

## The Importance of Soft Skills for Small and Medium-Sized Enterprises – Evidence from Bosnia and Herzegovina

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### ABSTRACT

*This article aims to investigate the importance of soft skills for starting and successfully running small and medium-sized enterprises (SMEs) in Bosnia and Herzegovina (BiH). Using data collected from a survey of 71 upper-level managers from enterprises operating in BiH, complemented by qualitative insights from a focus group on the same subject, the study examines the perception of the importance of skills such as leadership, communication, emotional intelligence, problem-solving, and teamwork. Statistical analyses, including descriptive analysis, Spearman correlation coefficients, Chi-square tests, and Fisher's Exact tests, reveal that most soft skills are highly valued by SMEs, with slight differences in perceived importance. Communication skills emerged as the most important, reflecting their central role in fostering productive business interactions. The conducted analyses also indicate that the desirable set of soft skills does not change with the company size, except for the leadership skill. Leadership shows a moderate positive correlation with company size, indicating its increasing importance in larger organizations. Qualitative findings confirm the importance of soft skills for starting and managing businesses, with emphasis on communication and problem-solving skills.*

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## 1. Introduction

According to Donovan (2024), the term soft skills was first introduced in U.S. Army training courses in the early 1970s to refer to interpersonal skills rather than the skills needed for operating machinery or using weapons. During the 1980s and 1990s, the business and education sectors had begun to adopt this term, and its meaning began to evolve to include widely transferable skills of several types. Soft skills are defined as “interpersonal, human, people, or behavioral skills, and place emphasis on personal behavior and managing relationships between people”, while hard skills are “associated with technical aspects of performing a job” (Rainsbury et al., 2002, p.9). Soft skills indicate personal transversal competencies such as social aptitudes, language and communication capability, friendliness and ability to work in a team, and other personality traits that characterize relationships between people (Cimatti, 2016).

This study explores the managers’ perception of the importance of soft skills for small and medium-sized enterprises (SMEs), focusing on SMEs from Bosnia and Herzegovina.

According to the official European Commission definition<sup>3</sup>, small and medium-sized enterprises are enterprises that have fewer than 250 employees and have either an annual turnover of less than EUR 50 million or a balance sheet total of less than EUR 43 million. Small and medium-sized enterprises play an important role in the European Union countries as well as in other European countries, such as Bosnia and Herzegovina. In 2022, about 24.3 million SMEs were active in the EU-27 and these SMEs accounted for 99.8% of all enterprises in the non-financial business sector (NFBS). These SMEs employed 84.9 million people in the EU-27 in 2022 or 64.4%, and accounted for 51.8% of EU-27 NFBS value added (Di Bella et al, 2023). In Bosnia and Herzegovina in 2022, small and medium-sized enterprises and entrepreneurs ac-

counted for 99.6% of all SMEs and entrepreneurs. They employed 69.6% of all employees, and accounted for 68.3% of gross revenue (Agencija za statistiku BiH, 2024).

The objective of this article is to investigate the importance of soft skills for starting and successfully running small and medium sized enterprises (SMEs) in Bosnia and Herzegovina (BiH). Both quantitative and qualitative methods were employed in this study, to explore the importance of soft skills for small and medium enterprises. The paper uses data collected within Horizon USE IPM<sup>4</sup> project on the needs of the business community for entrepreneurial soft skills. The paper is systematized as follows: Section 2 provides the literature review, Section 3 describes the research methodology, Section 4 provides an interpretation of the research results, Section 5 provides discussion, while Section 6 provides conclusions and implications of the research.

## 2. Literature Review

### 2.1. Definition and Meaning of Soft Skills

The terms hard and soft skills have developed over the years as a way of identifying characteristics and skills needed to be successful in management positions or as an employee.

Soft skills are defined as traits, attitudes, abilities, and behaviors that allow an individual to work in a team, control the environment, perform optimally, and achieve goals (Florea & Stray, 2018).

Weber et al. (2011, p. 98) define soft skills as “interpersonal, human, people, or behavioral skills needed to apply technical skills and knowledge in the workplace”. According to Bailly & Léné (2012) soft skills include the ability to communicate, empathy and a sense of involvement and initiative, but also include certain physical and psychological qualities such as appearance and personality. According to Manmohan (2017) the important soft skills are: communication skills, interpersonal relationship, team building, leadership, time management, presentation skills, managing stress, thinking skills, problem solving, decision making and workplace etiquette.

