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Managing the Message: A Qualitative Study on How Managers Deliver Bad News to Employees in Small and Medium-sized Enterprises in Germany

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Abstract

This thesis investigates how managers in German SMEs deliver bad news to employees. Addressing a critical gap in management research, it draws on 30 qualitative interviews to examine how bad news are defined, what managers focus on during delivery, and which strategies they apply. Managers intuitively structure the process into Pre-Delivery, Delivery, and Post-Delivery phases; while most reported not using formal strategies, the data still revealed consistent patterns that were systematized into phase-specific guidelines. The study offers a contextualized application of existing models, underscoring the need for targeted training to deliver bad news with clarity, structure, and emotional sensitivity.

Keywords

Bad News Delivery, Leadership, Communication, Small and Medium-Sized Enterprises, Germany, Crisis Management

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List of Abbreviations

CGT	Constructivist Grounded Theory
CIT	Critical Incident Technique
CSR	Corporate Social Responsibility
FEG	Five-step Evidence-based Guidance
HRM	Human Resource Management
MP	Multiphase Process
RO	Research Objective
SMEs	Small and Medium-sized Enterprises

1. Introduction

For many managers it represents one of the most dreaded aspects of leadership: delivering bad news, a fundamental but often overlooked shadow side of managerial responsibility (Bies 2012; Carriger 2013). Whether it involves announcing layoffs or addressing performance issues, such conversations are emotionally charged, socially complex, and often unavoidable – yet remain a persistent source of discomfort for leaders (Bies 2012; Kitz, Barclay, and Breitsohl 2023). Amid ongoing economic uncertainty, intensified by COVID-19 and recent geopolitical shocks, many organizations have been forced to transform rapidly, increasingly involving managers in emotionally challenging conversations at a scale unmatched in modern managerial history (Lipinski, Wisnieski, and Osborne 2020). Especially in times of crisis, employee morale becomes a critical stabilizing factor (Dirani et al. 2020), making effective bad news communication a leadership imperative and key element in maintaining organizational, thus, economic stability, thereby underscoring the urgency and relevance of this research domain. However, bad news delivery remains an underexplored topic in management research (Bies 2012; Danisman 2016). Much of the existing literature originates in fields such as medicine or psychology, where structured models, such as *SPIKES*, offer procedural guidance and have since been adapted to management contexts (Baile et al. 2000; Lipinski, Wisnieski, and Osborne 2020). While Bies' (2012) *Multiphase Process (MP)* and Kitz, Barclay, and Breitsohl's (2023) *Five-Step Evidence-based Guidance (FEG)* offer conceptual foundations within management, Bies (2012) explicitly points the theoretical need for qualitative research that captures how managers deliver and manage unpleasant messages in practice – thereby forming the research gap this study seeks to address. To close this gap, the thesis is structured around three research objectives (RO): (1) what are bad news, (2) what do managers focus on when delivering bad news, and (3) what strategies do managers use to deliver bad news/ have difficult conversations? In addressing these, a qualitative, exploratory research design drawing on 30

semi-structured interviews with managers from German SMEs, conducted using the *Critical Incident Technique (CIT)*, was chosen to elicit concrete, experience-based insights. The study aims to promote a nuanced understanding of how difficult conversations are approached in practice and to equip readers – particularly managers – with a structured guideline for effective bad news delivery. The findings reveal that managers intuitively structure the delivery into three phases – Pre-Delivery, Delivery, and Post-Delivery – with the delivery phase emerging as most critical. Although most managers reported not following a formal strategy, the data revealed consistent, experience-based patterns that could be systematized into actionable, phase-specific strategies – indicating that strategy usage occurs implicitly, even in the absence of conscious planning. This way, the study contributes concrete value for both researchers and practitioners. While it advances the limited existing literature by offering context-specific insights into how managers approach, structure, and navigate such conversations, it also enables other managers to critically reflect on, reassess, and refine their own communication approaches.

2. Literature Review

2.1. Definition of Bad News

Bies (2012) notes that the subject of bad news has been minimally explored in management literature, prompting the use of conceptual frameworks from other disciplines, such as medicine, psychology, and sociology, which share common definitions *(Table 1)* and suggest transferability to management, particularly in relation to bad news communication (Kitz, Barclay, and Breitsohl 2023).

Definition	***Disciplines***
"Any information that adversely alters one's expectations for the future"	Medicine
"News that results in a cognitive, behavioural, or emotional deficit in the person receiving the news that persists for some time after the news is received"	Psychology/ Sociology

Table 1. *Bad News Definition – Overview (Back et al. 2005; Ptacek 1996)*

To capture the broad spectrum of bad news in management, the literature can be narrowed down into a two-dimensional matrix *(see Figure 1)* that classifies bad news according to their **severity**

(x-axis) and the **number of people affected** (y-axis). The categorization draws on the six *Streams of Research* proposed by Kitz, Barclay, and Breitsohl (2023), which represent a "summary of bad news delivery contexts within the HRM literature" and serve as conceptual anchors for structuring different bad news types. These include Individual Performance, Layoff/ Downsizing, Organizational Performance, Organizational Crisis, CSR, and Other. The specific events placed within the matrix were identified through a synthesis of relevant management literature (e.g., Ilgen and Davis 2000; Bies 2012; Richter et al. 2016).

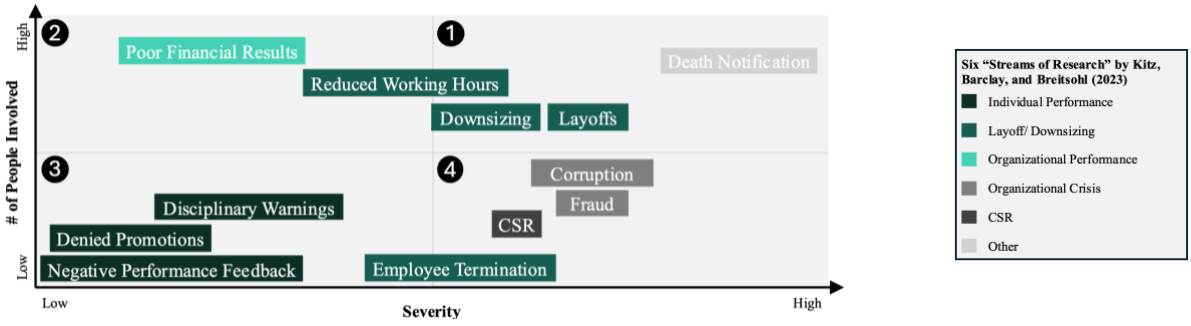

Figure 1. *Categorization of Bad News Types (leveraging Kitz, Barclay, and Breitsohl 2023)*

The ***Individual Performance*** stream refers to events such as negative performance feedback (Ilgen and Davis 2000; Kitz, Barclay, and Breitsohl 2023). Related forms of bad news in this category include denied promotions, and disciplinary warnings, which similarly have direct implications for single recipients (Kitz, Barclay, and Breitsohl 2023; Richter et. al 2016). These events tend to be concentrated in the third quadrant of the matrix, affecting only few employees and causing limited disruption. As both severity and number of affected people increase, more disruptive events come into play, such as reduced working hours, layoffs, and terminations (Bies 2012; Clair and Dufresne 2004; Lipinski, Wisnieski, and Osborne 2020). These are all part of the ***Downsizing/layoff*** cluster identified by Kitz, Barclay, and Breitsohl (2023) and are often linked to broader ***Organizational Performance*** issues like financial underperformance (second quadrant), which itself represents a critical type of managerial bad news (Kitz, Barclay, and Breitsohl 2023; French and Holden 2012). Compared to the Individual Performance stream, Downsizing/layoff events vary more widely across the two axes, leading to greater dispersion

across quadrants. Beyond personnel-related events, another stream of research focuses on ***Organizational Crises***, including incidents like fraud or compliance violations (Kitz, Barclay, and Breitsohl 2023). At the extreme end of the severity axis (placed in the first quadrant) some situations even require managers to communicate ***Other*** bad news, such as death notifications in the workplace, while bad news related to ***CSR*** are barely mentioned in academic literature and are, thus, considered less relevant (Kitz, Barclay, and Breitsohl 2023). Following the conceptualization of bad news, the question of what managers focus on before, during, and after its delivery remains and is explored in the next section.

