The relevance of soft skills in an agile organization

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Purpose/Motivation: By respecting the distinctiveness of human competencies the drivers of employee performance can be defined more clearly and thoroughly. The concept of soft skills serves this purpose by describing the internal competencies of a person and clearly differentiating them from hard skills, which describe external or measurable competencies. However, not only employee competencies but also organizational structures influence employee performance. Especially agile organizations create challenging environments for their workforce. Mapping the soft skill concept with agile organizational structures yields the potential to uncover novel and insightful theoretical concepts for Human Capital Management. Precisely, three research questions are addressed in this thesis:

(1.) How relevant are soft skills for employee performance in an agile organization?

(2.) Which soft skills are particularly important for agile work environments?

(3.) How do findings in this area contribute to the practical areas of People Attraction, Recruiting and Staff Development?

Approach/Methodology: Conduction of 20 expert interviews among employees of a German business and IT consultancy. Interview partners include former team leaders, team members, employees of the HR and Agility department and the CEO. Subsequently, the findings are embedded into theoretical and practical evidence following a data triangulation approach. On this basis, a theoretical model is developed.

Theoretical Model: Integrating the interview findings into existing literature reveals that Person-Organization Fit has a dynamic nature in the context of agility, which leads to the development of the term Agile Person-Organization Fit. Through acknowledging that dynamic nature the integration of the concept of adaptability becomes indispensable. In this course, the dimensions of interpersonal adaptability and uncertainty adaptability seem to match the agile properties of frequent human interaction and situational change. Soft Skills are proposed to enhance these adaptability dimensions. Consequently, the theoretical model suggests that interpersonal adaptability and uncertainty adaptability are mediating the relationship between soft skills and the achievement and maintenance of an Agile Person-Organization Fit, which is in turn proposed to positively influence employee performance in an agile organization. To

match the dimensions of interpersonal adaptability and uncertainty adaptability respectively, the model distinguishes two categories of soft skills. First, interaction-related soft skills which are the ability for open and honest communication, intrinsic motivation, a high shared-responsibilities value, client orientation, autonomy, and mental complexity. Second, uncertainty-related soft skills including positivity, openness, proactivity, curiosity, and a low position-value. Hence, this theoretical model tries to explain the relevance of soft skills in an agile organization by suggesting their indirect influence on employee performance.

Research Limitations: The exclusive questioning of a single firm's employees suggests homogeneity and thus potential biases. Also, overlaps between the two soft skill categories cannot be ruled out. Lastly, the current COVID-19 crisis might display a significant risk for biases among the interviewee statements regarding human interaction and situational change.

Research Implications: This thesis complements the narrow research in the fields of dynamic fit and dynamic matching in the context of soft skills and employee performance in agile organizations. Here, instead of clearly distinguishing between different agile designs, this study points out commonalities, which facilitates a large-scale, interdisciplinary investigation of the topic. Simultaneously, this thesis shows that combining two rather practical concepts, like soft skills and agility, can yield highly insightful and novel implications for theory. This is an advocacy for further bridging the theory-practice gap.

Practical Implications: Practitioners in the fields of People Attraction, Recruiting and Staff Development of an agile organization are encouraged to align employer branding initiatives, recruiting channels as well as onboarding and feedback activities with the interaction-related and uncertainty-related soft skills presented in the theoretical model.

Contribution: This study shifts the focus from attracting and retaining those individuals labelled as high-achievers by education systems, standardized achievement test and the like towards individuals possessing soft skills which foster the adaptability needed to successfully sustain a Person-Organization Fit in the given organizational context. Where this thesis deducts implications based on the two sets of soft skills proposed as highly relevant for an agile organization, other organizational structures might require different soft skills. However, understanding the potential impact that soft skills can have on employee performance in an agile organization yields novel pathways for Human Capital Management in theory and practice.

Paper type: Empirical (Qualitative)

Further readings:

Grass, A., Backmann, J., & Hoegl, M. (2020). From Empowerment Dynamics to Team Adaptability: Exploring and Conceptualizing the Continuous Agile Team Innovation Process. *Journal of Product Innovation Management*, 37(4), 324–351.

Morley, M. J. (2007). Person-organization fit. *Journal of Managerial Psychology*, 22(2), 109–117.

Ployhart, R. E., & Bliese, P. D. (2006). Individual adaptability (I-ADAPT) theory: Conceptualizing the antecedents, consequences, and measurement of individual differences in adaptability. *Advances in Human Performance and Cognitive Engineering Research*, 6, 3–39.

Weller, I., Hymer, C. B., Nyberg, A. J., & Ebert, J. (2019). How matching creates value: Cogs and wheels for human capital resources research. *Academy of Management Annals*, 13(1), 188–214.