<sup>3</sup> Commission Recommendation of 6 May 2003 concerning the definition of micro, small, and medium-sized enterprises (2003/361/EC), Official Journal of the European Union, L 124/36, 20 May 2003

<sup>4</sup> Up-Skilling Researches for Sustainable Entrepreneurship Based on Innovation Process Management <https://useipm.com/>.

## 2.2. Importance of Soft Skills for SMEs

Several studies have proven the link between the level of soft skills of managers and employees and their individual performance and that of the company as a whole (Howes, et al., 2017; Ibrahim, et al., 2017; Johnson, 2021). Lok et al. (2021) finds that soft skills are important for successful management and leadership of others. Communication, teamwork, problem solving and adaptability are vital soft skills for venture growth.

A study by Hodges and Burchell (2003) investigated the perceptions of business employers of the importance of different skills. It was reported that eight out of the top ten skills were soft skills. The top ten ranked competencies in order were: ability and willingness to learn; energy and passion; teamwork and cooperation; interpersonal communication; customer service orientation; order, quality and accuracy; flexibility; problem solving; achievement orientation; and, initiative. This study found that technical expertise was the competency considered less important by the employers (ranked 21st). It is likely that the lack of emphasis placed on such hard skills indicates that these are considered 'a given' and/or that any deficiencies can be 'fixed' through further training/education – whereas soft skill deficiencies may be seen as less easily overcome.

Kotsios (2023) investigated the skills and values that can be related to building resilient SMEs on the sample of 266 Greek and Polish business owners and managers. According to the results, reliability, integrity and work ethics have been pointed out as vital for the long-term viability of a business while facing crisis situations. Another set of conclusions is related to specific soft skills: the most important soft skills for business owners and managers were communication; decision making and risk identification and assessment.

Bečić et al. (2024), on a sample of 80 managers from Italy, Latvia and Croatia, analyze which soft skills firms require, and investigate whether companies offer training to improve and develop soft skills among employees. They found that majority of managers perceive soft skills as crucial assets of the firm, especially creativity, emotional intelligence, complex problem solving, critical thinking and coordinating with others.

In its research, Sarker and Albluwi (2021) explored the relation between soft skills and innovation in the SME sector in Malaysia. The results of this research have identified that communication, teamwork, leadership, critical thinking, positive attitudes, flexibility, and adaptability are the most important soft skills that help the entrepreneurs in Malaysia to be innovative.

Almeida and Devedzic (2022) explored the relevance of different soft skills for entrepreneurs, focusing on entrepreneurs from Portugal and Serbia. The findings reveal that soft skills competencies play a key role in the entrepreneur's activity, highlighting emotional intelligence, resilience, and persistence as fundamental attributes that an entrepreneur should possess. Also, the authors find that an entrepreneur's geographic area is a relevant factor in the perception of the relative importance of soft skills.

Tem et al. (2020) explored the importance of soft skills development to enhance entrepreneurial capacity. The qualitative research through in-depth interviews discovered that all informants agreed that soft skills are important for being a successful entrepreneur as they enable entrepreneurs to be good leaders. Moreover, soft skills acquisition can motivate entrepreneurs to do new things, encourage them to share their ideas and can allow them to communicate effectively with their customers and business partners. Also, the research showed that entrepreneurs with sufficient soft skills can motivate their colleagues and stakeholders to involve actively in their business activities. Critical thinking and problem-solving are the most important soft skills for majority of informants. These soft skills enable entrepreneurs to improve their capacities in a competitive business environment.

## 3. Methodology

The paper uses both quantitative and qualitative approaches to ensure a comprehensive understanding of the importance of soft skills for SMEs. The methodology and tools for both approaches are given below.

### 3.1. Quantitative Research

To explore the importance of soft skills for small and medium enterprises, this paper uses data collected

for the needs of the USE IPM project on the needs of the business community for entrepreneurial soft skills. The survey questionnaire was distributed by email to the upper-level managers in companies in Bosnia and Herzegovina that they filled out using Google Forms, collecting 71 responses in total. A five-point Likert scale was used to address the respondent's perception of the importance of different soft skills for the business and to address the best ways to develop soft skills within a company. The responses varied from 1 (not important) to 5 (very important).