2.2. Managerial Focus in Bad News Delivery

Research examining the specific aspects managers focus on when delivering bad news to employees remains scarce. Even within the more developed medical literature, this dimension has received only limited attention (Ptacek 1996; Ptacek et al. 1999). In fact, even the few existing studies in the management context tend to concentrate more on the **emotional experiences** and **psychological burden** of managers rather than on the concrete communication focal points during the delivery itself (Kitz, Barclay, and Breitsohl 2023). As highlighted by Kitz Barclay, and Breitsohl (2023) and Bies (2012), and further confirmed at the SME level by Torres (2011), such conversations are widely perceived as highly demanding, often overwhelming managers and impairing their ability to identify appropriate focal points for communication. Richter et al. (2016) argue that this challenge even extends beyond the inherent unpleasantness of the delivery, pointing to its significant emotional and psychological dimensions. Here, especially negative emotions such as fear and anxiety are frequently cited, often triggered by concerns over being blamed, criticized, or held personally accountable for the situation in retrospect (Kitz, Barclay, and Breitsohl 2023; Bies 2012). These managerial emotional responses closely mirror those reported by physicians in the medical field, where similar fears of blame and recipient reactions have been documented (Buckman 1984),

underscoring both the psychological relevance of the managerial experience and the cross-sectoral transferability of research findings (Buckman 1984; Bies 2012; Richter et al. 2016). Beyond managing their own emotions, managers also regard **recipients' emotional reactions** as a significant challenge. As Bies (2012) notes, concerns often relate to potential harm to future relationships due to perceived resentment or sustained negativity. Particularly intense responses, such as anger or retaliatory tendencies, further exacerbate delivery difficulty (Bies 2010). Building on this emotional strain, managers are not only confronted with recipients' reactions but also face strategic trade-offs in how they communicate. Bies (2012) addresses this by identifying common **communicative dilemmas** such as the tension between avoiding blame to protect one's position and accepting responsibility, which signals integrity but may carry reputational risk or the balance between selective honesty and full transparency – where the latter fosters openness but may destabilize affected employees (Bies 2012). While literature from the medical field suggests that **thorough preparation** and a **deliberately chosen setting**, aimed at ensuring comfort and privacy, may play a significant role in supporting effective delivery, the ultimate relevance of specific communication focus areas for managers remains difficult to assess. This is largely due to the fragmented state of existing research, which often focuses on isolated aspects, like layoffs, rather than providing a holistic view. Consequently, direct comparisons across studies appear to be limited, and broader conclusions regarding managerial priorities should be approached with caution.

2.3. Strategies for Delivering Bad News

In the existing literature, only a few independently developed strategies are specifically tailored to managerial bad news delivery. When including transferable insights from the adjacent medicine field, three broad clusters of strategies emerge: Structured Processes, Communication Strategies, and Emotion-Handling Strategies. The following section outlines the key approaches across these categories.

2.3.1. Structured Processes

Kitz, Barclay, and Breitsohl (2023) suggest that managers tend to rely on experience and intuition when faced with these difficult and uncomfortable tasks, aiming to communicate bad news as efficiently and effectively as possible. However, such intuitive approaches might generally not be suitable for establishing best practices (Bergen and Thompson 2010; Richter et al. 2016). One of the most widely recognized frameworks in this regard is the *SPIKES* model by Baile et al. (2000), originally developed for delivering bad news to cancer patients. The model consists of six structured steps: **S**etting a disturbance-free environment; assessing the recipient's **P**erception; issuing an **I**nvitation to determine the desired level of detail; conveying **K**nowledge clearly and factually; responding to **E**motions with empathy; and concluding with a **S**trategy that summarizes key points and outlines next steps (Baile et al. 2000). Having proven effective in enhancing fairness and reducing stress for both managers and employees, the *SPIKES* model has since been adapted for managerial use, including in SMEs (Lipinski, Wisnieski, and Osborne 2020) and HRM contexts, such as layoffs. (Richter et al. 2016; Kitz, Barclay, and Breitsohl 2023). Beyond this widely accepted model, additional structured communication frameworks such as the *BREAKS* model (Narayanan, Bista, and Koshy 2010) and the *PEWTER* model (Nardi and Keefe-Cooperman 2006) offer comparable step-based frameworks and, due to the limited scope of this work, are presented in Appendix 1. When examining the existing frameworks in the field of management, it becomes evident that most contributions on bad news delivery primarily focus on outlining general processes that highlight key considerations for managers throughout the communication. Notably, these processes tend to be less granular and detailed than established models in the medical field, such as *SPIKES* or *BREAKS*, which provide more structured guidance for handling respective conversations. In this context and as depicted in Appendix 2, Bies (2012) conceptualized the bad news delivery process as a three-phase model – preparation, delivery and transition – each comprising specific

"bad news management activities" considered critical for ensuring an effective and responsible communication. A brief overview of the model's structure, its phase-specific focuses, and key activities is provided in Table 2 below.

Phase	***Core Focus***	***Key Activities***
Preparation	(Psychologically) preparing both the sender and recipient for the bad news delivery	Providing advance warnings to those affected, documenting relevant issues/ decisions, and rehearsing the delivery of the bad news (mentally or verbally)
Delivery	Focus on the actual communication of the message, with special attention to how and when it is delivered	Choosing appropriate communication channels as well as conveying the message by providing explanation and justifications
Transition	Centers on managing the aftermath of the conversation	Offering emotional support to affected individuals and engaging in so-called "parting ceremonies" – formal or informal rituals that help mark the end of an employment relationship or professional collaboration

Table 2. *Description of Bies' (2012) Multiphase Process (MP)*

Building on Bies' (2012) work, Kitz, Barclay, and Breitsohl (2023) developed the *FEG* specifically tailored to HRM. While Bies' (2012) *MP* spans from general emotional preparation prior to the encounter to post-conversational transition activities, such as parting ceremonies, Kitz, Barclay, and Breitsohl (2023) focus specifically on the actual delivery conversation itself. Their Five-step model begins with preparing for the actual delivery interaction and ends with closing the conversation, offering phase-specific guidance throughout. Unlike the *MP*, which centers on bad news management activities, Kitz, Barclay, and Breitsohl (2023) rather provide granular behavioural recommendations, clearly distinguishing between sender- and recipient-focused techniques at each stage of the in-conversation delivery process.

2.3.2. Communication Strategies

In addition to structured frameworks, the management literature offers further concrete strategies for the actual delivery. One such strategy is the **use of narratives or storytelling**. Carriger (2013) examined whether providing a contextual narrative around a layoff, rather than communicating it through a blunt factual message, would influence employee reactions. While storytelling did not improve the affected employees' perception of leadership or understanding of the layoff decision, it significantly reduced negative behavioral responses among unaffected

employees. Those who received a narrative message were less likely to consider leaving the company and showed greater optimism about its future. Thus, while storytelling might not replace factual transparency, it may help buffer emotional reactions and maintain morale in the broader organization (Carriger 2013). In addition, the so-called **Sandwich Method** is widely regarded as a common delivery strategy, particularly in the context of individual performance and related performance feedback – which Kitz, Barclay, and Breitsohl (2023) identify as a distinct form of bad news. The core idea of this method is to "sandwich" the negative feedback by starting with positive feedback, the so-called prefatory buffer, then deliver the bad news along with related reasons and explanations, and finally end the message with a positive closer, the second buffer (Baker and Hernandez 2017; Brown, Kulik, and Lim 2016). Although popular in managerial practice, its effectiveness is debated. As Brown, Kulik, and Lim (2016) show, some managers value the approach for enabling "balanced feedback", while others reject it in favor of direct criticism to ensure clarity and drive performance improvement. Lastly, **tailoring the message** to the recipient and upholding fairness and dignity throughout the communication process are critical for maintaining trust and clarity (Anderson, Buchko, and Buchko 2016; Hillebrandt et al. 2021).

2.3.3. Emotion-Handling Strategies

While procedural frameworks like *SPIKES* or communication strategies such as the *Sandwich Method* focus on structuring the message, they offer little guidance on how managers handle their own emotions during delivery, another relevant cluster. Building on Bies' (2012) emphasis on self-presentation and emotional control in the delivery of bad news, managers often engage in **surface acting** – suppressing or faking emotions to appear composed. While this may help project calmness and protect one's authority, it risks appearing emotionally distant or inauthentic (Grandey 2003; Hülsheger and Schewe 2011). Another common tactic is **shielding**, whereby the message is softened, or certain details are withheld to spare the recipient distress.

Although this may serve to protect employees during the delivery, it can reduce perceived transparency and erode trust over time (Buckman 1984; Bies 2012). A more genuine alternative is the concept of **compassionate detachment** – the ability to remain emotionally available while maintaining a healthy internal distance. Rudd and D'Andrea (2015) describe it as a skill developed over time that enables professionals to support others without becoming overwhelmed themselves. By focusing on one's role and responsibilities, managers can stay present and empathetic while protecting their own emotional boundaries. A leader might acknowledge an employee's distress without fully absorbing their emotional burden. Such strategies foster sincere, respectful communication while helping managers remain grounded and effective (Hülsheger et al. 2012).

Contextualization – Literature Review: While the above-mentioned structured frameworks offer procedural guidance for bad news delivery, the management literature remains fragmented and lacks context-specific insights, particularly for SMEs. Much of the existing research stems from adjacent disciplines like medicine and psychology, with limited focus on actionable communication strategies. This gap likely reflects a historically functionalist view of employees, which has only recently shifted toward a more human-centered leadership paradigm (Townsend and Romme 2024). As organizations increasingly recognize employees as individuals, the importance of respectful, emotionally attuned communication has grown (Townsend and Romme 2024). Recent contributions emphasize emotional strategies such as compassionate detachment to enable authentic and composed leadership (Rudd and D'Andrea 2015; Humphrey, Ashforth, and Diefendorff 2015). Building on these insights, this study seeks to bridge disciplinary gaps and advance managerial communication in sensitive contexts.

