. rejecting structural changes in the form of new responsibilities • Rigid management mindset based on past experiences or habits causes deliberate reluctance to collaborate with external capital providers; linked to managerial blindness • Potential need for management mindset change

External Factors Restricting Organizational Response	• Pressure exerted by clients:
	  ○ Clients forcing specific organizational changes (e.g. professionalization, digitalization)
	  ○ Client demand potentially delimiting growth potential, enabling growth by diversification, or forcing excessive growth
	
	• Pressure exerted by organizational field:
	  ○ Potential growth limit due to saturated market segment
	  ○ Specific organizational changes triggered by industry change
	  ○ Labor shortage or shortage of raw materials on the market
	  ○ Industries governed by strong regulations
	
	• Societal Change as restricting factor:
	  ○ Societal change corresponding to individual mindset and corporate culture change: rising focus on work-life-balance; decreasing interest in career advancement
	  ○ Structural changes triggered by societal change, e.g. rise in part-time positions
	  ○ Corporate cultural change causing individual resistance to structural changes

4.5 Employee Reactions to Change Initiatives

This aggregate dimension clusters individual reactions of employees to the implementation of change initiatives directed towards coping with growth. Accordingly, this section comprises the themes *resistance to change* and *acceptance of change*.

4.5.1 Resistance to Change

Employee resistance was most commonly stated to arise due to first, employees holding on to habits; second, a sentiment of fear triggered by change, particularly when lacking change communication or changes were imposed from top-down; and third, a rigid employee mindset. Moreover, we argue that employee resistance represents an indicator for persisting employee dissatisfaction, which may ultimately result in employee resignations.

Generally, habits were described as the most dominant cause for employee resistance and potential fluctuations. Specifically, resistance was referred to arise due to changes that tackle individual habits. As one employee stated, "that's because you got used to it differently, you came to a company and got used to certain things, maybe you decided to join the company because you said 'I liked working in a small team and doing everything' for example. And then, you grow and suddenly it's just not that way anymore" (employee 1). A manager explained an employee's resistance to potentially taking on new responsibilities: "It was immediately stated:

'That is not my responsibility'. […] It showed me very well that people are used to it: 'the manager decides everything, takes responsibility for everything'" (manager 2). Thus, employees holding on to habits, were depicted as being prone to resist changes.

Employee resistance was also related to an arising sentiment of fear triggered by organizational change as a response to cope with growth. That referred to, for instance, the fear of losing a job, of becoming replaceable due to increasing automation or standardization, or a general fear of change, as stated by a manager: "And [change] leads to the fact that people who have been with the company for a long time – we have an average ten-year company affiliation – are afraid of change, that means a fear of not being able to cope with that change, and on the other hand, [the fear of] becoming replaceable" (manager 2). This manager elaborated: "You suddenly take away tasks from people that they used to perform. [...] When the time comes, the existential fear comes, where [employees] say, 'now a tool performs it. Will they still need me then?'" (manager 2). Hence, arising fear was particularly related to changes, that were imposed from top-down or not sufficiently communicated. The consequent sentiment of uncertainty or fear was, in turn, related to resistance of change.

The third reoccurring theme causing employee resistance refers to a rigid employee mindset, as aforementioned in the respective code. This was particularly linked to employees that worked for the firm for a long time, as shown in this statement: "We now sometimes lose people, who have been with the company for a long time, because they realize that a development is now taking place that no longer fits in with what was originally desired" (manager 2). This quote, on the one hand, exemplifies the stated rigid mindset, represented by employees who are unwilling to change their own behavior. On the other hand, it indicates that resistance potentially results in resignation.

Yet, a manager also stressed that employees do not necessarily resist purposefully or consciously: "[Resistance] is not openly stated. It is consciously or unconsciously [evident in their behavior] […]. They might start not documenting things. [They might] […] say, 'I'm not doing this because I'm not responsible for it'" (manager 2). Since we perceive resistance as an indicator for employee dissatisfaction, this observation by a manager confirms our previous finding that employee dissatisfaction is rarely communicated directly towards management.

Finally, we found that resistance was mostly described from an outsider-perspective. That is, interviewees did not explicitly state that they themselves were resisting. Instead, both management and non-management informants, when talking about resistance, referred to

others, such as colleagues. Yet, from our researcher perspective, we observed that interviewees themselves, were, at times, resistant to changes without recognizing or labelling their own resistance. This suggests that resistance also occurs on a more subconscious level, which is supported by the interviewee statement in the previous paragraph.

4.5.2 Acceptance of Change

The interview data revealed that managers perceived that resistance occurred inevitably in the short-term, while in the long-term employees were depicted as understanding and appreciating the positive effects of this change. This was explained by the fact that change initiatives were generally directed towards improvement, such as enhancing working conditions, which takes some time for employees to understand and "get used to" (manager 2). This indicates managers' belief that employees initially need to unlearn old habits and then get used to new habits to ultimately result in acceptance of change.

Overall, our data suggested that the degree of acceptance of change initiatives depended on various factors, linked to other themes and dimensions. For instance, acceptance depended on management's approach to change and resistance, the information provided, the extent of employee involvement, the consideration of employee feedback, or the role of change agents.

Table 10 shows the key findings regarding *employee reactions to change initiatives.*

Table 10

Key Findings on Aggregate Dimension Employee Reactions to Change Initiatives

Theme	Key findings

Resistance to Change	• Employee resistance as indicator for dissatisfaction, potentially resulting in personnel fluctuation
	• Employee resistance caused by:
	  o Individuals holding on to habits
	  o Sentiment of fear triggered by changes, related to a lack of communicating changes or changes imposed from top-down
	  o Rigid employee mindset (unwillingness to change behavior)
	• Resistance as a label applied from an outsider-perspective
	• Subconscious nature of resistance

Acceptance of Change	• Dominant perception of resistance as short-term phenomenon, dissolving in the long-term as employees "get used to" changes • Degree of acceptance depending on various other themes and dimensions, e.g. management's approach to change and resistance; information provided; employee involvement; and the respective role of change agents

4.6 Implementation of Organizational Learning

We determined several indicators for the general recognition that continuous organizational learning may contribute to the constant improvement of the firm's performance. This was considered beneficial specifically during the early development stages of a firm: "We simply grow with our decisions, we become more mature, we also think about issues that we simply didn't think about in the beginning" (employee 1). Thereby, the implementation of learnings was described as contributing to the continuous refinement of the strategy: "The first business cases are always very broad. […] If you are growing, you can use more and more reference values from last year. And [...] then you can plan better. […] It's a matter of making the strategy even more granular" (manager 3). Yet, some employees claimed the present extent of organizational learning to be insufficient: "I think there is still much, much more to learn, which could still be implemented. But [managers] are on their way there" (employee 5), emphasizing the need for continuous organizational learning. The following paragraphs present the key learnings expressed by interviewees, which we clustered into specific approaches to cope with growth-related challenges and, thus, to ultimately tackle growing pains.

4.6.1 Pursue a Viable Growth Strategy Characterized as Slow and Steady

This learning refers to managers' general approach to growth, as manifested in their pursued growth strategies. As elaborated on in the theme *triggers of (potential) organizational growing pains,* growth was generally perceived to be accompanied by short-term problems. Therefore, the appropriate speed of growth was mentioned as a crucial differentiator between viable and non-viable growth. Accordingly, informants stated, that the more rapidly an organization grows, the more difficult it becomes to notice and cope with the emergence of growth-related problems, which eventually trigger growing pains. Since "growing too fast […] is often problematic" (manager 4), growth was considered viable as long as the organization possessed the resources, namely capable employees and assets, required to tackle the resulting short-term problems. Consequently, contestants depicted sustainable growth as "not volatile, but bearable, organic growth" (manager 2); that is, slow and steady without major acquisitions.

4.6.2 Mitigate Negative Growth Effects on Corporate Culture

As explained regarding the theme *hindered reciprocal information flow between employees and management,* we found several indicators that an increasing organizational size negatively affects the corporate culture. Consequently, informants mentioned specific measures to address the risk of losing the open corporate culture.

Losing these cultural attributes was depicted as problematic, since many of these typical characteristics were perceived as beneficial. Specifically, the informants associated an open and direct communication, flat hierarchies, close personal relations, relative proximity, and cohesion amongst employees with the SME-typical culture. This was described to go along with employees' eagerness to support each other, as they did not feel separated by organizational structures. Thus, they exhibited a low degree of silo thinking: "In our organization there is very little silo thinking and that's why most problems can be solved quite fast" (employee 2). Due to its stated advantages, the preservation of the initial SME culture was expressed as a common goal across the case companies: "The cultural change that […] takes place is also something that at some point represents a threat. Because such a culture is very difficult to influence and is very relevant for us, because we've lived, at least up to now, very strongly from this [team] spirit […]. We don't want to lose that, but it's just getting harder to maintain" (manager 3).

Specific measures stated to preserve this initial culture included team building events, company trips, events providing communication platforms, or maintaining an open-door-policy: "My door is always open. And the colleague, who has just been here, hasn't given me prior notice that he'd come. He just gets in and says 'listen, we need to talk about this or that' – and then I take my time [to talk about it]" (manager 1). Finally, as the corporate culture was reported to depend on individual employees, the employee mindset was established as key recruitment criterion, ensuring an employee's willingness to maintain and contribute to this open culture.

4.6.3 Increased Focus on Employees as Key Success Factor

Another learning expressed by management and non-management shows that employee satisfaction must be a key consideration when coping with growth. By improving employee satisfaction, management aimed at maintaining existing and attracting new employees. This, in turn, formed a strategy to cope with the external threat of labor shortages. Moreover, this learning often resonated from problems that surfaced because employee wellbeing had not been central to the past strategy. Thus, it is built on the recognition that despite rising automation there will always be tasks that require human expertise: "We've reached a very high degree of automation, but our operations are not empty of people. That wouldn't work" (manager 5). This quote stresses the importance of employees, since "the personal base is what sustains the company" (manager 2).

Consequently, managers, for instance, stated to focus increasingly on employee satisfaction by providing benefits and rising salaries, by involving employee feedback in change initiatives, or by preventing high workloads by means of a more expansive HR strategy, as stated in: "And now I am pursuing a somewhat more expansive personnel strategy and say: we now have 100 percent capacity utilization. Actually, we shouldn't have to hire anyone right now. And [still I] hire two more, because as soon as we have 101 percent, that's the problem [of high workloads] again. And that is one learning curve" (manager 1). This learning was also stated to be linked to the goal of hiring matching employees. That is, individuals that are oriented towards growth, and, thus, align with a growth-oriented firm vision, flexibility, and open corporate culture, as stated by an employee: "I believe that we hire people with a mindset who are willing to go along with it, who are extremely flexible, who like these agile structures or at least find their way around them. And I think that is a very important prerequisite" (employee 1).

4.6.4 Increase the Efficiency of Internal Processes

This learning was described to set in after experiencing negative effects of growth, particularly when experiencing difficulties that arise due to high workloads and capacity bottlenecks. These were stated to ultimately affect employee satisfaction and potentially leading to resignations. We observed several measures across the case SMEs to increase efficiency. These measures included rising professionalization of internal processes, as a manager explained: "Internally, we are preparing ourselves [for growth] by automating processes, digitalizing processes, so that we can execute processes faster" (manager 2). This professionalization was translated into the fact, that the "implementation speed will be faster, and the necessary qualifications of the people will be a little lower" (manager 2).

Another measure to raise efficiency refers to outsourcing non-core business activities. This was described by a manager: "We concentrate on the core business and everything that can be done by someone who has not been in the industry for 20 years, we try to outsource. So that we reduce our vertical production range" (manager 1). Likewise, outsourcing as a short-term approach to respond to growth was presented as a way to mitigate the risks of drastic growth. For instance, a manager pointed to the possibility to quickly respond to new client demands that require additional staff, "in the short term via external service providers and in the medium term via new internal hires" (manager 1).

Thereby, both increasing professionalization and outsourcing activities represent measures that helped SMEs in coping with growth.

4.6.5 Early Failures as Key Element of an Ongoing Learning Process

This learning is related to the recognition of the need for continuous improvement since interviewees described the acceptance of early failures as a key element of an ongoing learning process. Thus, informants stressed the need to continuously obtain experiences, commit failures early, and adjust solutions accordingly. This learning was stated as being implemented by means of testing new solutions on a small scale before implementing these firm-wide following a trial-and-error approach to changes. The learning was applied, for instance, when developing new products, meeting formats or company structures. A manager expressed the underlying fail-fast ideology: "I am a minimum viable product fan. Where you say you first try it before you plan everything into detail" (manager 2). Moreover, the importance of exemplifying and openly communicating this approach was stressed to manage expectations and decrease resistance: "This proactive communication [about the fact] that we are testing, that something is going to go wrong as planned, is a very good way to prevent resistance […], both internally and towards the customer" (manager 2).