Of the 71 respondents, 32 were managers in

small companies (45% of the sample), 16 in medium (23%) and 23 in large companies (32%). The main criteria for choosing the participants were that they hold an upper management position within a company in Bosnia and Herzegovina, that they have direct contact with the employees and participate in the recruiting and onboarding processes, so that they have enough experience and knowledge to assess the importance of soft skills in different aspects. The gender structure is balanced within the sample, with 56% of the total respondents being males and 44% females. The structure of the companies in the sample is given in Table 1.

**Table 1**  
*The Sample Structure*

<b>Business Sector</b>	<b>Number of respondents</b>
Area A: Agriculture, forestry, and fishing	2
Area C: Manufacturing industry	3
Area D: Production and supply of electricity, gas, steam, and air conditioning	2
Area E: Water supply, sewerage, waste management, and remediation activities	2
Area F: Construction	4
Area G: Wholesale and retail trade; repair of motor vehicles and motorcycles	11
Area H: Transportation and storage	4
Area J: Information and communication	10
Area K: Financial and insurance activities	9
Area L: Real estate activities	2
Area M: Professional, scientific, and technical activities	6
Area N: Administrative and support service activities	3
Area O: Public administration and defense; compulsory social security	1
Area P: Education	4
Area Q: Human health and social work activities	1
Area S: Other service activities	7
<b>TOTAL</b>	<b>71</b>

*Notes.* Authors' calculation.

The sample covers approximately 0.2% of the total of 31,983 companies in Bosnia and Herzegovina (Agencija za statistiku BiH, 2024). The sample size was determined for the 90% confidence interval with a 10% margin of error, which suggests a sample size of 68 companies. With a response rate of just above 10%, we col-

lected 71 responses in total.

The article focuses on respondents from small and medium companies, with 48 respondents, and analyzes the soft skills they find important in general and for starting and running the business using distribution charts.

The article firstly provides a descriptive analysis of the perception of soft skills within SMEs, i.e. the skills that managers find important in general, and for starting and running the business. The relationship between the perception of soft skills and the size of the company is explored using the Spearman rank correlation. Additionally, contingency tables are tested using Chi-square test and Fisher's Exact test for Count Data to examine the relationships between the size of the company and the perceived importance of soft skills. The analyses and results are produced using the R programming language.

### 3.2. Qualitative Research

The quantitative research was supplemented by a qualitative method, namely focus group analysis. The focus group research was used to explore managers' opinions, attitudes, beliefs, feelings, and behaviors related to the research topic. Six experts participated in the focus group that was organized by the Faculty of Economics of the University of Banja Luka in November, 2023 within Horizon USE IPM project. Four of six experts were managers of SMEs operating in Bosnia and Herzegovina, while 2 of six experts were managers in the field of human resource management.

The aim of the focus group research was to gain a deeper understanding of the essential "soft" skills that will facilitate young people's successful integration into the workforce when seeking employment or starting their own business.

The research instrument consisted of a protocol that contained a list of discussion topics formulated in accordance with the fundamental categories of "soft" skills. For the purpose of formulating the discussion topics, referent literature regarding "soft" skills was consulted. Discussion topics included:

1. Participants' opinion regarding essential inter-

personal and intrapersonal skills that are crucial for successful integration into the workforce and managing an entrepreneurial business among young people.

2. Interviewees' views on the importance of managerial skills and problem-solving skills for successful business start-up and management.
3. Interviewees' attitudes regarding the relevance of information, opportunity, and risk management skills for successful inclusion in the workforce and business start-up.
4. Participants' views on the importance of creative thinking and innovation for successful inclusion in economic flows and business start-ups.
5. Proposal and rationale for the need for other „soft” skills not emphasized by the focus group moderators.
6. Interviewees' view on the key „soft" skills that should be evaluated by the HR department during the selection process, as well as the instruments that can be used for that purpose.
7. Attitudes of interviewees regarding the development of soft skills.