3. Methodology

This section outlines the methodological approach taken to address this work's overarching research question: "How do managers deliver bad news?".

It begins by presenting the study's qualitative research design, followed by the sampling strategy and participant selection. Based on this, the chapter further elaborates on the data collection process and finally introduces the data analysis strategies applied.

3.1. Research Design

This study adopts a qualitative, exploratory research design to investigate how managers in German SMEs deliver bad news to employees. The aim of this study is to understand what these managers focus on and which strategies they apply when delivering bad news, in order to gain a nuanced picture of how such conversations are approached in practice. By uncovering recurring patterns and underlying decision logics, the study provides a structured analysis of current managerial practice and develops an evidence-based practical guide for effective managerial bad news delivery in German SMEs. The study is grounded in a *relativist epistemology*, assuming that reality is socially constructed through individual perception and social context (Smith 2008), in line with a *social constructivist* perspective, which emphasizes the co-construction of meaning in interpersonal and organizational settings (Berger and Luckmann 1966; Charmaz 2016). To ensure contextual depth and access authentic managerial perspectives, 30 semi-structured interviews were conducted using the *CIT* (Flanagan 1954), encouraging participants to describe concrete, emotionally significant bad news delivery incidents. To address the research question, this thesis draws on established theoretical frameworks and integrates them with empirical insights from managerial practice in SMEs.

3.2. Sampling

The sample consists of 30 interviews, conducted using a jointly developed, semi-structured interview guide in collaboration with the fellow student Luisa Dettling, who also participated in the data collection. Participants were selected through purposive sampling to ensure direct relevance to the research question (Alvi 2016). The sample consists exclusively of German-speaking professionals working in German SMEs, classified according to the definition of the

Deloitte Mittelstandsinstitut. The specific criteria for each classification are summarized in Appendix 3 (Becker et al. 2008). The final sample includes managers and team leads who hold formal personnel responsibility. Recruitment was conducted via a combination of private and professional networks as well as direct outreach via digital networking platforms, such as LinkedIn. To ensure anonymity, all interview participants were assigned neutral codes, for instance, P1H or P17D. Here, P uniformly stands for person, H for the dissertation writers' last name Held and D for the complementary interviewer's last name Dettling, where last name indications vary to ensure transparency regarding who conducted the interview. An overview of anonymized interviewee profiles is presented in Appendix 4.

3.3. Data Collection

The data collection phase relied on a structured, yet flexible interview approach tailored to the study's qualitative design. It incorporated the *CIT* to prompt participants to reflect on real-life situations involving the delivery of difficult messages. The interview guide was developed in collaboration with the supervising professor and subsequently pilot-tested; based on the results, minor adjustments were made prior to the actual interviews; the final version is depicted in Appendix 5. All interviews were conducted one-on-one via Microsoft Teams between March 24, 2025 and April 16, 2025, lasted 25 – 40 minutes each, and were recorded with verbal consent and transcribed verbatim for internal analysis only.[1] Each interview began with a short personal introduction by the interviewer, followed by four thematic blocks: (1) personal background of the interviewee, (2) general reflections on bad news communication, (3) two detailed examples based on *CIT*, and (4) best practices and strategic recommendations.

3.4. Data Analysis Techniques

The data analysis followed the principles of Thematic Analysis by Braun and Clarke (2006), combining a systematic yet interpretive approach. All interviews were transcribed in German

[1] As specified by the supervising professor, interview transcripts are not disclosed in this work.

and translated into English. To systematically interpret the data, an inductive coding process was applied, with individual statements organized in Excel and categorized according to the interview guide and ROs. While Braun and Clarke's (2006) framework served as the primary analytical structure, selected principles from *Constructivist Grounded Theory (CGT)* (Charmaz 2016), particularly iterative comparison and sensitivity to meaning construction, were incorporated to enhance conceptual depth. To further validate and refine the thematic structure, AI-assisted clustering (ChatGPT) was used as supplementary lens. Based on keyword prompts, thematic suggestions were compared to the initial coding structure and, where appropriate, adapted. For RO 2, Simon's (1955) concept of *Bounded Rationality* guided the construction of two decision trees, illustrating managerial decision-making under real-world constraints (Simon 1955). An exemplary mapping of the coding structure and a summary of the application of Braun and Clarke's (2006) framework is presented in Appendices 6 and 7, respectively.

4. Analysis of Interview Findings

The following analysis is structured around the study's three ROs and analyzes the core empirical findings derived from the interviews. Finally, for each RO, the section discusses key findings and briefly contextualizes them within the existing literature.

4.1. What are bad news?

While interviewees did not converge on a clear or uniform definition of bad news, mirroring the ambiguity acknowledged in the literature, their responses broadly indicate that bad news refer to messages combining negative connotations and personal relevance (P3H; P8H). To make up for this conceptual ambiguity, the responses can be structured into four dominant clusters of "bad news" situations (*Appendix 8)*, representing their most frequently mentioned domains, all of which are examined in the subsequent sections.

Cluster **(A) Layoffs**, with a considerable margin, emerged as the most frequently mentioned topic when reflecting on challenging leadership conversations, cited by 73% of interviewees.

Based on the interview data, layoffs can be distinguished by the number of employees affected. Individual terminations were typically linked to poor performance, misconduct, or company-specific economic issues. In contrast, collective terminations, often referred to as mass layoffs, were mainly associated with restructurings, site closures, or insolvency-related shutdowns and, as noted by P1H, P2H, and P4H, do not stem from individual causes. These situations were perceived as particularly taxing, both in terms of scale and emotional strain, with interviewees describing site closures and business shutdowns as the "the hardest part" of bad news delivery (P2H). The second cluster **(B) Individualized performance, criticism, and development** includes conversations on performance issues, employee overwhelm or health-related strain, and disciplinary communication, which often builds upon the two first mentioned components. Performance-related feedback often arises from missed sales targets, recurring mistakes, or a lack of "*usable work outcomes*" (P4H). It is perceived as bad news due to its personal nature, as it "*affects the other person on a deeply personal level*" (P13H). While mentioned less frequently, discussions about employee overload or health-related strain tend to arise when employees show repeated absences or struggle with workload or new responsibilities (P1H). Lastly, as noted by P14H and P16H, disciplinary conversations, such as formal warnings, typically follow ongoing performance issues, thereby reflecting the interconnected nature of the preceding two conversation types. While procedurally formalized, such conversations remain highly sensitive and are perceived by managers as being "*[…] among the most difficult, especially when the employee in question shows no insight or is highly resistant to criticism*" (P29D). The third cluster concerns the topic of **(C) Kurzarbeit** which is Germany's short-time work scheme that allows firms to reduce payable working hours during crises ("Kurzarbeit: Germany's Short-Time Work Benefit" 2020). Although the measure is often seen as a tool for job preservation, managers emphasized its emotional, psychological, and monetary impact on staff as it *"[…] creates a feeling of economic uncertainty and sometimes even existential*

insecurity among employees" (P12H). **(D) Structural, procedural, or strategic transformations** form the fourth cluster, encompassing changes at both organizational (e.g., restructurings, business model shifts) and team levels, including team reconfigurations and territorial shifts in sales (P6H; P10H; P21D). Although often framed as strategic, long-term initiatives, such measures were nonetheless perceived as bad news, largely due to the uncertainty and emotional resistance they trigger among employees. Reflecting this, P9H emphasizes that "*people tend to react negatively to change*," and highlights that constructively overcoming this resistance is often challenging for managers in achieving real transformation.

Contextualization 4.1 – Discussion: When comparing the interview findings with the related literature discussed in Section 2.1, two key observations emerge. First, while Bies' (2012) definitions emphasize negative consequences, emotional impact, and lasting effects (*Table 1*), managers in this study described bad news more broadly as negatively connoted, personally relevant messages – placing less emphasis on future-oriented consequences. Second, regarding types of bad news, not all six theoretically suggested clusters are equally reflected in practice. While Clusters A, B, and D[2] align closely with the categories proposed by Kitz, Barclay, and Breitsohl (2023), reinforcing the continued applicability of their framework, Cluster C does not appear as a standalone category in the literature – despite having recently gained practical relevance, likely due to external shocks such as COVID-19. In my view, this consistency across the dominant clusters may be attributed to the thesis' broadly diversified managerial sample.