4.6.6 Maintain Flexibility Despite Increased Structuration

This learning is based on the common assumption that growth inevitably requires a more elaborate structure. Yet, interviewees were aware that a rise in structuration was accompanied by rigidity: "[Due to growth] lately we've been realizing that we're too slow" (manager 2). Thus, to mitigate the negative effects of a more sophisticated structure, while leveraging the positive ones, interviewees stated the attempt to maintain flexibility.

A manager explained the intention to raise flexibility by creating dynamic teams instead of more rigid departmental structures, since establishing new departments was depicted as binding and difficult to revoke: "I must be aware of the fact that this structure will last for a long time. And especially in projects [...], it may be that I no longer need this department due to changes in the business environment. And therefore, I must be able to restructure flexibly. And if I only label it a team, then I am [more] flexible" (manager 1). Another stated approach was to implement dynamic firm structures, such as holocracies: "The model of holocracy is a very flexible system in circles. […] we have developed our own organizational structure, which contains [a] bit of hierarchy, a bit of matrix structure, but is also organized in circles and is therefore […] more flexible than these classical forms of organization" (employee 1).

4.6.7 Change Communication

Measures fostering an efficient change communication were related to the before-presented attempt to maintain an open company culture. These measures were directed towards tackling the *hindered reciprocal information flow between employees and management*. Specific measures to foster top-down communication about planned or implemented changes comprised informing employees in an early, involving and encouraging way; and promoting and listening to the bottom-up input from employees. We argue that this may tackle managerial blindness, enable an early awareness, and the involvement of resisting employees' feedback.

First, in regard to an efficient top-down communication, a manager stipulated that "we […] encourage people to change. […] We take away their fear. […] We make sure that we explain very clearly what is going to happen […], what the benefits are or also what the risks are or also what the consequences are if you don't do it. You just have to always communicate in a caring way" (manager 2). This was meant to "get people on board and develop new solutions so that they understand: 'Why do we have to do this now?'" (employee 5). Eventually, this communication strategy was aimed at tackling resistance and the information asymmetry between managers and employees. Fostering a realistic and open expectation management was expressed as a key objective of change communication: "We communicate much more proactively and communicate the negative things more proactively" (manager 2); "Next time we'll get people on board even earlier. We must communicate certain decisions even better" (employee 1). This aspect was generally implemented by means of communication platforms or events: "We have various events where we announce information" (manager 2) or "Since a couple of years at a quarterly rate. [...] [we have a general meeting where] practically every employee is invited. And that's where the news gets announced" (employee 4).

Second, we observed that the bottom-up information flow from employees towards management was improved by managers establishing open channels of communication and employees utilizing these. These open channels enabled employees to convey an emerging change imperative, or, in general, to voice their preferences for organizational adjustments. As one employee put it, "it's not necessary that [management] always does what I come up with, but at least I want to be listened to" (employee 4). As evident from this statement, employees demand open communication channels and managers' willingness to listen to feedback. As one manager described, "there is that saying from Stephen Covey 'Seek first to understand, then to be understood' [...] and that's what I've learned, but initially, of course, I crashed right into that

wall. Now I strive to talk to employees myself, which also means approaching employees directly" (manager 2). Besides specifying the managerial intention to understand employees, this manager also stressed the recognition of considering opposing employees' feedback as positive contribution: "That I say '[…] I didn't think of that'. It actually happens very often that I just haven't considered that. [...] I'm so close to the people to get this feedback, and that has actually improved in the last few years. This culture of openness, that someone dares to [provide direct feedback]" (manager 2).

Open communication channels were, for instance, implemented in workshops, anonymized surveys, one-on-one conversations, or by establishing intermediary positions, such as confidants. These actively listen to employee feedbacks and potentially transmit the feedback anonymously to management. The latter is especially important, in view of statements such as: "There are always some people who do not dare to come directly to me [...]. But it is still the case that there is a certain respect or fear or whatever there is" (manager 2). This indicates that employees may avoid directly communicating dissatisfaction and negative feedback due to fear or respect towards higher hierarchical levels. Yet, despite management establishing open communication channels, employees must also be willing to use these and communicate change imperatives directly. Therefore, we conclude that management must also actively encourage and support the use of these channels.

Table 11 lists the key findings on the aggregate dimension *implementation of organizational learning.*

Table 11

Key Findings on Aggregate Dimension Implementation of Organizational Learning

Theme	Key findings
Pursue a Viable Growth Strategy Characterized as Slow and Steady	• Slow, steady and mostly organic growth strategy perceived to milden short-term problems, which ultimately reduces growing pains
Mitigate Negative Growth Effects on Corporate Culture	• Directed towards tackling negative effects of growth on SME-typical open corporate culture • Implemented e.g. by company events, trips, open-door-policy
Increased Focus on Employees as Key Success Factor	• Maintaining or enhancing employee satisfaction as central measure to cope with growth-related crises • Implemented e.g. by improving benefits, expansive HR strategy

Increase the Efficiency of Internal Processes	• Directed towards addressing high workloads, capacity bottlenecks, and coping with external threat of labor shortage • Implemented e.g. by increased professionalization, standardization, digitalization or automatization of internal processes; and outsourcing of non-core business activities
Early Failures as Key Element of an Ongoing Learning Process	• Continuous learning facilitates performance improvement • Acceptance of early failures as key part of continuous learning • Implemented e.g. by early testing of new solutions on a small scale, following trial-and-error approach and fail-fast ideology
Maintain Flexibility Despite Increased Structuration	• Directed towards tackling negative effects of elaborate structure, e.g. rising rigidity triggered by growth • Implemented e.g. by flexible team structures, flexible organizational structures (e.g. holocracy)
Change Communication	• Aimed at improving reciprocal information flow, tackling information asymmetry between management and employees, decreasing employee resistance, raising managerial awareness • Implemented e.g. by establishing and encouraging active use of bottom-up and top-down communication channels, exemplifying willingness to incorporate employee feedback

Having presented the key findings derived from the interview data clustered into six aggregate dimensions, we now turn to discussing these findings in comparison to the before-reviewed literature on organizational growth and crises to respond to our research questions.

5. Discussion

In this section, we contrast our key findings to the previously reviewed literature. In particular, we intend to transfer our crisis-as-process approach to the growth context of German SMEs. Thereby, we aim at assessing the factors facilitating the emergence and persistence of organizational growing pains to ultimately establish a holistic approach to manage these. Hence, we underpin our claim that by adopting a comprehensive approach to growth-related crisis management, German SMEs can learn to cope with and potentially reduce the emergence of organizational growing pains. We stress the importance of considering crises as processes of organizational weakening, and of accounting for pre-crisis, in-crisis, and post-crisis management (Roux-Dufort, 2007; Williams et al., 2017). This approach contrasts with the prevailing focus on managing the aftermath of a crisis-event by implementing an efficient organizational response. Therefore, we present our key empirical findings by means of a

process model of growth-related crises (Figure 3), built on selected phases of the six-phase event sequence depicted by Buchanan and Denyer (2013).

Figure 3

Process Model of Growth-Related Crises
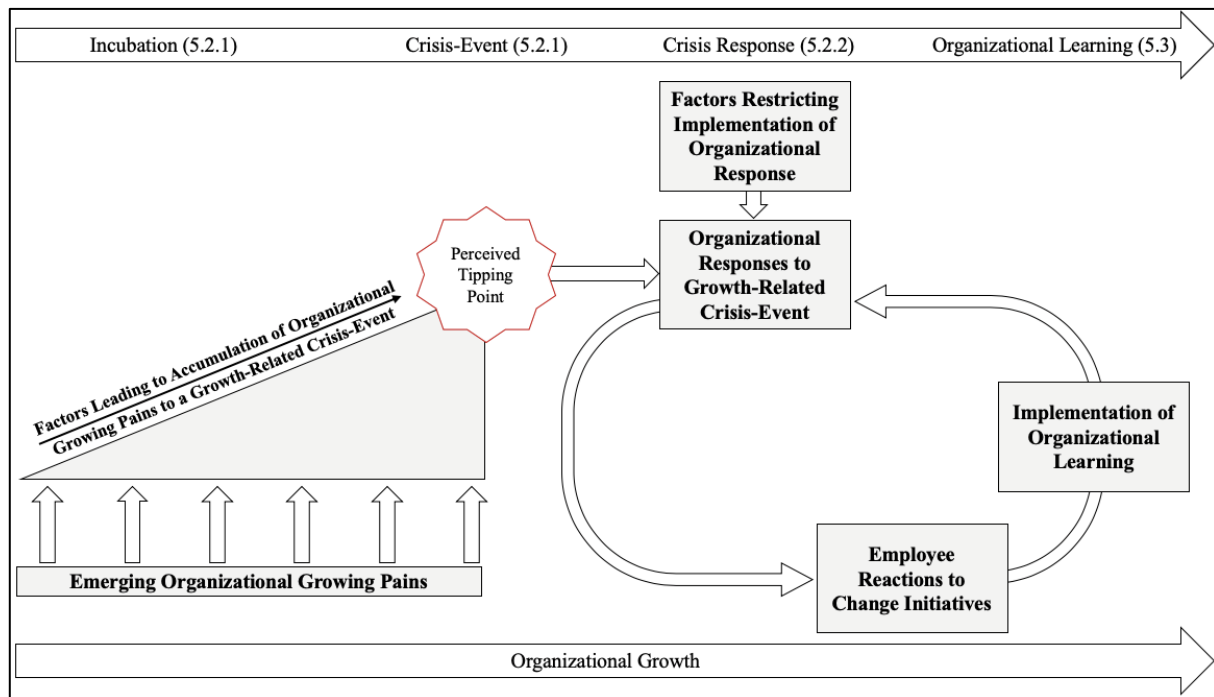
Accordingly, this section is structured along our three research questions, each allocated into distinct phases of the process model presented in Figure 3. With the first sub-section (5.1), we respond to research question 1, discussing our findings on the existence of organizational growing pains in German SMEs. The second sub-section (5.2) is directed towards answering research question 2, identifying factors that provoke and sustain organizational growing pains. Within this second sub-section, we first discuss factors triggering and sustaining growing pains during the incubation phase (5.2.1). This is followed by the accumulation of growing pains to a growth-related crisis-event. Second, we examine factors that restrict the organizational response to this crisis-event. In turn, we claim, that these restrictors sustain organizational growing pains both during and after the crisis response phase (5.2.2). The third sub-section (5.3) focuses on the last phase of our model and aims at responding to research question 3. Accordingly, we discuss the organizational learnings, as well as specific measures implemented by the case SMEs to tackle the factors provoking and sustaining growing pains, impacting both the incubation and the response phase. By holistically examining the growth-related crisis

process, we stress the need for German SMEs to deviate from the predominant crisis-as-event approach, in order to cope with and potentially reduce organizational growing pains.

5.1 Organizational Growing Pains in German SMEs (Research Question 1)

In this section, we address research question 1 by discussing the existence of organizational growing pains within German SMEs. Our sample encompasses organizations exhibiting a positive growth rate in recent years, thereby exemplifying successful organizational growth in the SME context. As outlined in our findings, we found various *(potential) organizational growing pains* that are caused by this successful growth. We initially defined these pains as symptoms of growth-related problems and performance inefficiencies, which can culminate over time in a growth-related crisis-event. We identified six, whereas Flamholtz and Hua (2002) outlined ten specific growing pains (Table 12).

Table 12

Organizational Growing Pains Identified by Flamholtz & Hua (2002, p. 528) (Left) Compared to Our Findings (Right)

1. People feel that 'there are not enough hours in the day'.	1. High level of pressure, stress, and workload
2. People spend too much time 'putting out fires'.	2. Decreasing level of individual motivation
3. People are not aware of what other people are doing.	3. Degradation of corporate culture reflected in a loss of proximity in terms of personal relations, insights in colleagues' lives and tasks
4. People lack understanding about where the firm is headed.	4. Deceleration of internal processes
5. There are too few good managers.	5. Decreasing transparency of internal processes (e.g. decision-making)
6. People feel that 'I have to do it myself if I want to get it done correctly.'	6. General dissatisfaction with growth-related organizational changes affecting employees' habits
7. Most people feel that 'our meetings are a waste of time.'	
8. When plans are made, there is very little follow-up, so things just don't get done.	
9. Some people feel insecure about their place in the firm.	
10. The organization continues to grow in sales but not in profits.	

By comparing both lists provided in Table 12, we determined several commonalities between our findings and the ones presented by Flamholtz and Hua (2002), particularly regarding the first, third and ninth position of the latter. For instance, the first pain of each list

indicates that organizational growth provokes excessive workload. The dissatisfaction related to this growing pain is caused by the increased level of stress and pressure on individual employees. Regarding the third element in both lists, we identified the degradation of the SME-specific corporate culture as a common theme. Hence, the growing employee number enhances difficulties to maintain personal relations with colleagues. Finally, what Flamholtz and Hua (2002) described as the ninth pain that "some people feel insecure about their place in the firm" (p. 536) aligns with our sixth position of employees' dissatisfaction with growth-related changes affecting individual habits. That is, organizational growth may provoke existential fear, for instance, as internal processes become digitized, forcing individual employees to take on new tasks. The related discomfort may be reinforced by a lack of change communication from management.