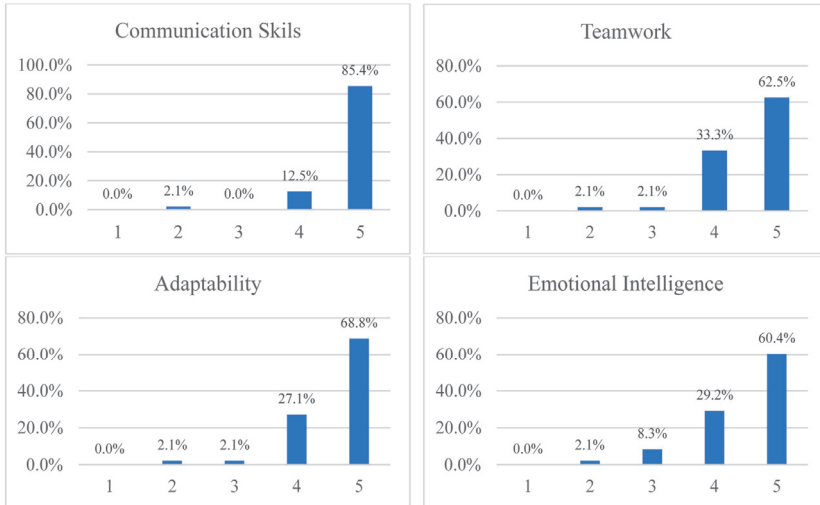
The gathered data from the focus group were processed through qualitative analysis, which includes presenting the interviewees' opinions on the topics discussed during the focus group, creating criteria for grouping responses, and categorizing responses based on those criteria.

## 4. Empirical Results

### 4.1. Quantitative Research Results

In the first question the respondents were asked to rate the general importance of the following soft skills: communication skills, teamwork, adaptability, and emotional intelligence. The distribution of responses for SMEs is given in the Graph 1.

**Graph 1**  
*The Importance of Soft Skills for SMEs*



Notes. Authors' calculation.

The managers within SMEs perceive communication skills as crucial, with 12.5% ranking them as important and 85.4% as very important. There is a strong consensus that communication is essential soft skill as only 2.1% of the respondents gave ratings of less than important. Among all other soft skills, communication is ranked the highest.

While teamwork is still seen as highly important (most respondents rated it a 5 or 4), there is slightly more variation in the responses compared to the communication skills - 62.5% rated teamwork as very important, but a considerable portion (33.3%) also rated it slightly lower (important), suggesting that teamwork is crucial but perhaps not universally seen as absolutely essential as communication skills.

A majority of respondents (68.8%) rated adaptability as a very important soft skill, with an additional 27.1% rating it as important. Only a small fraction (2.1% each) gave a rating of 3 or 2, and no respondents rated adaptability as unimportant (1). The overall picture shows that adaptability is regarded as essential, with more than two-thirds of respondents considering it crucial and very few as less than important.

The presence of a few lower ratings (3 and 2)

might indicate that while adaptability is highly valued, there may be some respondents who place slightly less emphasis on it compared to other skills. Next, 60.4% of respondents rated emotional intelligence as very important, while 29.2% rated it as important. A larger portion (compared to other skills) rated emotional intelligence as moderately important (8.3%) and slightly important (2.1%). No respondents rated emotional intelligence as unimportant. While emotional intelligence is clearly valued (with 89.6% rating it as 4 or 5), there is more variation in the responses compared to adaptability, with a slightly higher percentage of people rating it lower. This could suggest that while most respondents recognize the significance of emotional intelligence, it is perhaps seen as somewhat less critical compared to skills like adaptability or communication, or its importance might vary depending on the specific role or industry.

The overall takeaway from the analysis is that a large majority of respondents' value soft skills as generally important, since all of the analyzed soft skills are viewed as important by the majority of respondents. Communication has a strong consensus about being the top-ranked skill among the analyzed ones, with minimal variation in responses. It is followed by teamwork and



adaptability, which exhibit a slightly more variation in responses, but still score high on important and very important scores. Slightly lower importance is attributed to emotional intelligence, having the lowest percentage of important and very important scores.

The next step in the analysis is to calculate the Spearman correlation coefficients between the company size and the perceived importance of the four soft skills described above. The respondents rated their companies as small, medium or large in terms of size, so we calculated the correlation coefficient between the size of the company (companies divided into small, medium, or large groups) and the importance ratings for each of the soft skills.

The Spearman rank correlation was used because it is a nonparametric technique for evaluating the degree of linear association or correlation between two independent variables, and it operates on the ranks of the data rather than the raw data (Gauthier, 2001). Unlike Pearson's product-moment correlation coefficient, it does not require the relationship between the variables to be linear, nor does it require the variables to be measured on interval scales, and can therefore be used for variables measured at the ordinal level (Hauke & Kossowski, 2011).