4.2. What do managers focus on when they deliver those bad news?

Managers focus on different aspects depending on the phase of the bad news delivery process. Based on the interview data, the progression of managerial attention is structured into three broadly distinguishable phases – Pre-Delivery, Delivery, and Post-Delivery[3]. Building on the structural foundation of Bies' (2012) *MP* it selectively integrates content-relevant elements

[2] (A) = Layoffs; (B) = Individualized performance, criticism, and development; (D) = Structural/procedural/strategic transformations within organizations; (C) = Kurzarbeit

[3] Pre-delivery = before the conversation; delivery = during the conversation; post-delivery = after the conversation

from Kitz, Barclay, and Breitsohl's (2023) *FEG*. Rather than adopting either model in full, this thesis develops a relevance-driven synthesis that aligns key elements from both frameworks with empirical realities of managerial bad news delivery. To capture each phase's thematic scope, four distinct focus clusters are introduced: Structural & Contextual Factors, Intrapersonal Preparation, Communication Factors & Response Adaptation, and Post-Communication Reflection. These clusters (*Appendix 9*) reflect how managerial practices shift over time and delineate key focus areas throughout the process; each is examined in detail below.

4.2.1. Structural & Contextual Factors

Structural and contextual factors, established during the **Pre-Delivery Phase**, commonly encompass general conditions of the upcoming conversation, such as the setting, comprising non-exhaustive aspects like **timing**, participants, and/or organizational requirements. Here, interviewees outlined varying approaches to **conversational setting** and **participant selection**, depending on the specific messages to be discussed thereafter. Reflecting the diversity of bad news types discussed in Section 4.1, each potentially requiring a distinct setup, a wide range of responses emerged. To address this variation and enhance clarity, common underlying patterns were systematically consolidated into a decision tree, depicted below *(Figure 2)*, outlining key considerations for location and participant selection.

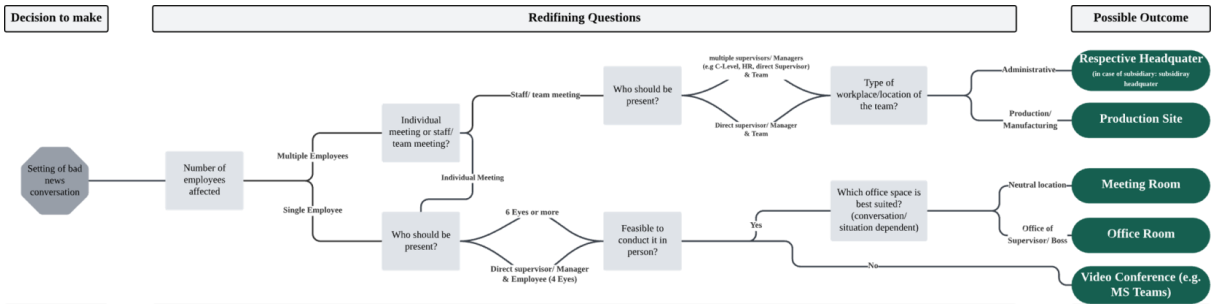

***Figure 2**. Decision Tree for Conversational Setting & Participant Selection*

Across all interviews, a central structural consideration prior to delivery was **allocating sufficient time** for the conversation itself. Interviewees consistently emphasized the importance of avoiding time pressure, noting that insufficient preparation can lead to misunderstandings on

the recipient's side and may pose reputational risks for the manager or organization (P4H).

4.2.2. Intrapersonal Preparation Focus

In addition, intrapersonal preparation activities form the second component of the **Pre-Delivery Phase**. A key focus shared by most interviewees was thorough preparation, both **thematically and emotionally**. While some interviewees, such as P1H and P13H, placed greater emphasis on thematic and factual aspects, others, stressed the importance of emotional readiness (P15H; P29D), reflecting varying views on their relative importance. **Thematic preparation** included gathering relevant background information, reviewing personnel histories with HR, and preparing supporting materials for larger meetings, leveraging notes and communication scripts. Some managers even reported leveraging AI tools, such as ChatGPT, to structure talking points more effectively (P16H). However, in fact, the extent and nature of their efforts largely depended on the severity and scope of the bad news and may at times require coordination with supplementary stakeholders. To enhance clarity and confidence, some interviewees (e.g., P5H; P13H) practiced with a sparring partner or rehearsed messages in front of a mirror. **Emotional preparation** formed another relevant dimension, as delivering bad news can impose emotional strain on managers – driven by anticipated employee reactions and, in cases of termination, potential existential consequences. Techniques such as "*role-playing*" (P26D) or mentally rehearsing possible reactions (P11H) were seen as helpful. Accordingly, maintaining a sense of professional distance, as emphasized by P17D, might form a useful mechanism to remain composed and avoid being overwhelmed by emotional responses.

4.2.3. Communication Factors & Response Adaptation

Once pre-delivery preparation is complete and managers enter the **Delivery Phase**, their focus shifts toward communication and interaction factors (e.g., P1H; P30D). Across all interviews, responses revealed recurring patterns that allowed for the identification of five predominant **communication factors** structured along two primary dimensions, namely factors regarding

the factual message delivery – clarity and honesty, transparency, and authenticity – and recipient-oriented, relational framing factors: empathy, and appreciation and respect. Most interviewees (80%) emphasized a combination of these priorities rather than focusing on a single one. As part of factual message delivery, **clarity and honesty** emerged as the most frequently emphasized communication priority. Closely related, **transparency** was seen as essential for contextualizing the message. Some interviewees (e.g., P2H; P11H) reported using financial data to justify measures such as layoffs or short-time work; however, when employees lacked the financial literacy to interpret this information, providing excessive detail was seen as potentially counterproductive (P6H). **Authenticity**, although less frequently mentioned, was considered key to building trust. Managers stressed the importance of delivering messages "*in their own way*" (P5H), as perceived inauthenticity may undermine credibility. Within the relational dimension, **empathy** was frequently mentioned in conjunction with **factual clarity** and seen as essential for recognizing and addressing emotional responses during challenging conversations. Lastly, demonstrating **appreciation and respect** was likewise consistently viewed as critical, especially for preserving the employee's dignity throughout the process.

In addition to communication factors, managers emphasized the need to **adapt their responses situationally** to emotional reactions of employees during the conversation. According to the interviewees' experience, employees' emotional responses vary significantly, from no visible reaction to understanding, to strong emotional displays such as crying or even anger and insults. Here, P29D noted that these reactions depend largely on whether the employees already anticipated the bad news or were taken by surprise. What might help in coping with such unforeseen reactions, according to P24D, might be, responding to signs of emotional distress by temporarily pausing or offering a follow-up meeting. Given the previously identified cross-interview consistencies and the often-unpredictable nature of emotional responses (P1H), Figure 3 serves as a means of condensing and structuring the interview findings. To support

interpretability, each emotional reaction is color-coded and matched with a managerial response highlighted in the same colour, visually signalling their thematic alignment.

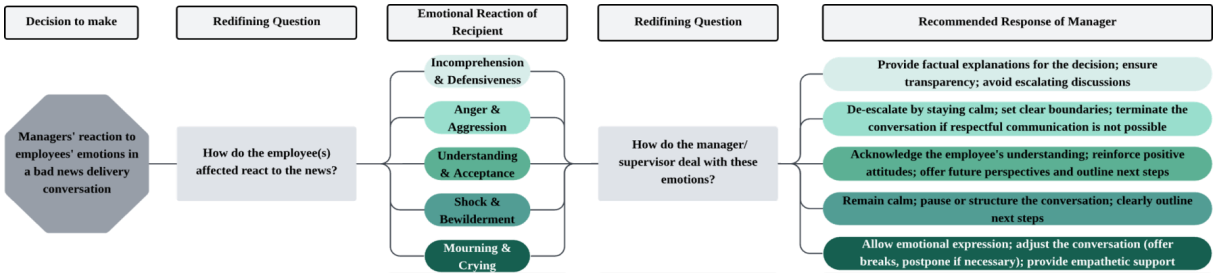

Figure 3. *Decision Tree of Recommended Responses Regarding Emotional Reactions*

The principal strategies applied by managers in communicating the outlined recommend responses will be examined in greater depth in the context of RO 3.

4.2.4. Post-communication Reflection Factors

According to the data, the **Post-Delivery Phase** is characterized by another managerial focus shift on personal processing of the conversation and addressing next steps or follow-up actions. In terms of **personal processing**, some managers reported that such conversations appear to be "*emotionally draining*" (P11H) and "*continue to occupy their minds afterward*" (P5H). This tendency toward post-conversational reflection was particularly pronounced among female interviewees, who reported consciously revisiting emotionally charged interactions to evaluate whether alternative approaches might have led to more constructive outcomes and to better prepare themselves for future instances of bad news delivery (P3H; P16H; P25D). Beyond personal reflection post-delivery, the interviewed set of managers also emphasized the importance of **addressing next steps**, as bad news delivery often marks the beginning of a process rather than its conclusion (P1H; P11H). For instance, mass layoffs resulting from restructuring typically necessitate further negotiation. Depending on employees' emotional responses, managers may also find it necessary to **re-engage with affected individuals** to provide support or clarify unresolved questions.