Despite these commonalities and the assumption that organizational growing pains negatively impact employee satisfaction, we determined that the findings of both studies are not fully congruent. Particularly, Flamholtz and Hua's (2002) claim that the intensity of organizational growing pains can be objectively measured, deviates from our view. We argue that this is due to the differing epistemological foundation of both studies. That is, Flamholtz and Hua's (2002) findings are based on a static entity perspective on organizations. In contrast, we propose that organizational growing pains are subject to processes of social construction. This is supported by our finding that individual members of an organization interpret growing pains differently, as the intensity of these depends on moderating factors, such as the motivation received from management. According to our processual perspective, the underlying sensemaking processes are constantly occurring (Langley et al., 2013; Orlikowski, 1996; Tsoukas & Chia, 2002). By adopting a process approach to growth-related crises, we argue that it is not feasible to objectively measure the intensity of organizational growing pains throughout the whole workforce at one specific point in time. This is reinforced by the fact that our list of growing pains is based on the condensation of various divergent statements on growth-related changes, which advocates the difficulty to ensure that every employee refers to a specific pain with the same words. Since "each employee has a different sort of pain" (employee 1), a survey comprising a complete list of growing pains that is understood and made sense of equally by each member of a firm, to our understanding, is not feasible.

By discussing our findings against existing research, we provided evidence for the existence of organizational growing pains, and demonstrated the applicability of the existing

concept to the specific context of German SMEs. Moreover, we found that our processual view resulted in distinct findings compared to the ones presented by Flamholtz and Hua (2002), that are based on a static entity perspective. The scholars claimed that organizational growing pains can be objectively measured. In contrast, we ascertain that these pains are subject to continuous sensemaking processes. Therefore, we argue that individuals perceive the intensity of these pains differently. Hence, from our social constructionist perspective, objectively measuring this subjective phenomenon is not feasible. Instead, we encourage organizational actors to develop sensitivity towards the subtle emergence of growing pains, to be able to tackle these in their early stages.

Besides confirming the existence of organizational growing pains in the German SME context, we identified factors that provoke and sustain these pains. To answer research question 2, we discuss these factors in the following sections.

5.2 Factors Provoking and Sustaining Organizational Growing Pains in German SMEs (Research Question 2)

As depicted in Figure 3, section 5.2 comprises the incubation phase (5.2.1), terminating in the crisis-event, and the crisis response phase (5.2.2). In this section, we discuss our findings along these distinct phases, intending to firstly assess specific factors that provoke the initial emergence of organizational growing pains during the incubation phase. Secondly, we examine factors that sustain growing pains, both during the incubation and the response phase.

5.2.1 Incubation Phase to Crisis-Event: Factors Provoking and Sustaining the Emergence of Organizational Growing Pains

The following excerpt (Figure 4) of the process model of growth-related crises depicts the pre-crisis phase, namely, the incubation up to the culmination into a disruptive crisis-event.

Figure 4

Incubation Phase Culminating in Crisis-Event of a Growth-Related Crisis (Excerpt)
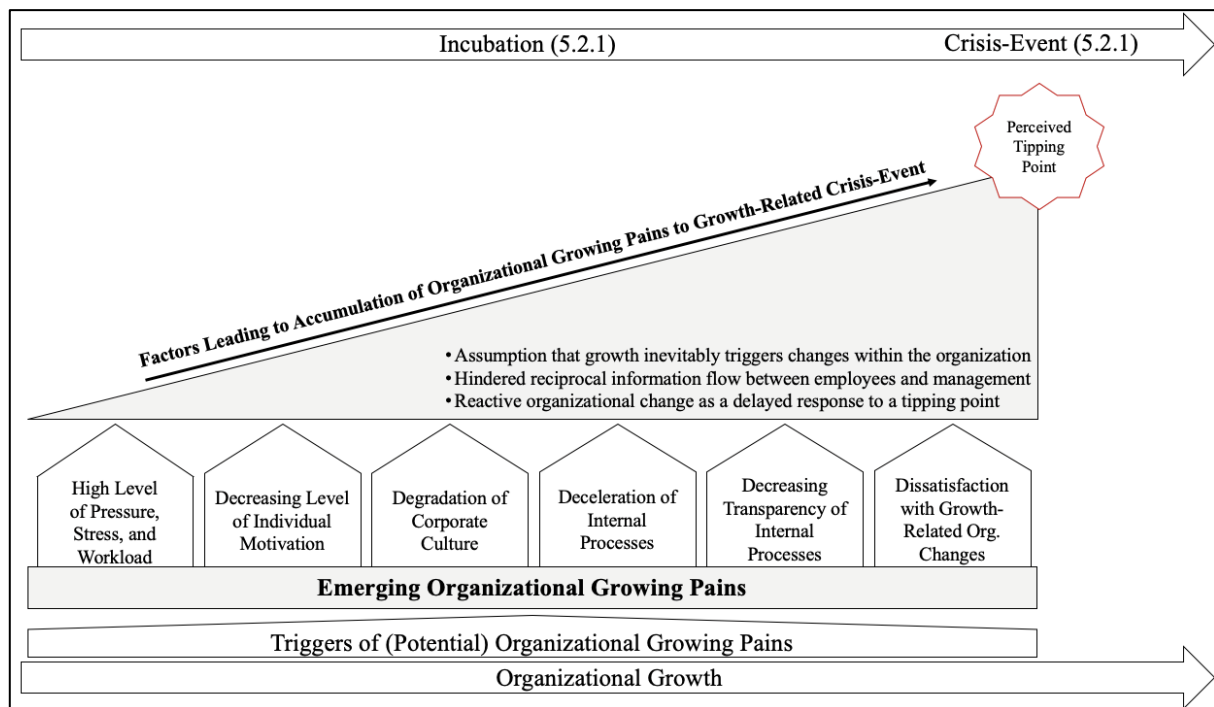
In Figure 4, we illustrated *triggers of (potential) organizational growing pains* as the starting point of the model. The resulting six specific organizational growing pains (i.e. discussed in 5.1) are presented in the form of six arrows directed towards the accumulation process. We depicted the accumulation of these pains as a triangle, which is caused by *factors leading to accumulation of organizational growing pains to a growth-related crisis-event*. Accordingly, these pains intensify up to a *perceived tipping point*, that is, the crisis-event, portrayed as the red star in Figure 4, which ultimately triggers an organizational response.

5.2.1.1 Emerging Organizational Growing Pains. The emergence of organizational growing pains along with their triggers constitute the starting point of the growth-related crisis. We identified common underlying processes that provoke these pains. These processes are widely aligned with the findings of prior research, stating that growing organizations often experience difficulties in developing their infrastructure to the degree that it can sustain organizational growth (Donaldson, 1987, 2001; Flamholtz, 1995; Greiner, 1972, 1997; Mintzberg, 1979). As a result, a misfit between the organizational design and its size (Mintzberg, 1979), that is, an organizational development gap (Flamholtz, 1995; Flamholtz & Hua, 2002), emerges. We identified related factors by assessing the theme *triggers of (potential) organizational growing pains*. In the case of our sample organizations, these triggers were

comprised of the perceived obligation to grow, particularly motivated by long-term benefits. Due to already exceeded capacities, ambitious growth objectives exerted pressure on employees. Further triggers were delayed structural or organizational adjustments to growth, and a lack of communication from management about organizational changes or growth. As discussed in section 5.1, we identified six organizational growing pains caused by these triggers. Furthermore, we claim that these pains remain widely unnoticed due to *factors leading to accumulation of organizational growing pains to a growth-related crisis-event*, as discussed subsequently.

5.2.1.2 Factors Leading to Accumulation of Organizational Growing Pains to a Growth-Related Crisis-Event. As indicated in the triangle in Figure 4, these factors comprise three themes derived from our empirical data, namely, the *assumption that growth inevitably triggers changes within the organization, hindered reciprocal information flow between employees and management,* and the consequent *reactive organizational change as a delayed response to a tipping point*. We ascertain that the accumulation of organizational growing pains is based on the prevailing assumption that growth inevitably triggers organizational changes, and particularly on difficulties to timely recognize subtly emerging problems. This ultimately leads to the reactive (i.e. delayed) implementation of changes to respond to a disruptive crisis-event. This claim challenges previous research, which determined that SMEs are usually more aware of upcoming internal crises than larger companies (Jin, 2010; Mayr et al., 2017). That is, we determined that the medium-sized enterprises included in our sample exhibit a limited crisis awareness. Still, our research design does not permit a comparison with large firms.

We identified several factors that cause the accumulation of organizational growing pains, and, thus, impede an early pre-crisis management. These factors are related to what Watkins and Bazerman (2003) referred to as psychological, organizational, and political vulnerabilities. Consistent with the concept of psychological vulnerabilities, we found that organizational actors shared the belief that growth-related organizational changes are inevitable. Yet, we stipulate that this understanding neglects that individuals within an organization create these changes by means of microscopic variations, which represents our processual perspective on organizations (Langley et al., 2013; Orlikowski, 1996; Tsoukas & Chia, 2002; Weick & Quinn, 1999). According to our view, organizational actors possess the agency to influence growth-related organizational changes, as they are the ones producing them. However, we argue that individual sensemaking processes reproduce the mentioned

belief that growth-related changes are inevitable. As a result, organizational actors adopt a passive position, that is represented in the prevailing reactive implementation of changes. Thus, individuals do not react timely to the continuously expanding development gap, because of this passive position towards the subtle emergence of resulting growing pains. We argue that the underlying sensemaking processes provoke a blindness related to the notion of psychological vulnerabilities (Watkins & Bazerman, 2003). This is further supported by Tripsas and Gavetti (2000), who found that the "mental models and strategic beliefs that drive managerial decisions" (p. 1148) are relatively stable over time. Hence, managers' psychological vulnerability is reinforced by their cognitive inertia. Therefore, we argue that managers must enhance their awareness and actively question their biases to facilitate novel solutions to growth-related challenges. Alternatively, as suggested by Tripsas and Gavetti (2000), these solutions may be enabled by substituting individuals of the organization's management.

Despite our findings that SMEs exhibit a low level of departmental thinking and employees are eager to support each other, we identified elements that prevent the required information concerning a change imperative to reach the management level, which is consistent with Watkins and Bazerman's (2003) concept of organizational vulnerabilities. These are specifically related to the findings on the theme *hindered reciprocal information flow between employees and management*. In particular, the vanishing proximity and openness of the corporate culture leads to a decreasing information flow between managers and employees. This is reinforced by the continuously increasing structuration of SMEs resulting in an enhanced hierarchization. The initially simpler structure fosters flexibility, relatively rapid decision-making processes and a fast speed of response to a changing market environment (Jin, 2010; Mintzberg, 1979). In contrast, we argue that additional hierarchal levels function as filters that hinder information about a change imperative to be conveyed bottom-up, and, thus, contribute to what Watkins and Bazerman (2003) referred to as organizational vulnerabilities.

Throughout our empirical data, we also identified elements that describe political vulnerabilities, which comprise top-down decision-making processes that exclude feedback of lower hierarchal levels (Watkins & Bazerman, 2003). In particular, we found that managers often evaluated to what extent they required the input from employees for specific decisions or whether employee feedback was needed at all. In that regard, we identified that managers referred to employees as distinct others, which they translated into the mission to minimize the opposing portion of these individuals. We claim that this perception motivates managers to

utilize the power inherent in their positions, and, thereby, exclude lower hierarchal levels from the decision-making process. Moreover, we stipulate that this political vulnerability is reinforced by the organizational vulnerability of a hindered reciprocal information flow. That is, managers do not perceive the necessity to incorporate employee feedback in their decisions, as the awareness of a change imperative on the employee level is not conveyed to management. In that regard, previous scholarly work (Keats & Bracker, 1988; Simon, 1992a, 2009; Spielkamp & Rammer, 2006) depicted the patriarchal leadership style of SME executives as an asset, associated with a close involvement of management in the operating business contributing to a strong employee loyalty. However, this contrasts with our finding that patriarchal leaders foster political vulnerabilities (Watkins & Bazerman, 2003), and, thus, reinforce their own blindness towards emerging growth-related crises. In turn, we argue that a collaborative leadership style contributes to an early awareness on growth-related crises, as the correspondent change imperative can be pointed out by individuals on lower hierarchal levels, who have been found to be more sensitive to the underlying daily disturbances (Doern et al., 2019; Jin, 2010).

Accordingly, we claim that the *factors leading to accumulation of organizational growing pains to a growth-related crisis-event* widely refer to the identified psychological, organizational and political vulnerabilities (Watkins & Bazerman, 2003). The blindness provoked by these vulnerabilities, in turn, impedes organizational actors from recognizing the subtle emergence of organizational growing pains during the pre-crisis phase. This finding underpins the predominant approach to crisis management focusing on efficient crisis responses (Roux-Dufort, 2007). Consequently, we claim that growing pains intensify until these culminate in a disruptive event, which ultimately forces organizational actors to react.