**Table 2**  
*Spearman Correlation Coefficients between Company Size and Importance of Soft Skills*

Communication skills	Rho: 0.1934445
	p-value: 0.5314
Teamwork	Rho: 0.07551475
	p-value: 0.5314
Adaptability	Rho: 0.136871
	p-value: 0.8842
Emotional intelligence	Rho: 0.0176023
	p-value: 0.8842

Notes. Authors' calculation.

The Spearman correlation coefficients for all four soft skills are very weak and not statistically significant, with p-values well above the common significance threshold of 0.05. This suggests that company size does not appear to significantly influence how important respondents perceive communication, teamwork, adaptability, or emotional intelligence, so that any

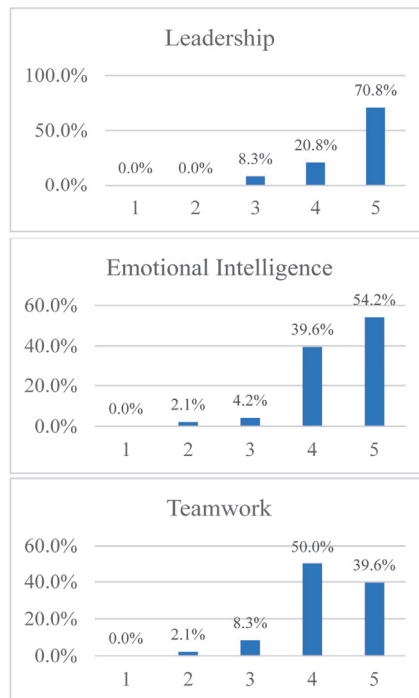
observed differences in the importance of soft skills based on company size are likely due to random chance rather than a systematic relationship.

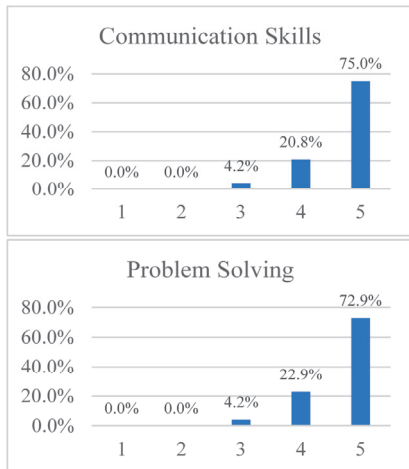
In summary, the importance of these soft skills seems to be consistent across companies of different sizes (small, medium, and large), with no strong evidence that larger or smaller companies place more or less importance on any of the skills.

The next question asked the respondents to rate the importance of soft skills for starting and successfully running a business. The soft skills in question were leadership, communication skills, emotional intelligence, problem solving, and teamwork. We extracted the answers for SMEs in order to evaluate what skills are the most desirable for starting and running a SME. The distribution charts of responses for SMEs are given on the Graph 2.

**Graph 2**

*The Importance of Soft Skills for Starting and Successfully Running a SME*





Notes. Authors' calculation.

The data collected from the survey clearly highlights the importance of soft skills for starting and running a SME. The respondents found communication and problem-solving skills to be most important, with 95.8% rating them with a 4 or 5. The communication skills are perceived as slightly more relevant, since they scored more highly important ratings than the problem-solving skills.

Leadership scores the third place, having 91.6% of the responses rating it as important or very important. It is followed by emotional intelligence and, lastly, teamwork. It should be emphasized that all the skills are perceived as important, with slight nuances differentiating them.

The next step in the analysis was to examine whether the skills required for starting and running a business differ for the companies of different sizes. We therefore calculated the Spearman correlation coefficient between the size of the company and the importance ratings for each of the soft skills analyzed. The companies were divided into small, medium, and large groups.

**Table 3**

*Spearman Correlation Coefficients between Company Size and the Importance of Soft Skills for Starting and Successfully Running a Business*

Leadership	Rho: 0.347657 p-value: 0.002971
Communication skills	Rho: 0.05322893 p-value: 0.6593
Emotional intelligence	Rho: 0.01286492 p-value: 0.9152
Problem solving	Rho: -0.0202627 p-value: 0.8668
Teamwork	Rho: -0.01294688 p-value: 0.9147

Notes. Authors' calculation

The only statistically significant correlation coefficient is between the leadership skill and the size of the company, the coefficient being approximately 0.35 and its p-value 0.002971. The correlation is medium (Cohen, 1988, p. 77-81) and positive, suggesting that importance of the leadership skill increases with the company size.