Contextualization 4.2 – Discussion: The analysis of RO 2 highlights the complexity of factors

managers must consider, emphasizing the need to adapt their approach to both the specific situation and the phase of the delivery process. Surprisingly, the interviewed managers placed little emphasis on their own emotions during bad news delivery, contrary to the literature, which often highlights emotional strain for leaders. Instead, many adopted a pragmatic stance: although unpleasant, such conversations were seen as part of the job (e.g., P13H; P29D). In my view, this reflects a rational approach since dwelling on one's own emotions would not change the necessity of delivering the message. As expected, greater focus was placed on how to communicate bad news effectively. Empathy, honesty, clarity, and, to some extent, transparency emerged as key factors. However, views on transparency diverged, revealing the practical relevance of Bies' (2012) second dilemma outlined in section 2.2. In my opinion, this dilemma compellingly demonstrates that communication factors cannot be standardized. Instead, they must be carefully adapted to both the situational context and the recipient's individual needs and require strong situational judgment to maintain credibility and trust.

4.3. What strategies do managers use to deliver bad news/ have difficult conversations?

While most interviewees, such as P30D, noted that they do not follow a formalized strategy when delivering bad news, their responses nonetheless revealed consistent patterns. This finding aligns with the literature's observation that structured frameworks, such as the *SPIKES* model, remain underutilized in managerial practice (P9H). However, despite the lack of formalized approaches and managerial unawareness, the consolidation of interview responses still allowed for the derivation of empirically grounded strategies, constituting a central contribution of this study. To ensure conceptual clarity, similar to section 4.2, the independently derived strategies are structured along the three bad news delivery process phases and grouped into four representative clusters: Strategies that focus on (1) Preparation, (2) Message Framing, (3) Interaction, Communication, and Emotional Boundary Management, and (4) Follow-up and Process Structuring *(Appendix 10)*. However, as the strategies related to the pre- and post-

delivery phases, namely (1) and (4), largely mirror the managerial focus areas outlined in RO 2, they are summarized in tabular form in Appendices 13 and 14, respectively, to preserve structural coherence while maintaining the analytical focus within the scope of this thesis. The following section, thus, centers in-depth on the delivery-related strategies (2) and (3), which revealed greater complexity and variation in managerial practice.

4.3.1. Message Framing Strategies

As part of the delivery phase, the interviewed managers consider strategic message framing as essential for effective bad news communication. Interview findings reveal four primary strategies managers apply in practice, each serving a distinct communicative function and shaped more by situational experience than formal guidelines. **Direct entry into the conversation** was frequently emphasized as a means to reduce uncertainty and ensure clear structure and transparent interaction. Managers advocated for delivering the core message promptly, without lengthy introductions, to avoid ambiguity in emotionally sensitive situations (P12H; P19D). The **sandwich method**, discussed theoretically in section 2.3.2, received even more nuanced evaluations. Notably, however, its application primarily concerned negative performance feedback rather than broader bad news scenarios. One manager described the method as *"[...] creating a calm atmosphere, addressing criticism clearly and objectively, and concluding with positive feedback"* (P23D). While some considered it effective, others questioned its appropriateness in serious contexts, warning that it may dilute the core message or downplay urgency; thus, it should be applied with caution. As touched upon in section 4.2.3, **adaptive information calibration**, like organizational or economic rationales, was employed to enhance comprehensibility and perceived fairness (e.g., P6H). Though generally trust-building, managers applied this strategy selectively, adjusting the level of detail based on the audience's ability to process complex information and the sensitivity of the content disclosed. Finally, **individual use of language** consistently associated with a strategy to ensure mutual

trust and credibility. Interviewees stressed avoiding scripted language and "*empty phrases*" (P7H). Ultimately, it is highly recommended to strengthen message acceptance.

4.3.2. Interaction, Communication, and Emotional Boundary Management Strategies

Beyond message content and framing, interview findings underscore the critical role of managing emotional and interpersonal dynamics in bad news conversations. Although emotional reactions of employees varied too, five overarching strategies for handling these emotions could be identified, each serving a distinct regulatory function in emotionally charged interactions. The first, **creating space for emotions**, involved acknowledging and allowing emotional responses. Here, managers particularly emphasized the importance of not *"brushing them aside"* and making room for expression (P9H). While generally conducive to psychological safety, its use was deemed appropriate only when reactions remained respectful and manageable. Closely related is **demonstrating empathy and understanding**, which centers on active listening and emotional validation (P11H). By signalling support, managers fostered trust – though several noted that empathy must be balanced with clarity in cases of boundary testing. When emotional reactions escalated, managers emphasized the need to **set clear boundaries in case of aggression**, remaining calm but assertive, insisting on respectful tone, and signalling the potential end of the conversation (P3H) to preserve authority and psychological safety. To maintain direction, managers sought to **preserve or regain conversational control** and highlight next steps (P30D). This proved particularly helpful when employees became overwhelmed. However, some noted that over-structuring could appear rigid or dismissive in emotionally vulnerable moments, requiring situational sensitivity. Lastly, to manage their own emotional involvement, managers reported **maintaining professional distance** by remaining calm, avoiding taking things personally, and not mirroring the counterpart's emotional state (P2H; P24D). While this preserved composure and objectivity, several interviewees cautioned that excessive distance could be perceived as disengagement.

Contextualization 4.3 – Discussion: Reflecting on the findings, surprisingly, many interviewees stated that they do not follow explicit strategies or frameworks for delivering bad news, despite frequently relying on structured approaches in other domains such as strategic planning. In my view, which is consistent with Kitz, Barclay, and Breitsohl's (2023), this may indicate a lack of preparedness for emotionally complex conversations, as reflected in the reliance on spontaneous and experience-based responses. Nonetheless, the interviews revealed identifiable patterns from which concrete strategies could be derived, suggesting that managers apply such approaches implicitly without recognizing them as formal strategies. The described practices, often aligned with those mentioned in established models, such as Bies' (2013) *MP* or the *FEG* outlined by Kitz, Barclay, and Breitsohl 2023, indicate implicit convergence between theory and practice. Unsurprisingly, emotional aspects were rarely addressed explicitly; yet the emphasis on boundary-setting and emotional regulation points to an underlying concern with emotion management, closely resembling the concept of compassionate detachment discussed in section 2.3.

5. Discussion

5.1 Theoretical Contributions

Given the limited literature on bad news communication in managerial contexts – especially within SMEs – this thesis takes a critical step toward bridging existing theory and practice. First, it addresses conceptual ambiguity in the field by empirically mapping bad news types, according to their definitions, onto the six research streams proposed by Kitz, Barclay, and Breitsohl (2023), thereby sharpening the definitional boundaries of what constitutes bad news in managerial settings. Second, it advances theoretical integration by adapting delivery principles from the medical field to managerial contexts, demonstrating their cross-disciplinary relevance, transferability, and practical utility in organizational communication. Third, this study develops a novel conceptual synthesis by combining Bies' (2012) *MP* with selected,

relevant elements from Kitz, Barclay, and Breitsohl's (2023) model, using the latter to enrich the former. Grounded in empirical data, it offers the first contextualized application of this integrated framework, advancing the theoretical understanding of bad news delivery in the specific context of SME management.

5.2 Managerial Implications

Beyond its theoretical contributions, this thesis delivers significant practical value, drawing on the experience of 30 high-profile interviewees, including senior executives with up to 30 years of leadership experience, enabling other managers to critically reflect on, reassess, and refine their own bad news delivery approaches. These strategies are directly linked to and derived from key managerial focus areas and are supported by clear, context-sensitive application guidelines. In line with this approach, the thesis develops decision trees that provide managers with hands-on support for preparatory delivery decisions and offer behavioural responses tailored to typical recipient reactions. By moving beyond generic advice, it delivers grounded, experience-based recommendations that address real-world dilemmas managers encounter in day-to-day leadership. Ultimately, the findings highlight the limits of intuition-driven decision-making and underscore the need for structured training formats that equip managers with systematic tools to communicate bad news with clarity, structure, and emotional sensitivity.

5.3 Limitations and Future Research Directions

While this thesis is among the first to qualitatively explore managerial bad news delivery within the SME context, several limitations should be acknowledged to ensure a balanced interpretation of the findings. First, while the study focuses on how managers deliver bad news, it does not capture how employees perceive the delivery or how these perceptions affect message acceptance – factors that may significantly shape communication outcomes. Second, although the qualitative design allowed for rich and nuanced insights, the results are inherently context-bound and may not be readily generalizable across industries or cultural settings. Third,

the reliance on self-reported data introduces the risk of social desirability bias, a phenomenon first described by Crowne and Marlowe (1960), whereby respondents tend to present themselves in a more favourable light, especially when discussing sensitive or evaluative topics. A comparative perspective, incorporating employee feedback, could have mitigated this limitation and further strengthened the validity of the findings.