This incremental intensification aligns with Flamholtz and Hua (2002), who stipulated that the emergence of growing pains as symptoms of an organizational development gap follows a gradual process. We propose that the longer it takes management to notice the emergence of organizational growing pains, the more intense these are felt by the workforce. Still, we also found that the underlying development gap and its symptoms often remain unrecognized until a disruptive event is perceived within the organization. Accordingly, we identified frequent expressions about a sudden need to react to a disruptive event, such as high personnel fluctuation or collapsing employees. Yet, our data provided only little evidence on how exactly this disruptive event accumulated. We argue that this is related to the findings of

previous research (Roux-Dufort, 2007) stating that organizational actors predominantly make sense of an organizational crisis as an event, opposed to our process approach (Buchanan & Denyer, 2013; Williams et al., 2017). Therefore, this common perception of the interviewees corresponds to the *perceived tipping point,* depicted as the red star in Figure 4.

Scholars further specified this crisis-event as a "critical turning point that has the potential to dissolve or positively transform the business as a whole" (Carmeli & Schaubroeck, 2008, p. 179). Since we merely examined successful companies, meaning, firms that have positively transformed their business by leveraging growth-related crises, we did not examine the event of a dissolving firm. Instead, we focused on the crisis-event as a positive turning point, aiming at deriving measures of how organizational growing pains can be managed to achieve sustainable growth, which we further outline by answering research question 3. Thus, our study highlights the opportunity to obtain organizational strength by successfully managing growth-related crises (Carmeli & Schaubroeck, 2008). This is especially important, as we oppose the understanding that links crises to static transition points between life-cycle stages such as stipulated by Greiner (1972, 1997). In contrast, as outlined in our findings, we argue that growth-related crises occur more frequently with varying intensity depending on the speed with which the emergence of growth-related crises is recognized. This finding emphasizes the importance for managers to "refine their sensitivity to be able to perceive subtle differences" (Tsoukas & Chia, 2002, p. 579) to prevent the dissolution of the organization.

As indicated inside the triangle in Figure 4, throughout the incubation phase of our model, we allocated the findings on the initial triggers of organizational growing pains into the aggregate dimension *emerging organizational growing pains*. After the initial rise of subtle growing pains, we argue that the intensity of these is mediated by the *factors leading to accumulation of organizational growing pains to a growth-related crisis-event*. We stipulate that, as a result, growing pains accumulate to a tipping point in the form of a growth-related crisis-event. Due to the dominant crisis-as-event understanding, we claim that organizational actors merely respond to a perceived tipping point, which we depicted by means of the red star.

5.2.2 Crisis Response Phase: Factors Sustaining Organizational Growing Pains

Besides factors that provoke and sustain growing pains during the incubation phase, we also identified elements that lead to the persistence of these pains during the crisis response phase. Specifically, we identified internal (i.e. micro and meso) and external (i.e. macro) restrictors, that impede the implementation of organizational responses to growth-related crisis-

events. These cause an ineffective or delayed response, thereby, sustaining organizational growing pains. Thus, the detailed excerpt in Figure 5 illustrates the crisis response phase, including restricting factors as well as employee reactions to this response.

Figure 5

Organizational Response to Growth-Related Crisis-Event (Excerpt)
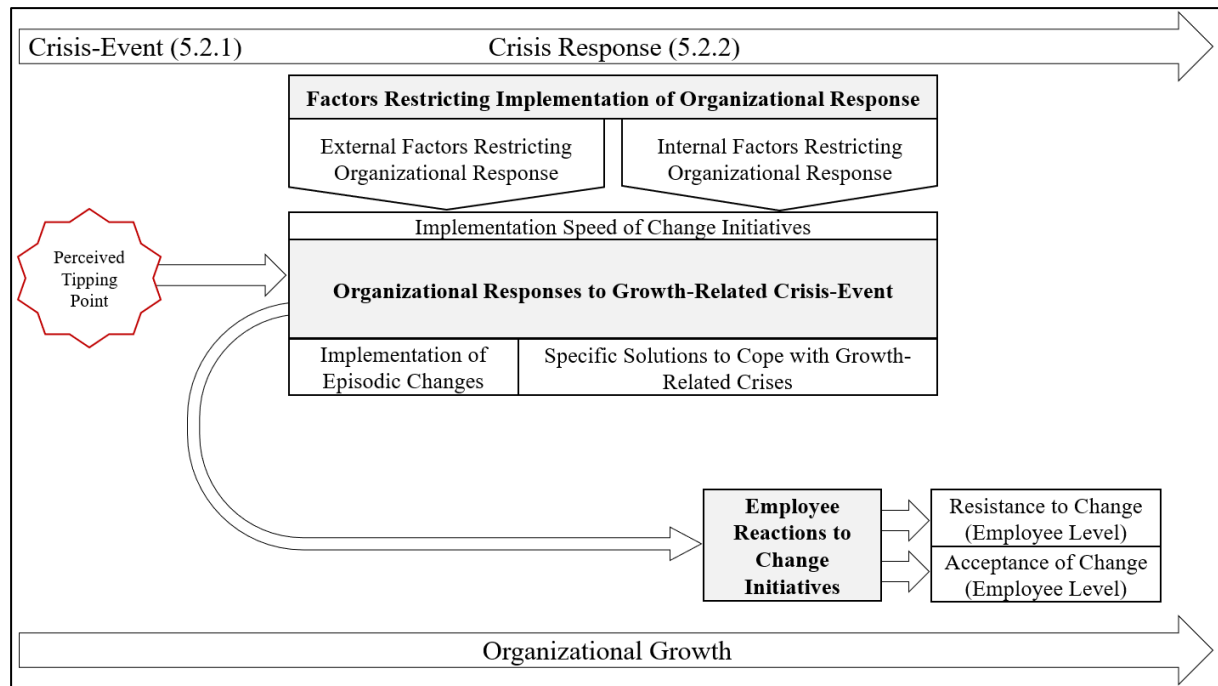
5.2.2.1 Organizational Responses to Growth-Related Crisis-Event. In our data, we found that managers implemented organizational changes as a reaction to the previously discussed crisis-event. As presented in the findings on the theme *implementation of episodic changes,* the attempt to tackle accumulated growing pains and, thus, to reestablish the firm's equilibrium, mainly followed a planned and episodic approach. This is consistent with the models presented by Flamholtz (1995), Greiner (1972, 1997), and Mintzberg (1979). In our sample, organizational actors did not perceive change as continuously triggered by individual and collective sensemaking processes, but rather as planned and executed by a change agent, often assigned to management, which aligns with the observations presented by Orlikowski (1996).

Despite this predominant episodic change understanding, we identified contradicting views on the change agent role. Some managers expressed their intention to reduce resisters' voices, corresponding to a top-down approach, instead of encouraging them to voice their opinion as a positive contribution to the change measure as argued by Ford et al. (2008). Other

managers, on the contrary, stressed the importance of a continuous change communication, described as encouraging, listening to potentially resisting employees, taking away their fear and managing expectations. Weick and Quinn (1999) advocated that this change agent role, which is rather focused on using communication to facilitate change (Ashcraft et al., 2009), aligns with a continuous change understanding. Even though, throughout our data, managers stated the benefit of a continuous approach to change and the corresponding change agent role, we only found little evidence for the actual implementation thereof. Considering Tsoukas and Chia's (2002) claim that the "excessive preoccupation with planned change risks failing to recognize the always already-changing texture of organizations" (p. 579), we stipulate that the predominant episodic change understanding as a reaction to a tipping point sustains organizational growing pains. That is, the strong focus on planned changes that require a lengthy implementation impairs a timely and continuous prevention of emerging growing pains. This is further exacerbated by the before-mentioned passive position organizational actors adopt towards changes provoked by organizational growth and environmental pressures. Due to the belief that these changes are inevitable, we argue that firms primarily react instead of proactively tackling the incremental microscopic variations.

This assumption is reinforced by our finding that organizational changes mostly constituted a reaction to the crisis-event perceived as a tipping point. We found that managers made sense of a crisis rather as an event than a process. Yet, we align with prior scholarly work criticizing this focus on post-crisis management, as it neglects the finding that crises slowly emerge during the incubation phase (Buchanan & Denyer, 2013; Roux-Dufort, 2007; Williams et al., 2017). We claim that by making sense of crises as events, organizational actors fail to address the early emergence and sustain the accumulation of growing pains. Accordingly, we advocate that a process view facilitates a more holistic crisis management by incorporating pre-crisis management (Roux-Dufort, 2007), which may prevent the accumulation of these pains.

Regarding our findings on *specific solutions to cope with growth-related crises*, the mentioned episodic change initiatives mostly comprised structural changes. We summarized the corresponding specific adjustments in Table 13 to contrast these with the changes in design parameters outlined by Mintzberg (1979). As indicated by the numbers (1) to (7) behind our findings, the comparison affirms that the responses identified by Mintzberg (1979) are still widely applied by organizational actors when facing growth. Furthermore, based on this

comparison we stipulate that the reaction to growth of German SMEs mostly aligns with large firms, confirming the persistent perception of the inevitable need for structural adjustments.

Table 13

Condensed Organizational Responses to Growth Identified by Mintzberg (1979) (Left) Compared to Our Findings (Right)

1. Rising specialization of jobs (i.e. specialization of tasks)	1. Clearer definition of roles and tasks (1)
2. Greater division of labor	2. Reduced range of tasks per individual (1)
3. Rising behavior standardization (i.e. standardization of work processes, bureaucratic structures)	3. Greater distribution and delegation of tasks and responsibilities (2)
	4. Decentralization of power (2)
4. Increasingly standardized and formalized training and indoctrination	5. Standardization of processes, communication channels and platforms (3)
	6. Establishing new departments (5)
	7. Clearer separation of departments (5)
5. More differentiated grouping	8. Geographic expansion and establishing additional locations (5)
6. Rising unit size	9. Rising size of departments (6)
7. Increasing use of planning and control systems	10. Increasing level of documentation and reporting (7)

We conclude that due to the predominant reactive change understanding along with the correspondent change agent role, managers focus on post-crisis management by implementing episodic structural changes from top-down. This sustains growing pains, as organizational actors fail to implement continuous changes during the incubation phase.

As presented in our findings on the *implementation speed of change initiatives* to respond to growth-related crises, we determined that the speed of the mentioned episodic changes was mainly described as slow. This was associated with the long time required to realize structural changes, that was reported to be caused by restricting factors. As presented in the next section, we claim that these restrictors further sustain organizational growing pains.

5.2.2.2 Factors Restricting Implementation of Organizational Response. The *factors restricting implementation of organizational response* are presented in our processual model as exerting a direct impact on the organizational response. More specifically, our data suggested that both endogenous and exogenous restrictors impede the actor's agency, which we contrast with the theories examined in our literature review.

5.2.2.2.1 External Factors Restricting Organizational Response. Our findings on *external factors restricting organizational response* are widely consistent with DiMaggio and

Powell's (1983) notion of coercive isomorphisms, which result from "formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function" (p. 150). Correspondingly, these pressures arise on the field-level, that is, the organizational macro environment.

In particular, we found that the dependence of SMEs on a small number of clients, which aligns with observations of prior SME research (Mayr et al., 2017; Simon, 1992a, 2009), enables clients to force SMEs to grow more rapidly than intended or to implement specific organizational changes, for instance, an increased standardization. Besides clients, we determined other field-level factors such as competitors, industry standards, or governmental regulations, which exert coercive pressures on SMEs. According to DiMaggio and Powell (1983), organizations incline to these pressures to gain public legitimacy, which, in turn, limits the action scope and leads to homogenization of the field. This aspect was specifically salient in our data, as managers voiced their reluctance to reject additional projects of existing customers to maintain the legitimacy gained with them. Moreover, the data revealed restricting effects provoked by societal changes, which we found to directly impact both corporate culture and structure. This pressure exerted by social norms also aligns with DiMaggio and Powell's (1983) notion of coercive isomorphisms, and proves that cultural expectations have an impact on organizations. This refers to our finding that the shifting societal values focusing on work-life-balance, pushed SMEs towards specific structural adaptations. In accordance with the motive of coercive isomorphisms, we claim that SMEs incline to these formal and informal pressures to gain public legitimacy in the organizational field (DiMaggio & Powell, 1983).

Previous research stipulated that SMEs are more vulnerable to these environmental pressures due to a lacking preparedness and "support of extra finance or resources that larger companies typically possess" (Ropega, 2011, p. 476). This finding was reflected in our empirical data, as we stated that organizational actors shared the belief that they hold a passive position based on the inability to influence these external pressures, which was further translated into a reactive change understanding. That is, the endogenous sensemaking processes reinforce the restricting impact of external factors. This claim is supported by Tsoukas and Chia (2002), who found that pressures can originate from both inside and outside, but "how organizations respond is endogenously conditioned" (p. 578), as the implementation of the crisis response depends on how organizational actors make sense of exogenous pressures. Due

to this increased vulnerability of SMEs, we agree with Ropega (2011) who stressed that SMEs must "quickly and skillfully perceive symptoms of business crises [in advance] to preserve business from bankruptcy" (p. 482).