For the rest soft skills (communication skills, emotional intelligence, problem-solving, and teamwork), the correlations with company size (small, medium, and large) are extremely weak (close to 0), and none are statistically significant (all p-values > 0.05). This means that, based on this data, company size does not appear to influence the importance of these soft skills for starting and running a business.

The results suggest that bigger companies require more leadership skills, while the rest of the soft skills are equally important regardless of the size.

An additional analysis was conducted to examine the relationship between the company size and the desired skill set to start and run it. We again took the 3 levels of company sizes and 5 levels of importance ratings to make 3x5 contingency tables. We then test the association between the observed variables using both Chi-square and Fisher's Exact test. One of the assumptions for using the Chi-square test for contingency tables is to have the expected frequencies above 5, which is not met in our tests, since ratings of 1, 2, and 3 do not meet this requirement, even after combining them into one category. Therefore, we will address the Fisher's Exact Test as the most common alternative in this case (Howell, 2011).



**Table 4***Tests on Contingency Tables Between the Importance of Soft Skills for starting and Running a Business and Company Size*

	Chi-square test	Fisher's Exact test for Count Data
Leadership	X-squared = 5.4798, df = 2, p-value = 0.06458	p-value = 0.07729 alternative hypothesis: two.sided
Communication skills	X-squared = 1.1512, df = 2, p-value = 0.5624	p-value = 0.787 alternative hypothesis: two.sided
Emotional intelligence	X-squared = 0.69861, df = 3, p-value = 0.8735	p-value = 0.9362 alternative hypothesis: two.sided
Problem solving	X-squared = 3.3423, df = 2, p-value = 0.188	p-value = 0.2325 alternative hypothesis: two.sided
Teamwork	X-squared = 3.3607, df = 3, p-value = 0.3393	p-value = 0.3395 alternative hypothesis: two.sided

*Notes.* Authors' calculation

In all conducted tests, both Chi-square and Fisher's Exact, we fail to reject the null hypothesis of variables not being associated. The results are in line with the results of the Spearman correlation coefficient, except for the leadership skill. The Spearman correlation coefficient showed a statistically significant relationship between the company size and the importance of leadership, while the contingency table tests failed to find a significant association. When comparing the Spearman correlation coefficient with different measures of association, it proves to be robust and less influenced by the distribution of categories, making it suitable for identifying consistent patterns even in the presence of ties (Brown & Benedetti, 1977). The contingency table tests, in line with the previous property, show the lowest p-values for this skill - 0.06458 for the Chi-square and 0.07729 for the Fisher's Exact test, suggesting the presence of a trend and supporting the findings of the Spearman correlation coefficient.

#### 4.2. Focus Group Results

In order to gather information about the necessary "soft" skills that will facilitate the successful inclusion of young people in an employment process or when starting their own business, the participants were asked questions in seven segments (University of Banja Luka, 2023).

The first question aimed to determine the respondents' views on the soft skills that are important for

young people to successfully enter the sphere of work and to run a business. When asked about the importance of the soft skills, four out of six respondents stated that communication skills are extremely important. One of the respondents from the field of human resource management (HRM) pointed out that communication skills are very important, especially assertive communication. The second respondent pointed out that communication differs depending on the type of profession and work performed in the organization, but it is equally important, only a different approach is necessary.

The second question related to the examination of respondents' attitudes regarding whether and which managerial and problem-solving skills are important for successfully starting and running a business. All respondents considered managerial and problem-solving skills as important for successful business management. As key managerial skills, they highlighted: motivating the team, involving all levels of managers in improving communication skills, establishing relationships and regular conversations with colleagues.

Examining the views of respondents on whether the skills of managing information, opportunities and risk are essential for successful inclusion in the sphere of work and starting a business constituted the third question. When it comes to skills of information management, opportunities management and risk management, all respondents agreed that they are of great importance for successful inclusion in the sphere

of work and for starting a business. It was pointed out that it is important to have a control of information and to be able to summarize it simply, to be able to look for opportunities and to know how to manage risks, both when starting a business and in everyday work.