The above-mentioned limitations naturally impose the need for **further research** to deepen and expand the existing body of management literature. While numerous areas warrant additional investigation, the following directions are considered particularly critical. First, as mentioned, examining how employees in SMEs perceive bad news communication would provide a meaningful counterpart to the managerial perspective addressed in this study. Analysing the extent to which managerial intentions align with employee experiences – particularly regarding perceived communication and interactional factors, such as clarity and empathy – would yield important insights into the effectiveness of bad news delivery. Second, further research should focus on young or first-time managers, who often lack formal training and may face greater uncertainty when tasked with delivering difficult messages. Lastly, future studies should examine the relative importance and perceived effectiveness of the individual communication strategies identified in this thesis. This would clarify which approaches practitioners consider most critical and help guide the development of targeted training interventions.

6. Conclusion

This thesis explored how managers in German SMEs deliver bad news to employees, drawing on existing literature and 30 semi-structured interviews. The findings confirm that bad news delivery can be conceptualized as a three-phase process: Pre-Delivery, Delivery, and Post-Delivery, largely aligned with Bies' (2012) and Kitz, Barclay, Breitsohl's (2023) existing models. A key contribution lies in identifying phase-specific focal points, translating them into practical strategies, and synthesizing individual responses into holistic decision trees as a

strategic delivery tool for managers. Among the three phases, the Delivery Phase emerged as the focal point of managerial attention, particularly in terms of communication clarity and managing the recipient's emotional response. While Pre- and Post-Delivery phases were also acknowledged, the former was linked to thematic preparation, emotional readiness, and setting design, forming the foundation for effective delivery, whereas the latter focused on outlining next steps and, occasionally, self-reflection. Notably, a disconnect between perception and practice became evident: although many managers claimed to lack formal strategy for delivering bad news, consistent communicative patterns were identified and could be systematized into phase-specific strategies. Managers' inability to articulate specific strategies reflects the overall scarcity of literature on bad news delivery in managerial contexts. While the findings broadly align with existing models, a notable discrepancy emerged regarding emotional dynamics: whereas the literature emphasizes the emotional burden on managers, this aspect received limited attention in practice. Instead, the primary focus lays on managing the emotional reactions of employees. From a practical perspective, this thesis provides SME managers in Germany with a structured framework to approach bad news delivery more consciously. The strategies identified, from directly entering the conversation to emotional boundary management, show that intuitive practices can be systematized and adapted. By translating peer insights into a three-phase model, the study offers clear guidance for reflection and improvement. It further emphasizes that difficult conversations are not only operational but relational, underscoring the need to embed bad news delivery into leadership trainings.

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Appendix

Appendix 1. *Comparison of Bad News Delivery Frameworks*

(Narayanan, Bista, & Koshy 2010; Nardi and Keefe-Cooperman 2006; Baile et al. 2000)

Model	***Shared Features***	***Unique Features***
SPIKES	Sequential structure; emphasis on empathy; preparation of setting; space for emotional response	Serves as baseline model; no additional features beyond core structure
PEWTER		Strong emphasis on advance warning; includes distinct "regrouping" phase for post-conversation reflection and support
BREAKS		Greater focus on rapport-building and emotional processing throughout the entire conversation

Appendix 2. *The Delivery of Bad News: A Multiphase Process (Bies 2012)*

PHASE OF DELIVERY	Preparation	Delivery	Transition
BAD NEWS MANAGEMENT ACTIVITIES	• Giving Advance Warning • Creating a "Paper Trail" • Calibrating Expectations • Using Disclaimers • Providing the Opportunity for Voice • Coalition Building • Rehearsal	• Timing of the Delivery • Medium of Delivery • Face Management and Self-Presentation • Account Giving • Truth Telling and Information Disclosure	• Engaging in Public Relations • Providing an Appeal Procedure • Scapegoating • Caretaking and Parting Ceremonies

Appendix 3. *Deloitte Mittelstandsinstitut SME Definition (Becker et al. 2008)*

Category	***Number of employees***	***Annual revenue (in EUR)***
Micro	≤ 30	≤ EUR 6 million
Small	≤ 300	≤ EUR 60 million
Medium	≤ 3,000	≤ EUR 600 million

Appendix 4. *Interview Partner Sampling Information*

Interviewee Code	***Gender***	***Years of Leadership Experience***	***Position***	***Team Size[4]***	***Company Size[5]***
P1H	male	30	CEO	>500	Medium Enterprise
P2H	male	29	CSO	>500	Medium Enterprise
P3H	female	5	Team Lead Controlling	6-10	Medium Enterprise
P4H	male	20	CFO	6-10	Small Enterprise
P5H	male	4	CEO	11-50	Small Enterprise
P6H	male	25	CEO	11-50	Micro Enterprise
P7H	male	15	Sales Lead	6-10	Medium Enterprise
P8H	male	20	Sales Lead	6-10	Medium Enterprise
P9H	male	6	COO	201-500	Medium Enterprise
P10H	male	22	CEO	51-200	Small Enterprise
P11H	male	30	Managing Director	51-200	Medium Enterprise
P12H	female	1	Head of Marketing	11-50	Medium Enterprise
P13H	female	5	Sales Lead	6-10	Medium Enterprise
P14H	female	6	Head of Customer Service	11-50	Medium Enterprise
P15H	female	7	Managing Director	11-50	Small Enterprise
P16H	female	9	Managing Director	51-200	Small Enterprise
P17D	male	16	Medical Director	51-200	Small Enterprise
P18D	female	23	Head of department	11-50	Small Enterprise
P19D	male	25	HR Manager	51-200	Medium Enterprise
P20D	female	5	Head of Culture & Organisation	1-5	Small Enterprise
P21D	male	25	Founder, CEO	11-50	Micro Enterprise
P22D	male	30	Managing Director	6-10	Micro Enterprise
P23D	female	7	Tax Consultant	1-5	Micro Enterprise
P24D	female	1	HR Manager	6-10	Medium Enterprise
P25D	female	10	Head of Global People & Culture	51-200	Medium Enterprise
P26D	male	21	HR Manager	201-500	Medium Enterprise
P27D	female	6	HR Manager	6-10	Medium Enterprise
P28D	male	11	Senior physician	11-50	Medium Enterprise
P29D	female	30	HR Manager	1-5	Small Enterprise
P30D	male	4	Managing Director	51-200	Medium Enterprise

[4] For analytical purposes, team size was categorized into the following ranges: 0–5, 6–10, 11–50, 51–200, 201–500, and more than 500 employees.
[5] In cases where a company's number of employees and annual turnover fell into different size categories, classification was based primarily on the number of employees, as it was deemed the more relevant indicator for the study's focus.

Appendix 5. *Interview Guide (original & translated version)* [6]

Topic	***Question***
Einleitung *Warm up*	Könnten Sie mir ein wenig über Ihre Rolle/Position erzählen? Welche Verantwortlichkeiten haben Sie? *Could you tell me a bit about your role/position? What kind of responsibilities do you have?*
	Wie viele Jahre an Führungserfahrung haben Sie? *How many years of leadership experience do you have?*
	Wie groß ist das Unternehmen, in dem Sie arbeiten? *How large is the company?*
	Wie groß ist Ihr Team, welches Sie verantworten? *How large is your team?*
	Arbeiten Sie eng mit ihnen zusammen? *Do you work closely together with them?*
Schwierige Kommunikation *Difficult Communication*	Welche Arten von Gesprächen empfinden Sie in Ihrer Führungsrolle als besonders herausfordernd bzw. schwierig? *What types of conversations do you find particularly challenging or difficult in your leadership role?*
	Wie oft stehen Sie in Ihrer Führungsrolle vor schwierigen Gesprächen mit ihren Mitarbeitern? *How often do you, in your leadership role, face difficult conversations with your employees?*
	Gibt es bestimmte Themen oder Situationen, die für Sie besonders schwierig sind? *Are there certain topics or situations that are particularly difficult for you?*
Fokus auf Bad News Beispielen (CIT) *Focus on Bad News*	Was sind aus Ihrer Sicht die schwierigsten Nachrichten, die Sie einem MA übermitteln mussten? Können Sie mir grob zwei Beispiele nennen? *In your view, what were the most difficult messages you had to deliver to an employee? Can you briefly give two examples?*
	Was war der Kontext dieser Situationen? *What was the context of these situations?*
	Wo fand das Gespräch statt, und wer war dabei anwesend? *Where did the conversation take place, and who was present?*
	Wie haben Sie das Gespräch eröffnet? *How did you open the conversation?*
	Wie haben Sie das Gespräch strukturiert und geführt? *How did you structure and conduct the conversation?*
Prioritäten bei der Übermittlung von Bad News (CIT) *Priorities for Delivering Bad News*	Was waren Ihre Hauptschwerpunkte/Prioritäten, bei der Überbringen der schlechten Nachricht? Ging es mehr um Klarheit, Empathie, Effizienz oder andere Faktoren? *What were your main focuses/priorities when delivering the bad news? Was it more about clarity, empathy, efficiency, or other factors?*
	Hatten Sie irgendwelche Bedenken? Wie sind Sie mit diesen Bedenken umgegangen? *Did you have any concerns? How did you deal with these concerns?*
	Was ist die größte Herausforderung dabei? *What is the biggest challenge in this?*
Umgang mit eignen Emotionen *Dealing with one's own Emotions*	Wie bereiten Sie sich emotional auf ein schwieriges Gespräch vor? Gibt es bestimmte Techniken oder Strategien, die Sie nutzen (in Bezug auf Emotionen)? *How do you prepare yourself emotionally for a difficult conversation? Are there any particular techniques or strategies that you use (in relation to emotions)?*
	Wie haben sie sich während des Gesprächs gefühlt? Wie haben Sie Ihre eigenen Emotionen während des Gesprächs kontrolliert? Gab es Momente, die für Sie persönlich besonders herausfordernd waren?