5.2.2.2.2 Internal Factors Restricting Organizational Response. Based on the comparison of our findings with existing literature, we differentiated the identified internal restrictors into the organizational meso-level and individual micro-level. These are presented in our model as part of the response phase within the theme *internal factors restricting organizational response* showing a direct impact on the implementation thereof. First, we discuss restrictors arising on the organizational level and, second, on the individual level.

We identified that specifically *past decisions* impact the organizational action scope. For instance, this restriction was related to the binding effect of decisions on recruiting or structural changes. According to path dependence theory, past decisions represent an event type that restricts the organizational response by increasingly narrowing down the action scope (Arthur, 1989; Meyer & Schubert, 2007; Schreyögg & Sydow, 2011). Accordingly, this theory stipulates a self-reinforcing mechanism of rigidification, that eventually leads to a lock-in (Vergne & Durand, 2010). However, we found some evidence for the ability to deliberately choose a certain structural decision (e.g. establishing departments), or to break the dependence on a past decision. The latter refers, for example, to an SME deliberately choosing to re-focus on a different customer segment by redesigning its product portfolio. Thereby, the firm changed its underlying growth strategy, while accepting the risk of losing existing customers. These observations are supported by previous scholarly work claiming that paths can be deliberately created (Garud et al., 2010), broken or extended (Sydow et al., 2012). Furthermore, we align with Garud et al. (2010), who opposed the traditional notion of initial conditions as contingent events leading to path dependence, defined as "unpredictable, non-purposive, and somewhat random events" (Vergne & Durand, 2010, p. 741). Accordingly, Garud et al. (2010) claimed that contingencies (i.e. initial conditions) are, in fact, constructed by actors' actions, interactions and sensemaking, which underpins our findings. Yet, in the stated example of the case firm, breaking this path resulted in a major loss of customers. We claim that even though our findings confirmed the active role and ability of organizational actors to break existing paths, this action is accompanied by the risk of losing legitimacy towards existing customers and, thus, may result in major financial losses. We conclude that despite the ability to break or extend paths,

organizational actors remain subject to strong restrictions exerted by past decisions due to the associated risk of losing legitimacy.

Besides narrowing down the scope of possible actions, path dependent processes were claimed to result in structural inertia (Schreyögg & Sydow, 2011). However, Schreyögg and Sydow (2011) differentiated, "while structural inertia may well be an outcome of a path-dependent process, not every kind of inertia is caused by […] path-building processes" (p. 330). Therefore, structural inertia – potentially resulting from path dependence – forms a wider concept of organizational rigidification and is built on the perceived necessity to increase organizational stability to gain public legitimacy.

In our data, we found several statements that described structural inertia as an internal restrictor. Interviewees reported that organizational rigidification rises as a negative effect of the increasingly sophisticated organizational structure. We presented this in our key findings on the theme *specific solutions to cope with growth-related crises*. Moreover, it is reflected in the growing pain *deceleration of internal processes*. We determined that this structuration process is driven by organizational actors' objective to achieve increased organizational stability, which we argue is closely linked to the internal drive for external legitimization supported by Hannan and Freeman's (1984) concept of structural inertia. That is, the "(assumed) necessity of routinizing and institutionalizing organizational activities in order to secure reliability and accountability" (Schreyögg & Sydow, 2011, p. 329). This internal process of creating rationally reproducible, standardized structures is, therefore, exogenously conditioned by the macro-level demand for accountability and reliability to gain public legitimacy. This drive for public legitimization is related to the concept of isomorphic pressures mentioned before, causing an increasing homogeneity within an organizational field (DiMaggio & Powell, 1983).

Yet, our data also revealed organizational actors' general awareness about the disadvantages of this structuration process, namely the increasing rigidity and a consequent decreasing implementation speed of organizational changes. This is supported by Hannan and Freeman's (1984) claim that "the properties that give some organizations reproducibility also make them highly resistant to structural change" (p. 155), resulting in a slower speed of response. As a consequence, interviewees expressed their intention to mitigate these negative effects by actively implementing changes to foster flexibility. Our data suggested that organizational actors may take an active role by deliberately counteracting the rigidifying effect

of growth, for instance, by attempting to maintain flexibility, as presented in our findings on the *implementation of organizational learnings.*

Overall, our findings suggest that the dependence on past decisions and the perceived necessity for standardized internal processes represent restricting factors on the organizational level. These ultimately narrow down the action scope and decelerate the implementation speed. The underlying mechanisms are supported by the concepts of path dependence (Schreyögg & Sydow, 2011) and structural inertia (Hannan & Freeman, 1984). Yet, as examined in the literature review, the concepts have been criticized for the lack of emphasis on the role of organizational actors in actively constructing organizational reality (Garud et al., 2010; Schwarz, 2012). This is confirmed by our empirical data, indicating that despite the restricting effect of both concepts, the organizational actors can actively counteract these restrictions, namely by deliberately creating new or breaking with past decisions, or by opposing structurally inert processes to maintain flexibility. Still, we claim that the extent to which organizational actors can deliberately break paths or oppose inert processes is limited due to the risk of losing public legitimacy. The restricting effect of this drive for legitimacy is further reinforced by individual restricting factors, namely the *rigid mindset of managers and employees*.

Since managers mostly represented the change agents within the case SMEs, we presented the managerial mindset as a strong internal restrictor of the implementation of organizational changes, both by affecting the speed of response and the scope of available actions. This impact of the managerial mindset on the organizational adaptability is supported by Tripsas and Gavetti's (2000) concept of cognitive inertia. As presented in the respective findings section, a rigid managerial mindset mainly resulted from managerial habits or experiences, potentially reinforcing managerial blindness. The restricting effect thereof, for instance, refers to the deliberate reluctance to collaborate with external capital providers and the intention to remain widely self-reliant. These attributes have already been identified by previous research, primarily presented as an advantage of SMEs (Cyron & Zoellick, 2018; Simon, 1992a, 2009). Yet, we agree with Mayr et al. (2017), stating that this reluctance limits the "access to financial and managerial resources" (p. 110). Hence, we stipulate that this SME-typical attribute represents an internal restrictor. We oppose the claim put forward by the interviewed managers, that SMEs lack possibilities to respond to growth due to their small size. Instead, we argue that this restriction primarily results from the deliberate choice of remaining independent, which is caused by the correspondent belief inherent in the managerial mindset.

During the implementation of change measures, we also found that a rigid employee mindset restricted the organizational response by actively opposing its implementation. We argue that this behavior results from specific personal traits, as supported by the determinants of individual resistance that Oreg (2003) clustered into the category of employees' cognitive rigidity. Due to individual resistance arising during the implementation of responses, managers described a decrease in implementation speed, for instance, as several attempts were needed to fill a leading position.

5.2.2.3 Employee Reactions to Change Initiatives. Moreover, our data suggests that individual resistance not only impacts the planning of an organizational response, but also arises after its implementation. We argue, this persisting dissatisfaction indicates that organizational actors must involve employees more actively when implementing changes. Hence, we stipulate that individual resistance to the implementation of growth-related crisis responses must be actively considered as part of continuous organizational learning, which we further discuss regarding research question 3.

We found that in our sample, negative individual reactions to crisis responses were mainly caused by personal traits, specifically, a rigid employee mindset, employees holding on to individual habits, or a sentiment of fear triggered by changes. We identified that the latter was linked to a lack of communication and the consequent rise of uncertainty, particularly when changes were imposed from top-down. Accordingly, our findings align with Oreg's (2003) review of common reasons for individual resistance. Furthermore, we found that resistance depended on management's approach to change, which was often imposed from top-down. This finding is also consistent with prior research, which presented a greater employee involvement as a potential measure to address employees' fear of losing control (Oreg, 2003; Sagie & Koslowsky, 2000). This supports our perception of resistance as a positive contribution to change initiatives (Ford et al., 2008).

Finally, in our findings we stipulated that individual resistance was commonly applied as a label from an outsider-perspective. That is, managers embodying the change agent role related resistance to the reaction of the recipients on the non-management level. However, Ford et al. (2008) criticized this "self-fulfilling label given by change agents […] to make sense of change recipients' reactions to change" (p. 363), as it results in the construction of resistance and neglects the potential positive contribution of resisters' feedback. We align with Ford et al.'s (2008) criticism on the application of resistance as a label applied by change agents. In

addition, we also found that employees merely described the resistance of other members of the workforce. Consequently, we add to Ford et al.'s (2008) criticism, stipulating that this act of labelling resistance from an outsider-perspective indicates that resistance not only arises consciously, but also subconsciously. Employees do not label their own behavior or attitude as resistance, as the adopted outsider-perspective does not allow for the conscious perception of their own resisting behavior. Moreover, we argue that resistance indicates employee dissatisfaction and, thus, the persistence of growing pains. Consequently, we claim that resistance forms a central part of the organizational learning process, as it potentially prevents exacerbating growing pains. It must, therefore, be actively considered as a positive contribution to future change initiatives.

Overall, by contrasting our empirical findings with existing research, we responded to research question 2, namely which underlying processes provoke and sustain organizational growing pains in the German SME context. First, within the incubation phase, we examined processes that trigger the emergence of growing pains and factors, which lead to the accumulation of these pains to a disruptive crisis-event. Second, we discussed organizational responses to crisis-events, identifying restricting factors that attribute the persistence of growing pains to the hindered or lengthy implementation of the organizational response. Thereby, we expand the reviewed models of growth-related challenges (Greiner, 1972, 1997; Mintzberg, 1979) and growing pains (e.g. Flamholtz, 1995; Flamholtz & Hua, 2002) by emphasizing the processes which trigger and sustain these pains. In particular, we stipulated that the emergence of growing pains remains unnoticed due to the dominant perception of organizational responses being implemented as a reaction to a tipping point, which impedes the recognition of subtly emerging pains. This difficulty in noticing growing pains early is reinforced by the three vulnerabilities that sustain and potentially exacerbate these pains during the incubation phase. Additionally, we identified several exogenous and endogenous factors, comprising micro-, meso- and macro-level restrictors that hinder the implementation of an organizational response. These restrictors delimit the organizational action scope or decelerate the implementation speed, which ultimately sustains organizational growing pains.

Furthermore, we found that individual reactions to organizational responses form a central part of the organizational learning process to tackle growing pains. We identified resistance as an indicator for sustained employee dissatisfaction, which is the common theme amongst our defined types of growing pains. Since dissatisfaction is often not publicly stated,

we claim that organizational actors must take resistance into account as an important contribution to organizational learning by implementing it into future crisis responses.

Based on the discussion of our findings, we stipulate that organizational growing pains are exacerbated by the predominant focus on managing the aftermath of a growth-related crisis. This focus provokes a delayed response and, thus, the accumulation of growing pains. These are further sustained throughout the post-crisis phase due to the identified restrictors. Accordingly, we advocate a holistic approach to growth-related crises to tackle both factors that provoke and sustain growing pains. That is, we encourage firms to particularly consider the pre-crisis phase and organizational learning, which we further discuss in the next section.

5.3 Organizational Learning as a Source for Mitigation Strategies Tackling Organizational Growing Pains (Research Question 3)

Based on our holistic approach to crisis management, we now discuss the findings on the last aggregate dimension *implementation of organizational learning*. Thereby, we stress the need for comprehensively managing the emergence of organizational growing pains as symptoms of growth-related crises, by taking pre-, in-, and post-crisis management into account. Specifically, regarding the post-crisis phase, we stress the crucial role of organizational learning and its implementation. By doing so, we argue that the learnings we identified in our findings resulted from experiences acquired throughout past growth-related crises. Accordingly, we advocate that firms must actively implement corresponding measures targeted at mitigating the identified factors provoking and sustaining growing pains within the incubation and response phase. By relating the implemented organizational learnings to the elements discussed in research question 1 and 2, we intend to respond to research question 3, namely, how German SMEs can tackle or reduce organizational growing pains.

As mentioned in our findings, we determined that the SMEs included in our sample have implemented these mitigation strategies to varying extents. This is consistent with Doern et al.'s (2019) observation that organizational learning represents an ongoing process. In particular, we determined distinct levels of what the authors termed organizational resilience, which is the ability to "respond to adversity or recover more quickly following adversity" (Doern et al., 2019, p. 403). Accordingly, we argue that this ability describes an organization's preparedness for future crises. This preparedness is conditioned by the extent to which the sample SMEs engaged in active organizational learning. According to Toft and Reynolds (2005), this means that organizations must actively utilize the experience acquired from past

crises to adapt past responses to growth-related crises and craft more continuous responses to future crises. In contrast, passive learning refers to merely deriving lessons from past crises. Hence, in Figure 6 we illustrated that active organizational learning may have a positive impact on organizational responses to both present and future growth-related crises starting with a new incubation phase.