The fourth question aimed to find out the views of respondents regarding whether creative thinking and innovation are important for successful inclusion in economic flows and for starting a business.

Creative thinking for the respondents implies a condition without which there is no significant progress in business. A respondent from the HRM emphasized that we live in a time of constant change and adaptation and, because of that, people within organization and the organization itself must be sufficiently flexible. Also, the respondents believe that it is necessary to give freedom to young people in those branches where it is possible. However, two respondents mentioned that in some sectors, such as the financial sector with strict procedures, there is not much room for freedom and significant creativity. In addition to flexibility, respondents attached great importance to continuous learning and education. Innovation was also highly rated. The respondents from the field of entrepreneurship especially considered the importance of innovation, pointing out that without innovation there is neither entrepreneurship nor further growth and development of the company. The respondents believe that creative and innovative employees should be motivated and rewarded: "Top results are made by top individuals".

It is important to establish a "correct value system".

The fifth topic discussed in the focus group related to proposing other soft skills that were not highlighted by the moderator of the focus group, which are important for inclusion in the sphere of work and starting a business. The respondents emphasized the importance of the following soft skills: leadership, time management, ability to solve problems, accountability, coaching, mentoring and separating the important from the non-important.

The sixth question related to examining respondents' views on the key soft skills that the HRM should evaluate during the selection process of the candidates, as well as which instruments can be used

for that purpose. In addition to the classic interview that takes place after the pre-selection of candidates, the respondents stated that an intelligence test, a team role test (e.g. prof. Belbin's test), a general knowledge test and a technical knowledge test are recommended.

The last, seventh question referred to ways of developing soft skills during the educational process and, later, at work. The respondents agree that soft skills are important for the business sphere and should be developed during the educational process as well as later, during employment.

## 5. Discussion

The findings of this article confirm the important role of soft skills in the successful establishment and management of SMEs. The use of both quantitative and qualitative analyses provides a more comprehensive understanding of the importance of soft skills for SMEs in BiH.

The statistical analyses reveal that most soft skills are universally regarded as important across SMEs, with minimal variation based on company size. Communication skills emerged as the most important, reflecting their central role in fostering productive business interactions. These findings are in line with previous research of Lok et al. (2021), Sarker and Albluwi (2021), and Kotsios (2023).

Respondents also highly valued teamwork, emotional intelligence, and adaptability, confirming the results of previously analyzed studies (Hodges & Burchell, 2003; Howes et al., 2017; Ibrahim et al., 2017; Johnson, 2021) that soft skills are generally important for entrepreneurs and for venture growth. Also, studies on the perception of soft skills among European employers, conducted by Succi and Canovi (2019) and Andrews & Higson (2008), confirm the findings that communication skills and teamwork are ranked as the most important soft skills.

The importance of soft skills did not change with the increase of the company size, with one exception. Leadership was the only skill to exhibit a statistically significant correlation with company size, indicating that as organizations grow, the importance of strong

leadership becomes more pronounced. The contingency table tests failed to confirm a significant association, suggesting that the observed correlation may not translate into categorical differences detectable through frequency-based tests. This discrepancy highlights the sensitivity of Spearman correlation to trends that may not result in large deviations across categorical data. With a statistically significant Spearman correlation coefficient and p-values of Chi-square and Fisher's Exact tests close to the reference point of 0.05, it is sensible to say that a certain association between the leadership skill and the company size does exist. This is in line with the findings of Succi and Canovi (2019), who confirm that leadership ranks among the least important soft skills for graduate employability, suggesting that this skill may be more important for higher positions in larger companies.

Other skills, including emotional intelligence, teamwork, and problem-solving, showed no significant relationship with company size, suggesting they are equally important across all organizational sizes.

The focus group findings add depth to the quantitative results, emphasizing communication and problem-solving as universally critical for SMEs.

Participants highlighted the importance of assertive communication, creative thinking, and adaptability in addressing the dynamic challenges faced by businesses. Interestingly, leadership was also identified as vital, with respondents stressing its role in motivating teams, fostering innovation, and ensuring strategic direction. This qualitative emphasis on leadership aligns with the results of the quantitative analysis, further supporting its growing importance in larger organizations.

Additionally, the qualitative analysis revealed the need for other soft skills not explicitly covered in the quantitative survey, such as time management, accountability, and coaching abilities. These skills contribute to the broader capacity of managers to lead effectively and navigate the complexities of modern business environments.