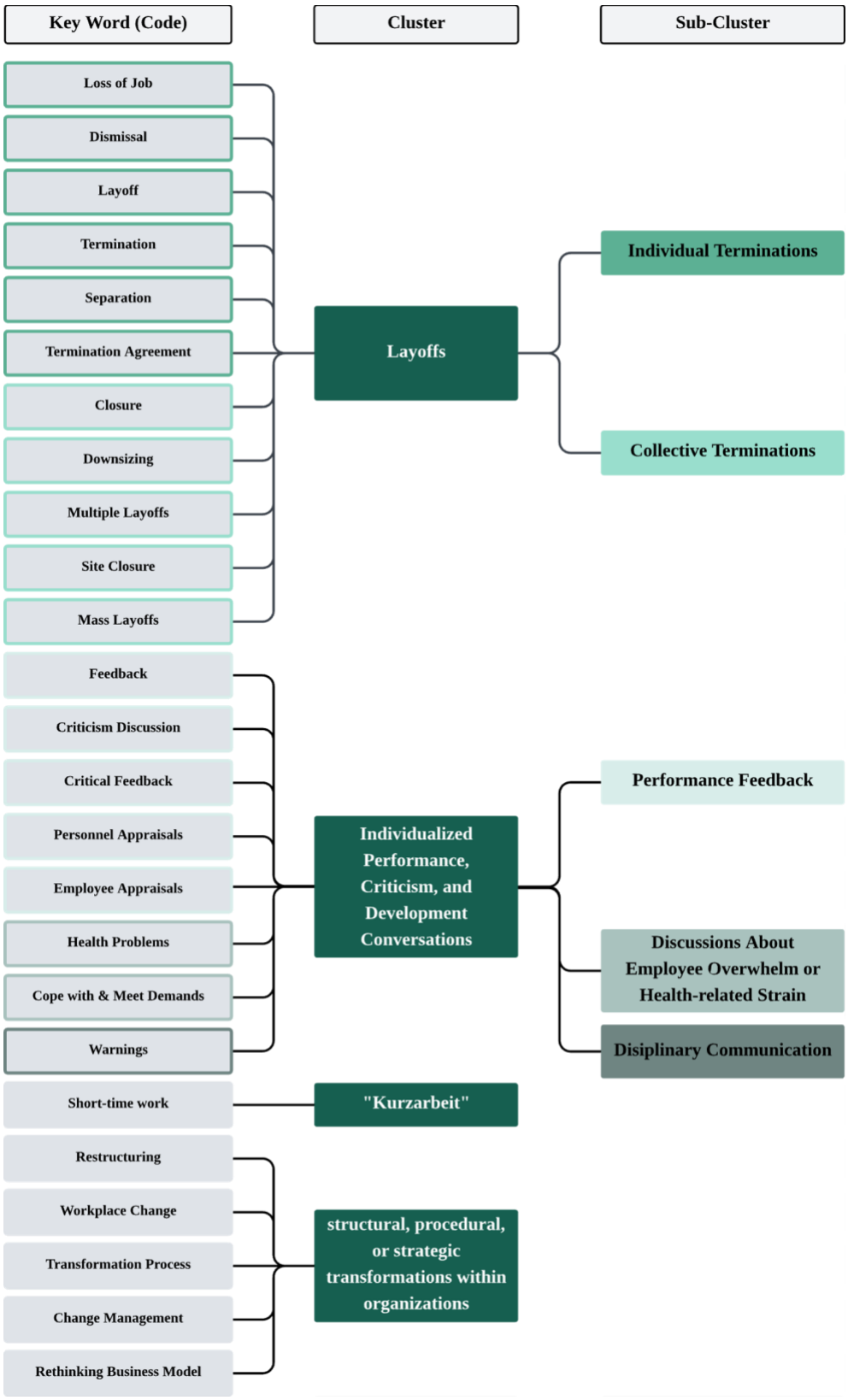
[6] While all interviews followed a consistent thematic structure, not every question was asked verbatim in each case. In line with the critical incident technique, interviewers adapted the flow to participants' narratives, using follow-up questions to explore relevant themes in depth.

	How did they feel during the conversation? How did you control your own emotions during the conversation? Were there moments that were particularly challenging for you personally?
	Was haben Sie nach dem Gespräch getan, um es emotional zu verarbeiten? Haben Sie sich beispielsweise eine Pause genommen, ein follow-up Meeting vereinbart oder mit jemandem darüber gesprochen? *What did you do after the conversation to process it emotionally? For example, did you take a break, arrange a follow-up meeting, or talk to someone about it?*
	Allgemein betrachtet, wie würden Sie sagen, sie sagen sind sie mit Ihren Emotionen umgegangen bei der Übermittlung von schlechten Nachriten? *Generally speaking, how would you say you dealt with your emotions when conveying bad news?*
Umgang mit den Emotionen anderer *Dealing with the Emotions of Others*	Wie haben die betroffenen Personen auf die Nachricht reagiert? Gab es sichtbare emotionale Reaktionen wie Überraschung, Wut, Traurigkeit oder Zurückhaltung? *How did the people affected react to the news? Were there visible emotional reactions such as surprise, anger, sadness or restraint?*
	Wie sind Sie mit emotionalen Reaktionen umgegangen? Haben Sie versucht, direkt darauf einzugehen oder eher Raum gelassen? Wie gelingt es Ihnen, sich in die Lage Ihres Gegenübers hineinzuversetzen? *How did you deal with emotional reactions? Did you try to address it directly or did you rather leave space? How did you manage to put yourself in the shoes of your counterpart?*
	Wie zeigen Sie Empathie, wenn Sie schlechte Nachrichten übermitteln? *How do you show empathy when you deliver bad news?*
	Haben Sie Ihre Vorgehensweise schon einmal während eines Gesprächs angepasst, weil Sie gemerkt haben, dass die betroffene Person emotional überfordert war? *Have you ever adjusted your approach during a conversation because you noticed that the person concerned was emotionally overwhelmed?*
Strategien zur Übermittlung von schlechten Nachrichten *Strategies for Conveying Bad News*	Haben Sie bestimmte Strategien bzw. Herangehensweisen entwickelt, um schlechte Nachrichten und schwierige Gespräche möglichst empathisch und verständlich zu übermitteln? *Have you developed certain strategies or approaches to convey bad news and difficult conversations in the most empathetic and understandable way possible?*
	Wie stellen Sie sicher, dass Ihre Botschaft klar und gleichzeitig respektvoll übermittelt wird? *How do you ensure that your message is conveyed clearly and respectfully at the same time?*
Erkenntnisse & Ratschläge für andere *Insights & Advice for Others*	Welche Ratschläge würden Sie jemandem geben, der zum ersten Mal eine schlechte Nachricht überbringen muss? Welche Fehler sollten vermieden werden? Gibt es Best Practices, die sich für Sie bewährt haben? *What advice would you give to someone who has to deliver bad news for the first time? What mistakes should be avoided? Are there any best practices that have worked for you?*
	Warum ist es Ihrer Meinung nach wichtig, schlechte Nachrichten gut bzw. empathisch zu übermitteln? *Why do you think it is important to convey bad news well or empathetically?*

Appendix 6. *Exemplary Formation of Clusters (for Research Objective 1)*

The colored outline of each keyword indicates its assignment to a specific cluster or subcluster.

The same approach was used for clustering in Research Objectives 2 and 3.