Figure 6

Organizational Learning Affecting Current and Future Growth-Related Crises (Excerpt)
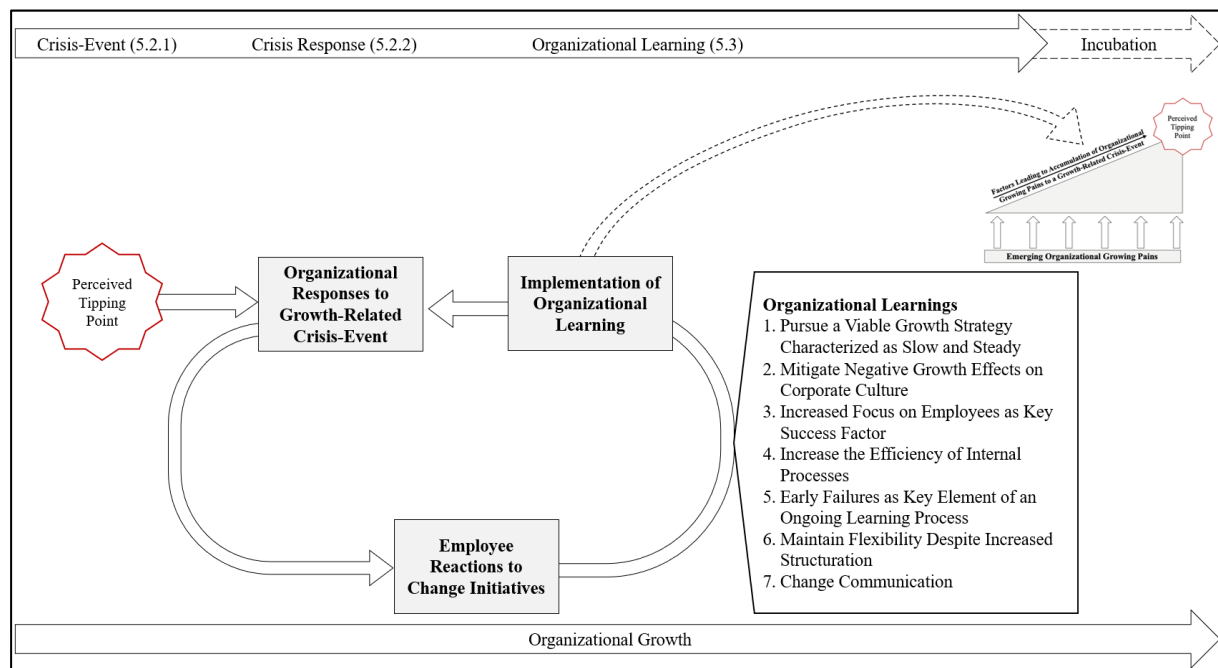
The effect of an organization's resilience on future crises (Doern et al., 2019) is especially important. As we previously argued, growth-related crises occur frequently with varying intensity, depending on the speed with which the emergence of growth-related crises is recognized and the effectiveness of the organizational response. Accordingly, we contend that an organization's resilience is an important attribute in coping with growing pains. Since our sample merely encompasses companies exhibiting a positive development throughout the past years, we argue that these have recognized the opportunity inherent in growth-related crises. That is, the case SMEs have used the acquired experience to foster their organizational resilience. Thus, our sample exemplifies measures aimed at coping with existing or preventing the emergence of future organizational growing pains. Therefore, we discuss the extent to which the identified learnings mitigate the factors provoking and sustaining growing pains, respectively allocated to the incubation and the response phase of the processual crisis model (Figure 3).

5.3.1 Organizational Learnings Influencing the Incubation Phase

In the incubation phase, we determined *triggers of (potential) organizational growing pains* and claimed that *factors leading to accumulation of organizational growing pains to a growth-related crisis-event* sustain growing pains, ultimately culminating in a disruptive event.

We argue that the organizational learning to *pursue a viable growth strategy characterized as slow and steady* may confine the identified triggers of organizational growing pains. Our empirical data indicates that organizational actors recognized the importance of delimiting the growth rate to an extent that can be carried by existing internal capacities. Aligning with the intensification process presented by Flamholtz and Hua (2002), we claim that a growth delimitation reduces the negative short-term effects and, thus, the intensity of growing pains. Still, we found that the potential to actively control organizational growth can be curtailed by external pressures exerted, for instance, by an excessive client demand. Accordingly, we contend that organizational actors' intention to define viable growth objectives is restricted by the drive for external legitimation (DiMaggio & Powell, 1983).

Besides the triggers of organizational growing pains within the incubation phase, we identified psychological, organizational and political vulnerabilities (Watkins & Bazerman, 2003). These hinder an early recognition and, thus, cause the accumulation of growing pains to a disruptive crisis-event. These vulnerabilities, we argued, are exacerbated by the *hindered reciprocal information flow between employees and management*. We found several mechanisms introduced by some of the case SMEs to maintain an active information exchange with lower hierarchal levels. These measures are consistent with Carmeli and Schaubroeck's (2008) observation that "businesses need to instill active awareness and vigilance in their workforce so that potential crisis triggers can be recognized and brought to the attention of leaders" (p. 178). In that regard, we stipulate that particularly measures to enhance an open culture, related to the learning *mitigate negative growth effects on corporate culture*, and to facilitate a bottom-up information flow, related to the learning *change communication*, have the potential to reduce managerial blindness towards accumulating growing pains. The identified measures specifically enable the open communication of emerging problems towards management. This is crucial as individuals on lower hierarchal levels have been found to be more sensitive to subtle disturbances (Doern et al., 2019). As a result of this active information flow, we argue that managers may fulfill the obligation stated by Tsoukas and Chia (2002) to

"refine their sensitivity to be able to perceive subtle differences" (p. 579) and to, thereby, recognize emerging growing pains before these culminate in a crisis-event.

These mentioned learnings are further nurtured by the learning *increased focus on employees as key success factor*, since even managers of highly automatized production firms acknowledged a dependence on the know-how of individual employees. Organizational actors implemented this learning, for instance, by establishing the employee mindset and personality as key recruitment criteria to ensure that future employees contribute to the required open SME-specific culture. Particularly, an open and flexible mindset, aligning with corporate values and the firm's growth objective, was stated as central recruitment criterion. This increased focus on the employee mindset is supported by prior research (Smith & Elliott, 2007; Tripsas & Gavetti, 2000), emphasizing that the underlying belief system of an individual is relatively stable over time. That is, organizations must ensure the cognitive alignment of new employees before entering the firm, since an individual's mindset has been found to be hardly mutable (Tripsas & Gavetti, 2000).

To address factors provoking and sustaining organizational growing pains during the incubation phase, we argue that the identified learnings specifically enhance the managerial attentiveness towards the early emergence of these pains. We stipulate that this is achieved by an enhanced focus on maintaining the proximity and openness of the SME-specific corporate culture, and fostering bottom-up communication. Yet, we found that the learning to actively delimit organizational growth in order to confine the identified triggers of organizational growing pains, is restricted by the drive for external legitimacy (DiMaggio & Powell, 1983). Thus, we conclude that SMEs cannot fully prevent the emergence of growing pains.

5.3.2 Organizational Learnings Influencing the Crisis Response Phase

Concerning the response to a growth-related crisis-event, we identified additional factors, which nurture organizational growing pains. In particular, we classified external and internal restrictors that impeded an efficient and timely response. We claimed that these factors contribute to the persistence of organizational growing pains, and to the potential culmination in a disruptive crisis-event. Therefore, we advocate that these restrictors must be taken into consideration in order to implement a crisis response that efficiently tackles organizational growing pains.

We found that organizational actors implemented measures to mitigate these restricting factors. For instance, we determined attempts to *increase the efficiency of internal processes*

by means of automatization or digitization. We argue that these measures may tackle external pressures such as the persistent labor shortage. Apart from this learning, however, our data did not indicate specific mitigation strategies targeted at coping with external restrictors. This supports our previously stated argument that organizational actors' agency to actively create strategies to mitigate environmental pressures is restricted by the drive for external legitimation (DiMaggio & Powell, 1983). This finding is aligned with Ropega (2011), who stated that SMEs are more vulnerable to environmental pressures due to a lacking preparedness. We argue that this lack of preparation occurs when, as evident in our findings, organizational actors adopt a rather passive position towards external pressures. Consequently, we claim that they fail to proactively tackle these, which hinders SMEs to fully reduce existing growing pains.

Regarding organizational learnings addressing internal restrictors of organizational responses to growth-related crises, we found that members of the case SMEs acknowledged the importance of *early failures as key element of an ongoing learning process*. The underlying fail-fast ideology aligns with the findings presented by previous research (Carmeli & Schaubroeck, 2008; Doern et al., 2019; Madsen, 2009; Madsen & Desai, 2010; Williams et al., 2017) stressing that "learning from failures is an important facilitator of preparedness for both present and prospective crises" (Carmeli & Schaubroeck, 2008, p. 177). That is, the learning acquired from a present crisis fosters organizational resilience, which influences the management of future crises. In Figure 6 we indicated this influence by illustrating the subsequent incubation phase of a new growth-related crisis. In that regard, the ability to unlearn old behaviors and instead create novel solutions to emerging situations has been found to be crucial to leverage the experience obtained from organizational crises (Carmeli & Schaubroeck, 2008; Madsen, 2009; Madsen & Desai, 2010; Quinn & Cameron, 1983). Thus, we argue that testing an organizational response, before implementing it on a broad scale, enables the organizations to evaluate its viability and effects, for instance, on the employee satisfaction. Hence, this learning allows to establish iterative feedback loops that enable the continuous adaptation of organizational changes (Williams et al., 2017). We illustrated this circular process in Figure 6 with arrows, indicating that the feedback acquired from *employee reactions to change initiatives* is continuously utilized by means of organizational learning in order to adjust the initial organizational response.

Similar to this iterative approach, we argue that the learning to *maintain flexibility despite increased structuration* is also consistent with a rather continuous approach to respond

to growth-related crises. For instance, establishing dynamic project-specific teams allows organizational actors to flexibly adjust the team size by re-allocating individual employees to changing external and internal circumstances. In particular, we claim that flexibly adjusting teams aligns with the idea of Cartesianism. This theory advocates the existence of numerous fits along a continuous line and argues that "repeated incremental changes in contingency and structure" (Donaldson, 2006, p. 22) enable an organization to achieve high performance along a continuum. Accordingly, organizational actors within our sample refrained from merely implementing extensive episodic adjustments of the corporate structure as suggested, for instance, by Flamholtz (1995), Greiner (1972, 1997), or Mintzberg (1979). Instead, we identified a more continuous approach to organizational change, for instance, by testing the viability of organizational responses through the mentioned iterative feedback loops. Aligning with prior research on crises (Williams et al., 2017), we argue that such continuous adaptations potentially prevent growth-related crises. Incremental changes may mitigate the culmination of growing pains, which have been found to follow an equally continuous intensification process (Flamholtz, 1995; Flamholtz & Hua, 2002).

Besides this rather continuous change approach, we determined that the case SMEs also developed their *change communication*. We found that managers increasingly leveraged the *employee reactions to change initiatives* as a crucial element of an ongoing learning process. We argue that this learning is related to Ford et al.'s (2008) finding that resistance to change can be utilized to improve an envisaged solution. Accordingly, some managers declared their plan to adopt a *change communication* targeted at announcing changes as early as possible and encouraging change recipients to voice their feedback. Weick and Quinn (1999) attributed this distinct change agent role to a continuous change understanding. This developed change communication supports our finding that organizational actors within our sample have generally adopted a more continuous view on organizational change.

Yet, as stated in the previous sections of our discussion, and consistent with prior research on the nature of implemented organizational changes in practice (Dunphy, 1996; Orlikowski, 1996), episodic change initiatives persisted throughout our sample. Accordingly, only one manager stated an awareness of the own cognitive inertia restricting the implementation of more continuous solutions. As determined by Smith and Elliott (2007), organizational learnings that are aimed at changing the mindset of individuals are hard to enact and, thus, hinder active organizational learning from crises. This observation is emphasized by

Tripsas and Gavetti's (2000) finding that only the substitution of individuals occupying key organizational positions may enable the organization to change profoundly. Hence, we argue that managers' cognitive inertia may prevent SMEs from efficiently tackling existing growing pains. We stress the importance of establishing awareness of the impact of individuals' mindset as a starting point to enhance the preparedness for future crises.

To answer research question 3, we conclude that organizations need to engage in active organizational learning to tackle or reduce organizational growing pains. As illustrated in our comprehensive growth-related crisis model (Figure 7), the organizational learning acquired from past and present crises must be utilized to adapt responses to present growth-related crises and craft more continuous responses to future crises. We claim that the sample organizations did not only engage in passive learning. Instead, most case SMEs actively learned from growth-related crises, which according to Toft and Reynolds (2005) comprises the implementation of correspondent organizational changes. Thereby, active organizational learning contributes to the preparedness for future crises and supports SMEs in coping with existing growing pains. Central aspects of these implemented learnings require that organizational actors proactively delimit the firm's growth rate, maintain an active reciprocal information flow, and continuously monitor the employees' reaction to change initiatives. Thereby, SMEs can achieve an increased adaptability, which is a crucial element of an organization's resilience (Carmeli & Schaubroeck, 2008; Doern et al., 2019).