## 6. Conclusions and implications

In conclusion, soft skills represent an indispensable element of entrepreneurial and managerial success in

SMEs, and their importance is recognized across companies of all sizes.

### 6.1. Theoretical Contributions

This article reinforces the theoretical perspective that soft skills are essential for entrepreneurial success and the growth of SMEs. It confirms previous findings that emphasize communication skills, teamwork, emotional intelligence, leadership, adaptability, and problem-solving as crucial components of entrepreneurial competence. However, this study places special emphasis on the importance of soft skills for SMEs, and analyzes the differences in perception of soft skills' importance between SMEs and large enterprises. Additionally, by focusing on SMEs in Bosnia and Herzegovina, the article contributes valuable, context-specific theoretical insights, situating soft skills research within particular geographic and cultural settings.

### 6.2. Policy and Managerial Implications

The theoretical findings of this study have practical implications, particularly for the development of training programs and policies aimed at strengthening soft skills in SMEs. Recognizing the importance of soft skills can drive to the incorporation of soft skills training in education and vocational programs. Also, managers must recognize the importance of soft skills when recruiting new employees. While technical expertise is important, managers should place equal emphasis on interpersonal skills during the hiring process. Assessments of candidates' communication abilities, teamwork aptitude, and emotional intelligence can ensure that the team is not only skilled but also capable of working harmoniously in a collaborative environment.

As the study emphasizes, leadership becomes more critical as organizations grow, suggesting that scaling SMEs should focus on cultivating leadership competencies alongside other soft skills. This insight contributes to the human resource management, advocating for continuous leadership strengthening as organizations expand.

### 6.3. Limitations and Suggestions for Future Research

The limitations of this study include the small sample size, obtained for a 90% confidence interval

with a 10% margin error, which may be at risk of producing biased results and type II errors in statistical tests, and the lack of relevant studies on the topic of soft skills' importance. Additionally, the structure of the respondents in the sample deviates from the overall structure of companies in Bosnia and Herzegovina in terms of the business sector structure, which could affect the representativeness and generalizability of the findings. To prevent potential errors, we complemented the quantitative results with the qualitative insights from the focus group.

Future research could involve a larger and more appropriate sample in terms of structure. The research encompassing neighboring countries would enable the researchers to analyze how the perception of soft skills' importance differs between different countries and different cultural and socio-economic contexts. The sector-specific analysis could also be a useful tool to investigate the role of soft skills within specific industries. Moreover, differentiating between the skills needed for different management levels within organizations would provide a guideline for employees on what soft skills they need to develop to advance to a higher position. Finally, the research focusing on the effectiveness of soft skill development programs for SMEs could provide valuable insights into strategies for enhancing these competencies and their impact on organizational performance.

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## Значај меких вјештина за мала и средња предузећа – докази из Босне и Херцеговине

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### Кључне ријечи:

Меке вјештине, мала и средња предузећа, Босна и Херцеговина  
ЈЕЛ класификација: L26, J24, C1

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### САЖЕТАК

*Циљ овог рада је да истражи значај меких вјештина за покретање и успјешно вођење малих и средњих предузећа (МСП) у Босни и Херцеговини (БиХ). Уз коришћење података прикупљених путем анкетирања 71 менаџером на вишим нивоима из предузећа која послују у БиХ, допуњених квалитативним увидима из фокус групе на исту тему, студија испитује перцепцију важности вјештина као што су лидерство, комуникација, емоционална интелигенција, рјешавање проблема и тимски рад. Статистичке анализе, укључујући дескриптивну анализу, Спирманове коефицијенте корелације, хи-квадрат тест и Фишерове егзактне тестове, откривају да су већина меких вјештина високо цијењене у МСП-овима, уз мање разлике у перципираној важности. Комуникацијске вјештине су се показале као најважније, што одражава њихову централну улогу у подстицању продуктивних пословних интеракција. Спроведене анализе такође указују да пожељан сет меких вјештина не варира са величином предузећа, изузев лидерских вјештина. Лидерство показује умјерену позитивну корелацију са величином предузећа, што указује на његову растућу важност у већим организацијама. Квалитативни налази потврђују значај меких вјештина за покретање и управљање предузећима, с посебним нагласком на комуникацијске и вјештине рјешавања проблема.*