Appendix 7. *Data Analysis based on Thematic Analysis (Braun and Clarke 2006)*

Phase	***Description (Braun and Clarke 2006)***	***Application in this Study***
1. Familiarization with the Data	Immersing oneself in the data by reading and re-reading transcripts, noting initial ideas.	Transcripts were translated from German into English using AI and manually reviewed. Each transcript was read multiple times to gain an initial understanding. Statements were assigned to the corresponding questions in the interview guide to structure the data along the three research objectives.
2. Generating Initial Codes	Systematically identifying and labeling relevant features of the data across the dataset.	Key statements were manually coded in Excel using an inductive approach. Codes were based on semantic content and structured according to the interview guide and research objectives. Iterative comparison between data segments was informed by Charmaz's (2017) constructivist coding logic.
3. Searching for Themes	Collating codes into potential themes and gathering relevant data for each theme.	Related codes were grouped into first-order clusters, which represented preliminary thematic categories aligned with emerging patterns in the data.
4. Reviewing Themes	Ensuring the themes accurately reflect the coded data and the dataset as a whole.	The initial clusters were reviewed and refined. As a secondary step, keyword-based AI clustering (ChatGPT) was used to challenge and, where useful, optimize the initial structure through consolidation, expansion, or re-labelling.
5. Defining and Naming Themes	Refining each theme, identifying its core meaning, and developing clear names.	Themes were further differentiated into second-order subclusters to capture analytical nuance. Cluster names reflected both semantic clarity and relevance to the research objectives.
6. Producing the Report	Finalizing the analysis and integrating the findings into a coherent narrative.	Themes were presented separately for each research objective. For Research Objective 2, decision trees were created to illustrate patterns of managerial decision-making, applying the lens of Bounded Rationality (Simon 1955). Throughout the process, the analysis was grounded in a constructivist paradigm (Charmaz 2017), emphasizing the co-construction of meaning.

Appendix 8. *Examples of Bad News (Research Objective 1)*

Cluster	
A	Layoffs
B	Individualized performance, criticism, and development conversations
C	"Kurzarbeit"
D	Structural, procedural, or strategic transformations within organizations

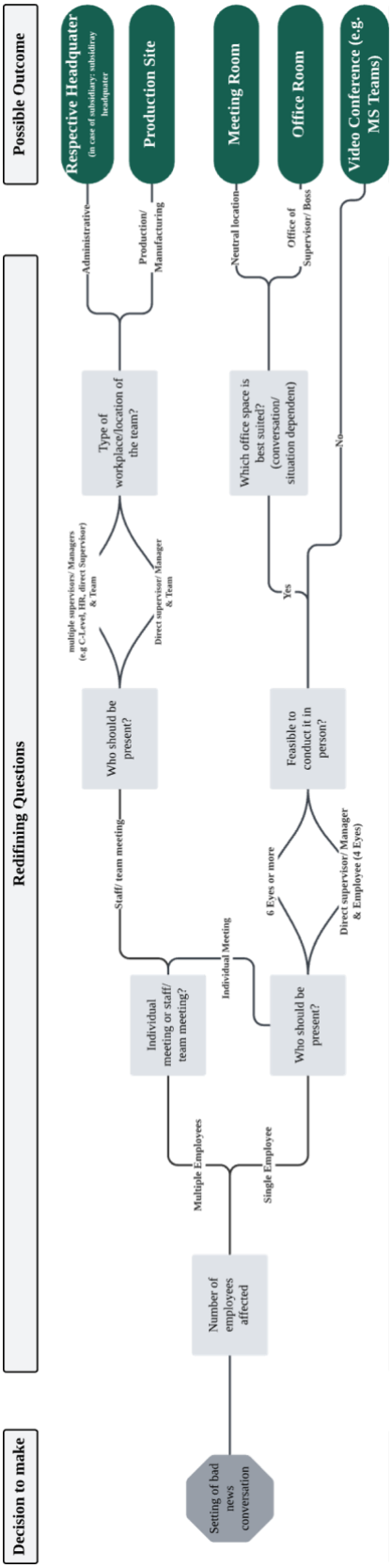
Appendix 9. *Focus Clusters Research Objective 2*

Research Objectives	Cluster			
	Pre-Delivery Phase		Delivery Phase	Post-Delivery Phase
Objective 2 What do managers focus on when they deliver those bad news?	Structural & Contextual Factors	Intrapersonal Preparation Factors	Communication Factors & Response Adaptation	Post-Communication Reflection Factors

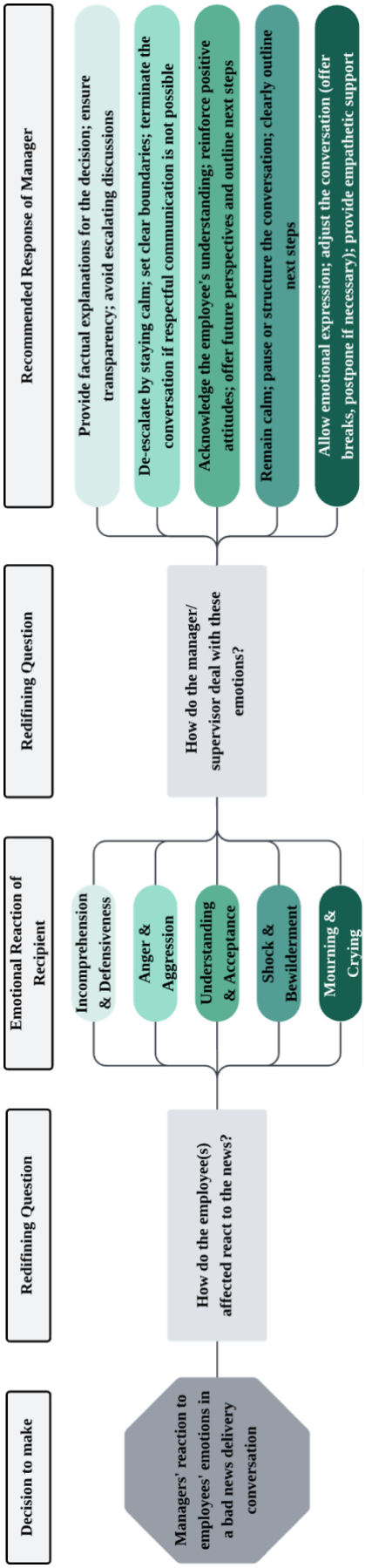
Appendix 10. *Derived Strategies (Research Objective 3)*

Research Objectives	Cluster			
	Pre-Delivery Phase	Delivery Phase		Post-Delivery Phase
Objective 3 What strategies do managers use to deliver bad news/ have difficult conversations?	Preparation Strategies	Message Framing Strategies	Interaction, Communication, and Emotional Boundary Management Strategies	Follow-up and Process Structuring Strategies

Appendix 11. *Decision Tree for Conversational Setting & Participant Selection*



Appendix 12. *Decision Tree of Recommended Actions Regarding Emotional Reactions*



Appendix 13. *Preparatory Strategies (Pre-Delivery Phase)*

Strategy Name	***Strategic Objective***	***Core Approach***	***Recommended Use***
Thematic & Factual Preparation	Ensuring sound preparation of content and increasing confidence in bad news delivery conversation	Collection of relevant data and facts, coordination with HR, creation of presentation materials, creation and use of notes or communication guidelines, use of AI tools (e.g. ChatGPT) e.g.(P16H)	**Highly recommended:** essential for delivering bad news in a clear, structured, and credible manner. Strengthens managerial confidence, enhances message precision, and helps employees comprehend the rationale behind decisions.
Mental Preparation and Scenario Simulation	Reducing the manager's insecurities and promoting confidence in the conversation	Speaking key messages out loud (P14H), practicing with a sparring partner/ in front of a mirror (P5H; P13H), mentally playing through possible reactions of the recipient (P1H)	**Context dependent:** While generally beneficial for enhancing confidence, particularly in less experienced managers, its effectiveness is contingent upon individual preferences and communication styles. For some, structured rehearsal may be perceived as inauthentic or counterproductive.
Preparation of Setting	Establishing an appropriate setting for an undisturbed and respectful conversation	Selection of a (neutral), tranquil setting and deliberately allocating adequate time; deciding of who will be present	**Highly recommended:** Crucial to ensure that bad news can be communicated in a calm and appropriate setting. However, room selection, timing, and presence of others must be carefully tailored to the specific context and sensitivity of the situation.

Appendix 14. *Follow-up and Process Structuring Strategies (Post-Delivery Phase)*

Strategy Name	***Strategic Objective***	***Core Approach***	***Recommended Use***
Conclusion and Summary	Create clarification, address unanswered questions	Part of conversation structure, recognize and address the other person's needs, identify next steps (P11H)	**Highly recommended:** essential to ensure that the recipient leaves the conversation with clarity and orientation. Especially valuable for preserving trust and minimizing misinterpretation of the message.
Offer follow-up Discussions	Signal support in the further course of action	Offer availability, in the context of layoffs: help finding a new job (P1H), provide follow-up meeting, if necessary (P11H)	**Highly recommended:** Highly recommended: particularly effective in preserving dignity and demonstrating commitment to employee well-being during layoffs or transitions. Offering support (e.g., job search assistance or future check-ins) can reduce emotional strain and strengthen employer reputation. However, follow-ups should be clearly framed to avoid raising unrealistic expectations when no further negotiations or reversals are possible.
Self-reflection	Improve own communication style	Reflect after the conversation: What went well? What could go better? (P3H, P16H)	**Context dependent:** useful for managerial learning and personal growth, particularly when supported by a feedback culture. Yet, in high-stress contexts or fast-paced settings, time constraints or emotional overload may limit its feasibility or impact.