Within our discussion of potential strategies to mitigate organizational growing pains, we stressed the importance of a comprehensive management of growth-related crises. Besides proactively managing the incubation phase and implementing an efficient response to a crisis-event, we urge for active organizational learning. This, we argue, shows a positive impact on coping with present and future organizational growing pains. Our approach to growth-related crises is presented in the following Figure 7, which we extended by a future incubation phase. Accordingly, we contend that the experience obtained from holistically managing growth-related crises enhances the organizational preparedness and potentially prevents the accumulation of growing pains to a disruptive event.

Figure 7

Comprehensive Process Model of Growth-Related Crises
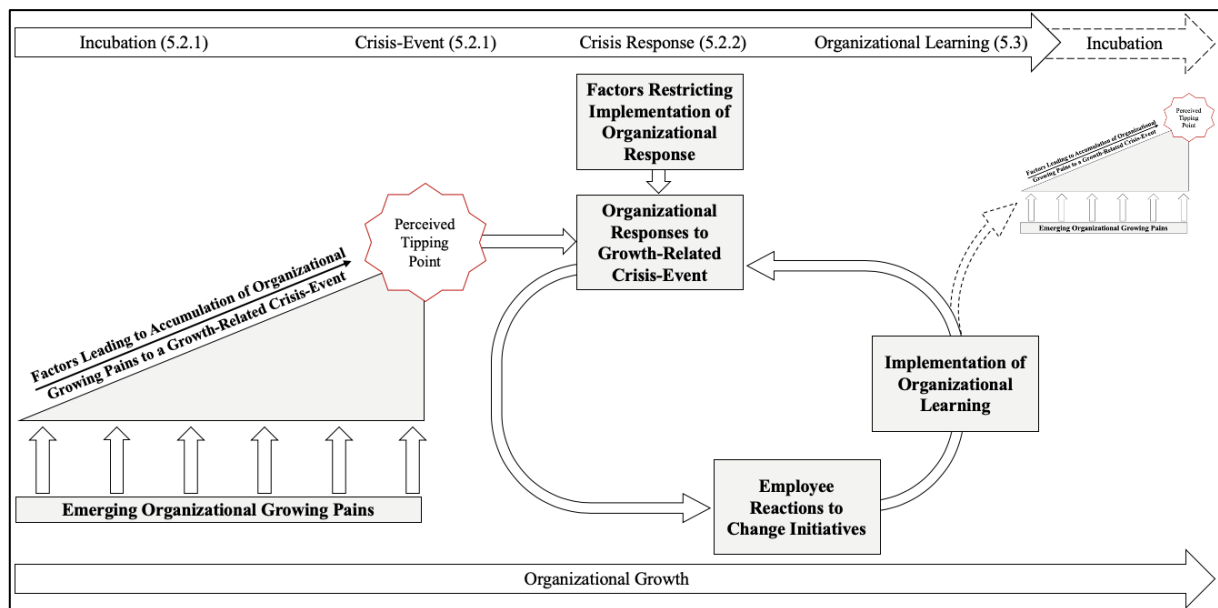
6. Practical Implications for German SMEs

The subsequent practical implications are drawn from our discussion. They are directed towards supporting German SME managers in coping with the emergence of organizational growing pains. As an overarching theme, we urge for a holistic management of growth-related crises, in contrast to the prevailing focus on primarily managing the crisis-event. Having found that underlying managerial sensemaking processes impede addressing growing pains during their early emergence, and, thus, contribute to their persistence and ultimate accumulation, we stress the need for a managerial mindset shift. Managers must be aware that a widely passive change agent who merely implements changes as a reaction to a crisis-event neglects the subtle emergence of growing pains. We urge managers to dissociate from their passive role, while enhancing their attentiveness to recognize subtly arising pains before these accumulate to a disruptive event. Furthermore, management must engage in active organizational learning during the post-crisis phase, which is beneficial for both coping with present and potentially reducing future growing pains.

To realize this holistic approach to manage growth-related crises along its distinct phases we encourage German SMEs to (1) prepare for upcoming growth-related crises, (2) decrease the information asymmetry between management and employees, (3) embrace failures and resistance to change as positive contributions to organizational learning, and (4) leverage SME-specific strengths while mitigating weaknesses.

6.1 Prepare for Upcoming Growth-Related Crises

Since crises were found to show a greater impact on SMEs due to their "significantly lower levels of preparedness" (Mayr et al., 2017, p. 110), a timely recognition of an emerging crisis is particularly important for SMEs (Ropega, 2011). The analysis of our empirical data supports this necessity, for instance, by pointing out the importance to prepare for a growth-related crisis both practically and mentally. Hence, this implication primarily concerns the incubation phase of future crises.

Practically, SMEs can prepare for potential crisis-events and reduce the risk of accumulating growing pains by addressing high individual workloads and stress before they result in a crisis-event. The case SMEs achieved this, for instance, by enhancing automatization and digitalization, or by implementing a more expansive human resources strategy. Thereby, capacity buffers can be established, which can help SMEs to prepare for future growth, and, thus, milden upcoming crises and prevent growing pains from emerging or intensifying. Mentally, SME managers can prepare more efficiently for a growth-related crisis by enhancing their own awareness of and attentiveness to the early emergence of subtle growing pains.

6.2 Decrease Information Asymmetry Between Management and Employees

The information asymmetry evidenced in the case SMEs was described as problematic in two regards. Firstly, the lack of information hindered an early managerial awareness of subtle growing pains during the incubation phase. Secondly, information asymmetry may provoke employee resistance after the implementation of the crisis response. Thereby, this implication addresses both the incubation and crisis response phase.

Regarding the former, management must proactively establish efficient bottom-up communication channels and encourage employees to use these. This can be achieved by creating additional communication platforms, events, intermediate positions or surveys to support a timely recognition of subtle pains. Regarding the second, management must proactively communicate changes in an early and involving way in order to manage employee expectations and avoid vast information voids. By doing so, management can address resistance as a reaction to changes and decrease employee dissatisfaction triggered by uncertainty and lack of information. Closely related to this proactive change communication is the need for an active involvement of employees' feedback when implementing changes. This particularly supports addressing individual resistance, that is triggered by the associated fear of losing control due to changes imposed from top-down (Oreg, 2003).

6.3 Embrace Failure and Resistance as Positive Contribution to Organizational Learning

As suggested by previous research (Carmeli & Schaubroeck, 2008; Ford et al., 2008; Schwarz, 2012) and evident in our data, we recommend embracing failures and resistance to change as positive contribution to ongoing organizational learning. Accordingly, managers should follow, proactively communicate, and exemplify a trial-and-error approach. This may foster a fail-fast ideology aimed at testing responses to growth-related crises early on a small scale. This, we claim, supports pursuing active organizational learning, and, hence, potentially contributes to both coping with present and reducing future growing pains. Thereby, this implication primarily refers to the implementation of organizational learning during the post-crisis phase.

Similarly, we suggest embracing resistance to change as a positive contribution to respond to organizational growth, and potential growth-related crises. This is based on our premise that employee resistance indicates dissatisfaction, and may eventually result in the accumulation of growing pains. We recommend engaging in proactive dialogues with resisting employees. Related thereto, we determined that resistance was mainly applied to label recipients' opposing behavior. Aligning with Ford et al. (2008), we advocate reconsidering this approach of intending to suppress the symptoms, and instead urge change agents to actively investigate the root cause of potential resistance and involve resisting employees' feedback.

6.4 Leverage SME-Specific Strengths while Mitigating Weaknesses

This final implication is based on our observation that some of the unique characteristics of SMEs, which were commonly presented as advantageous by previous academic research (e.g. Audretsch et al., 2018; Berghoff, 2006; Simon, 1992a, 2009), diminish due to organizational growth. For instance, we determined that the SME-typical culture continuously degrades, and that the structure becomes increasingly elaborate. Furthermore, we found that some typical attributes, such as the focus on self-reliance or the specialization on niche markets (Cyron & Zoellick, 2018; Mayr et al., 2017; Simon, 1992a, 2009), restrict responses to growth-related crises. Thus, we recommend SMEs to mitigate their inherent weaknesses, while addressing the hindering effect of some of their typical characteristics. This implications primarily supports SMEs in managing the incubation phase and the crisis response phase more effectively.

To leverage their strengths, we observed several measures directed towards maintaining flexibility. In that regard, we stress the active role of management in opposing the rigidification

mechanisms (Schwarz, 2012; Sydow et al., 2012). Specific measures include organizational structuring in flexible teams or the creation of hybrid organizational structures, such as holocracies. Furthermore, we found that cultural degradation restricts open communication. To address this, the case SMEs implemented measures such as company events, trips or an open-door-policy, to maintain their open culture. Moreover, we determined that rapid and ambitious growth objectives are particularly problematic as the related negative short-term effects directly trigger growing pains. Thus, we advise managers to maintain a widely organic, slow and steady growth strategy. SMEs have been found to adopt such strategies mainly throughout early development stages (Cyron & Zoellick, 2018). Accordingly, we encourage managers to maintain this slow and steady growth, by proactively evaluating the rejection of excessive client demands, to avoid exceeding internal capacities.

In order to mitigate SME-typical attributes hindering organizational development, we encourage SMEs to be open towards external capital, service or recruitment providers by outsourcing non-core business activities. This addresses the strong focus of remaining self-reliant, which was often described as beneficial. Yet, we found that this attribute also presents a potential threat during growth. This confirms Simon's (1992a) suggestion for SMEs to "reconsider their approaches to outsourcing" (p. 123).

Overall, we encourage SMEs to pursue these four specific implications, and particularly a comprehensive management of organizational growing pains. Thereby, German SMEs can address the emergence and persistence of these pains along the entire process of growth-related crises, and potentially prevent organizational growing pains from culminating in a crisis-event.

7. Implications for Future Research

Due to the restricted scope of a master thesis our study is subject to limitations. Thus, with this section, we provide implications for future research on organizational growing pains. For instance, we encourage researchers to establish more longitudinal studies, since we determined that organizational actors themselves do not necessarily notice the microscopic variations they engage in. To mitigate this deficiency, we examined the subtle emergence of organizational growing pains by interviewing participants that worked for the case companies for a relatively long employment period compared to the firm's age. Still, interviewees mostly described organizational responses as a reaction to a tipping point and, thus, omitted detailed information regarding the continuous process leading up to this point. That is, our semi-structured interviews did not provide us with detailed evidence on how (i.e. over which period

of time and through which specific and subtle changes) the accumulation process of growth-related crises occurred. As suggested by Pettigrew et al. (2001), we urge for conducting long-term studies in order to better grasp the subtle changes underlying our processual perspective on organizations. Besides carrying out longitudinal data collection, we also advocate for conducting in-depth action research, because, as argued by Eden and Huxham (1996), action research "provides a richness of insight which could not be gained in other ways" (p. 75). This study type may enable researchers to examine the subtle accumulation process of growth-related crises in more detail.

The specific elements, which we encourage future research to focus on are related to some of the organizational learnings we identified responding to research question 3. For example, due to the limited scope of our paper, we could not elaborate on each specific learning, but instead focused more on the big picture of the learning process. Hence, we encourage future research to examine the distinct organizational learnings *maintain flexibility despite increased structuration* and *mitigate negative growth effects on corporate culture*. Inherent in both learnings are the organizational pressures of learning and organizing, which, according to Smith and Lewis (2011), provoke "organizational routines and capabilities [to] seek stability, clarity, focus, and efficiency while also enabling dynamic, flexible, and agile outcomes" (p. 383). In the sample SMEs, we identified that these pressures refer, for instance, to the necessity to adjust to different levels of information regarding change measures demanded by employees (i.e. lack of information opposed to information overload); or fulfilling the perceived need to increasingly standardize, while standardization leads to a rising rigidity, that hinders organizational action. By applying a paradox lens (Lüscher & Lewis, 2008; Smith & Lewis, 2011) future research may analyze how organizational actors cope with these ambiguous pressures and to what extent these impact the accumulation process of growing pains.

A second focus for future research is the identity aspect that was salient from our empirical data. Organizational growth was reported to have a negative impact on the SME-typical culture and, thus, interviewees described their corporate identity as being torn between a small and a big company. As outlined in our findings, the SME-specific corporate culture plays a pivotal role in the prevention of organizational growing pains. Therefore, we encourage future research to specifically examine the effects which organizational growth has on this culture. In their research on organizational identity Gioia, Schultz, and Corley (2000) found that, "as a consequence of its interrelationships with image in its various guises, organizational

identity becomes dynamic and mutable" (p. 74). Accordingly, the authors argued that communication is a crucial element for managing organizational identity. Thus, we advocate future research to investigate the *adaptive instability* (Gioia et al., 2000) that the identity of SMEs undergoes and how the underlying changes trigger the emergence of organizational growing pains.

Hence, we encourage more research on the emergence of organizational growing pains and their effect on both workforce and organizational performance. We specifically urge researchers to engage in longitudinal studies while applying a paradox lens to investigate the ambiguous pressures inherent in the emergence of organizational growing pains.

8. Conclusion

To respond to our research questions (1) whether organizational growing pains exist in German SMEs, (2) which underlying processes provoke and sustain organizational growing pains in the German SME context, and (3) how German SMEs can tackle or reduce these pains, we carried out an exploratory study, examining the focal phenomenon through a processual lens. By applying a hybrid approach to grounded theory, we emphasized individual sensemaking processes, and analyzed this qualitative data in a gradually abductive and inductive manner, thereby obtaining an in-depth understanding of individual views and experiences. We conducted ten semi-structured interviews throughout five German SMEs. To illustrate our findings, we developed a comprehensive process model of growth-related crises, relating our empirical findings to the distinct phases of the crisis process, as discussed throughout this study (Figure 7). Accordingly, we stress the need for a comprehensive management of organizational growing pains. Instead of primarily focusing on managing the aftermath of a growth-related crisis-event, we advocate for a holistic approach towards emerging growing pains. Therefore, besides implementing an effective response, the subtle emergence of growing pains during the pre-crisis phase, as well as the pivotal role of active organizational learning during the post-crisis phase must be considered in order to cope with and eventually reduce these pains.

As presented in our model, we responded to research question 1 by confirming that organizational growing pains, which potentially culminate in a growth-related crisis-event, exist in German SMEs. We determined that organizational growing pains are highly subjective and generally provoke employee dissatisfaction. In our sample, we identified six types of these pains; namely high levels of pressure, stress, and workload; decreasing individual motivation;

cultural degradation; the deceleration and loss of transparency of internal processes; and general dissatisfaction related to growth-related changes that affect employees' habits.

Furthermore, we answered research question 2 by identifying the underlying processes that provoke and sustain organizational growing pains in German SMEs both during the incubation and the crisis response phase. We found that organizational growing pains were initially provoked by the perceived obligation to grow. This was primarily driven by long-term benefits, depicted as outweighing short-term problems of growth. We identified delayed organizational adjustments, and a lack of communication from management about growth-related changes or growth objectives as additional triggers. Factors sustaining organizational growing pains during the incubation phase of a growth-related crisis refer to the delayed managerial awareness. The latter is particularly caused by a hindered reciprocal information flow, and results in a delayed organizational response. This delayed response is nurtured by the predominant practice in which organizational changes are merely implemented as a reaction to a growth-related crisis-event. Moreover, we identified factors that restrict the implementation of the organizational response, further sustaining growing pains. Those factors include internal restrictors on a micro-level, particularly rigid management and employee mindsets; on a meso-level, namely the binding effect of past decisions and the rising rigidification due to an increasingly elaborate structure; and on a macro-level, namely pressures exerted by clients, the organizational field and cultural expectations. Furthermore, we identified individual resistance to implemented crisis responses as an indicator for dissatisfaction, and, thus, persisting potential growing pains. We recommend that managers utilize these reactions as a driver of continuous organizational learning, to potentially mitigate the emergence of growing pains.

Responding to research question 3, the factors, identified as provoking and sustaining organizational growing pains, provide starting points for German SMEs; SMEs must be aware of and tackle these points to better cope with growing pains. The central aspect of research question 3 refers to the pivotal role of active organizational learning. This enhances an organization's ability not only to cope with present growing pains, but also better prepare for and potentially reduce future growing pains. Implementing corresponding organizational changes may mitigate existing growing pains while potentially preventing the emergence of future growth-related crises. In that regard, we especially stress the importance of building organizational resilience. We derived several learnings from our empirical data, such as proactively delimiting the firm's growth rate to a viable extent, establishing and maintaining an

active reciprocal information flow, and continuously monitoring employees' reactions to change initiatives. These strategies respectively address the factors that provoke and sustain growing pains during the incubation as well as the crisis response phase. Hence, we advocate for enhancing an active approach to organizational learning, that utilizes past crises to adjust responses to future crises, ultimately nurturing organizational preparedness.

Having responded to the three research questions, with our study we contribute to both academic research and organizational practice. We add to the academic discourse on organizational development, growth-related crises, and SME research. Specifically, we contribute to (1) organizational development and crisis research by confirming the applicability and relevance of existing theories and, thus, extend the theoretical concepts to the German SME context. Simultaneously, we expand the current discourse on SMEs by addressing the to date underdeveloped issues of performance decline and crisis management. (2) Furthermore, we expand the discourse on organizational growing pains by emphasizing the pre-crisis phase, in which subtle changes and pains emerge as indicators of the accumulation to a crisis-event, and the central role of active organizational learning during the post-crisis phase. We extend the previous discourse on growing pains by shifting the focus from primarily managing the aftermath of crises towards a holistic approach. Finally, we (3) provide theoretical and practical solutions for German SMEs on how to cope with and reduce organizational growing pains.

Correspondingly, we contribute to organizational practice by fostering the early awareness of the existence and subtle emergence of growing pains. Moreover, we urge German SME management to pursue a holistic management of organizational growing pains, and to focus on managing the crisis process instead of primarily implementing an efficient crisis response. To do so, we suggested four specific practical implications, namely to (1) prepare for upcoming growth-related crises, (2) decrease the information asymmetry between management and employees, (3) embrace failures and resistance to change as positive contributions to organizational learning, and (4) leverage SME-specific strengths while mitigating weaknesses, in order to prevent the emergence or reinforcement of organizational growing pains. Thereby, our contributions provide SMEs – the backbone of the German economy – with measures to avoid being detained by organizational growing pains, which embody a potential drawback of successful growth.

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Appendices

Appendix A: Interview Guide (English Version)

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Notes:

- Questions marked with * = optional (e.g. follow-up question to encourage further elaboration, e.g. "Could you please elaborate on …?")
- Questions marked with ᵃ = alternative question (depending on the response)
- M = Questions specifically addressing management
- E = Questions specifically addressing other employees than management
- Clarification/probing questions will be asked on an ongoing basis to confirm mutual understanding / interpretation of meanings (e.g. "What do you mean by…?")
- General goal: mainly ask open-ended questions to gain broad and in-depth descriptions of different personal experiences and perspectives
- Yes/no questions to receive a clear response, e.g. in order to clarify understanding or interpretation of meaning
- Order of questions and type of follow-up question are subject to change depending on responses

Block 1: Administrative

Goal: introduction

1. Thank you for your willingness to participate in our interview.
2. Brief personal introduction: MSc Diversity and Change Management at Copenhagen Business School
3. Obtain consent to publish certain anonymized parts of the interview (confidential use of data)
4. Obtain consent to record interview
5. Explain purpose of the study: investigation of successfully growing German SMEs and potential drawbacks of organizational growth
6. Explain why we chose this specific interviewee/organization: successfully growing German SME
7. Basic information about the interview process: duration of the interview, approx. number of questions, note taking and recording (if consent)

Block 2: Context | Personal & Professional Background

Goal: gain general information about the person and company; gain understanding for positive or negative sentiment when talking about their position/role; base for research question 1

1. For how long have you been part of the organization?
2. What is your current position?
3. How would you describe your role / daily work at the company? To what extent do you have influence on the decision-making processes within your organization?
4. Would you categorize your company as a small or a medium company?

Block 3A: Content | Growth – Challenges & Opportunities (general)

1. **Goal: research question 1 and 2, address existence and emergence of growing pains**
   How would you describe the period since you started working at the company? What organizational developments did you observe?

</div>

a. With which 3 adjectives would you describe this development?
b. What do you mean by […]? *

2. **Goal: research question 1 and 2, analyze the consequences of organizational growth, address existence or emergence of growing pains**
   Which organizational changes did you observe in particular?
   a. What do you think made these changes necessary or caused them?
   b. Do you think those changes are related to the organization's growth or independent of this growth?

3. **Goal: research question 2, emergence of organizational growing pains**
   Was there a point in time where you perceived the changes to be particularly drastic?
   a. Again, do you think those changes are related to the organization's growth or independent of this growth?

4. **Goal: research question 1, assess existence of organizational growing pains as negative effect of growth**
   Do you perceive those organizational changes caused by the company's growth rather as positive or negative? Please identify on a scale from 0 (very negative) to 5 (very positive)
   a. What made you deduct points? What would have allowed a higher rating?

5. **Goal: research question 1, assess existence of organizational growing pains as negative effect of growth**
   Which changes in particular do you perceive as …
   a. Positive [a]?
   b. Negative [a]?
   c. Please explain your response!

6. **Goal: research question 1, assess existence of organizational growing pains as negative effect of growth**
   Are you eager to pursue further growth initiatives or would you currently like to maintain the current state of the organization?

Block 3B: Content | Growth – Challenges & Opportunities (addressing specific interviewees)

Goal: gaining insight into possibly different perspectives on and experiences of the issue; gaining insight into, whether an external change agent might be needed, thereby address research questions 1 to 3, focus on research question 3

M = management
E = non-management

1. **Goal: refers to research question 3, assess how to cope with/reduce growing pains**
   If **positive**: which specific **opportunities** do you perceive in relation to this growth? [a]
   a. M: How did you become aware of those opportunities?
   b. M: Once you became aware of those opportunities, what was your strategy to foster them? (reactive)
   c. E: How did you experience those opportunities?
   d. E: Do you think the management team is/was aware of those opportunities?
   e. E: How did the management react to those opportunities?

OR

1.   **Goal: refers to research question 3, assess how to cope with/reduce growing pains**
     If **negative**: which specific **challenges** do you perceive in relation to this growth?
     a.   M: How did you become aware of those challenges?
     b.   M: How did you (if at all) prevent those challenges? (preventive)
     c.   M: Once you became aware of those challenges, what was your strategy to overcome or reduce those challenges? (reactive)
     d.   E: How did you experience those challenges?
     e.   E: Do you think the management team is/was aware of those challenges?
     f.   E: How did the management react to those challenges?
2.   What did you learn from these changes?
     a.   Do you think there is a way to grow in a healthier manner?

Block 4: Debrief

Goal: closing section, clarify uncertainty, feedback

1.   Interrogate the interviewee's hypotheses: Do growing pains exist? How do these emerge? How (if at all) can these be prevented?
2.   Are there any additional remarks you would like to mention?
3.   Are there any questions you would like to ask?
4.   Ask for latest annual report and/or potentially annual report of the last 5 years in order to portray recent organizational development
5.   Reaffirm anonymity and explain how the interview data is going to be used/treated
     a.   Clarify whether real name of the interviewee and the company can be used or must be anonymized
     b.   Ask whether transcripts and / or results should be provided to the interviewee before handing in the thesis
     c.   Do you have interest in the results of our study? If yes, in what kind?
6.   Thank you for participating!

After the interview:

Notes about context: who was there, atmosphere, comments after interview, body language etc.

Appendix B: Data Structure

First order codes: **Second order themes:**   **Aggregate dimensions:**

- High level of pressure, stress, and workload
- Decreasing level of individual motivation
- Degradation of corporate culture
- Deceleration of internal processes
- Decreasing transparency of internal processes
- General dissatisfaction with growth-related changes affecting employees' habits

→ (Potential) organizational growing pains

- Organizational growth perceived as central success indicator
- Perception of growth as necessary evil to achieve success
- Short-term problems provoked by organizational growth
- Long-term benefits of organizational growth

→ Triggers of (potential) organizational growing pains

→ Emerging organizational growing pains

- Organizational changes provoked by growth cannot be influenced by the firm
- Changing corporate culture hindering reciprocal information flow
- Managers hindering reciprocal information flow
- Employees hindering reciprocal information flow
- Managerial blindness resulting from hindered reciprocal information flow
- Structural adjustments as response to organizational growth

→ Assumption that growth inevitably triggers changes within the organization

→ Hindered reciprocal information flow between employees and management

→ Reactive organizational change as a delayed response to a tipping point

→ Factors leading to accumulation of organizational growing pains to a growth-related crisis-event

First order codes: **Second order themes:** **Aggregate dimensions:**

| Fast speed of implementation |
| Slow speed of implementation |
| Management as key responsible for episodic change implementation |
| Structural adjustments as response to organizational growth |

| Implementation speed of change initiatives |
| Implementation of episodic changes |
| Specific solutions to cope with growth-related crises |

| Organizational responses to growth-related crisis-event |

| Past decisions |
| Rigid mindset of managers and employees |
| Pressure exerted by clients |
| Pressure exerted by the organizational field |
| Societal change |

| Internal factors restricting organizational response |
| External factors restricting organizational response |

| Factors restricting implementation of organizational response |

| Resistance to change (employee level) |
| Acceptance of change (employee level) |

| Resistance to change (employee level) |
| Acceptance of change (employee level) |

| Employee reactions to change initiatives |

| Pursue a viable growth strategy characterized as slow and steady |
| Mitigate negative growth effects on corporate culture |
| Increased focus on employees as key success factor |
| Increase the efficiency of internal processes |
| Early failures as key element of an ongoing learning process |
| Maintain flexibility despite increased structuration |
| Change communication |

| Pursue a viable growth strategy characterized as slow and steady |
| Mitigate negative growth effects on corporate culture |
| Increased focus on employees as key success factor |
| Increase the efficiency of internal processes |
| Early failures as key element of an ongoing learning process |
| Maintain flexibility despite increased structuration |
| Change communication |

| Implementation of organizational learning |