**Preparing Students for Small Business Success: The Perception of Small Business Owners of Required Soft Skills**

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Soft skills are increasingly understood as an underlying indicator of success in the business world. However, there is currently insufficient research available on the soft skills of benefit to small business owners. Based on previous studies analyzing the top soft skills identified by medium to large size businesses, this study asked small business owners to rate their perception of the relative importance of listed soft skills and to rank the skills they considered to be the most important. The study found that work ethic, responsibility, integrity, and professionalism were the top skills identified by small business owners.

**Introduction**

Numerous studies have appeared recently stressing the importance of adequately targeting and developing soft-skills as part of business department curricula (Weinstein, 2015; Robles, 2012). In response, many business departments have begun to emphasize the development of soft skills as part of their general curricula (Goltz et al., 2008; Loman, 2011), including the incorporation of new methods of soft skills evaluation (Ingols & Shapiro, 2014). Such changes will likely shape the central courses and assessment methods that define business departments and their coursework for decades to come, following previous historical movements and reorientation in business education pedagogy (see, for instance, Herrington & Arnold, 2013).

As educators at a public, rural institution, however, most of our students will not work for medium to large size companies. Rather, our students will either work directly for a small business or seek to start their own small business upon graduation. As small business educators, we therefore face an important question involving curriculum and coursework development: Should we focus on the same set of soft skills in small business coursework as those identified as necessary to be successful within medium to large size businesses?

Focus on the appropriate set of soft skills within a small business program may be especially relevant given the relatively high rate of failure marking new small businesses. From the perspective of small business owners themselves, do certain soft skills provide small business with an advantage within their unique business environment? If so, should business departments focus more effort and resources on developing these skills as part of their curriculum and overall mission?

The purpose of this study was to determine which of the soft skills now identified within the literature as necessary for preparing students for medium to large business operations were considered to be of greatest importance by small business owners. We also sought to gather information about how small business owners perceived the relative importance of each of the provided soft skills as a component of their success. In so doing, we hoped to provide additional data on which particular soft skills might be relevant for integration within business curricula that target students interested in small business creation, development, and management.

**Literature Review**

Within much of the literature, the term hard skills refers to domain-based knowledge and skills--for instance, knowing how to crunch numbers as an accountant or how to assess risk as a project consultant. In contrast, the term soft skills is often used to refer to general interpersonal and behavioral skills often showcased within the workplace, such as presentation ability, teamwork, workplace etiquette, and individual work ethic (Perreault, 2004; James & James, 2004). Hence, whereas hard skills speak to the specific knowledge and expertise that define, for instance, an economist as compared to a bank manager, soft skills often designate a set of abilities that cross (and often secure success in) multiple disciplines.

Supporting past findings into the importance of soft skills for business majors (Harper, 1987; Tanyel et al., 1999), a number of recent studies have identified soft skills as essential to success within the business world (Abraham and Karns, 2009; Wickramasinghe and De Zoyza, 2009). In their interview of over 800 companies worldwide, the Graduate Management Admissions Council (GMAC) found that corporations expect graduates to display high levels of ethical decision-making, working effectively as part of a team, and being willing to learn continuously as central elements of job expectations (GMAC, 2012).

Indeed, Ingols & Shapiro (2014) found evidence that corporations are increasingly identifying teamwork, ethics, and motivation as key factors behind hiring decisions. Similarly, Bronson (2007) suggested that leading corporate managers believe most high school students lack adequate work ethic upon graduation, suggesting an important developmental role for collegiate business programs. Robles (2012) has likewise shown that business executives today increasingly value such skills as courtesy and responsibility, placing the greatest value on integrity and communication as the top two soft skills required by today’s employees.

Such studies reach some consensus on the particular set of soft skills desired by companies today. Robles (2012) identified a set of ten soft skills most identified by companies via a comprehensive survey, shown in Table 1. Herrington & Arnold (2013) likewise identified in their meta-study a set of fifteen soft skills targeted by company executives, again shown in Table 1. From this research, we have identified a general pattern of those particular soft skills that companies now identify as requisite factors of workplace success.

Perhaps unsurprisingly, many business departments have taken notice of this new and growing set of information, and have altered their department requirements and curricula accordingly. However, as small business educators, we must question if this data on medium to large size business, the importance of which we do not doubt, is relevant to business departments that focus on small business management and entrepreneurship. On the face of it, some soft skills seem essential to small business success, including such factors as customer relations and work ethic. Yet the relevance of other soft skills is not as clear, including such abilities as teamwork and group management, especially for such business forms as sole proprietors and partnerships. Based on the existing literature, then, we set out to test whether the existing set of soft skills identified in the literature is indeed of relevance in the world of small business from the perception of small business owners themselves.

Table 1: Identified Soft Skills.

|  |  |  |
| --- | --- | --- |
| Ten Soft Skills Identified by Robles (2012) | Top Soft Skills Identified by Herrington and Arnold (2013) | Top Identified Soft Skills |
|
| • Communication – oral, speaking capability, written, presenting, listening • Courtesy – manners, etiquette• Flexibility – adaptability, willing to change, lifelong learner, accepts new things, adjusts • Integrity – honest, ethical, high morals, has personal values, does what’s right • Interpersonal Skills – nice, personable, sense of humor, friendly, nurturing, empathetic, has self-control, patient, sociability, social skills • Positive Attitude – optimistic, enthusiastic, encouraging, happy, confident • Professionalism – businesslike, well-dressed, appearance, poised • Responsibility – accountable, reliable, gets the job done, resourceful, self-disciplined, wants to do well, conscientious, common sense • Teamwork – cooperative, gets along with others, agreeable, supportive, helpful, collaborative • Work Ethic – hard working, willing to work, loyal, initiative, self-motivated, on time | • Business expertise• Communication skills• Creativity• Customer focus• Ethics/integrity• Flexibility• Interpersonal skills• Leadership• Motivation and commitment to firm• Problem solving• Quality focus• Risk taking• Teamwork• Technical expertise• Time management• Work ethic | * Integrity
* Communication
* Creativity
* Flexibility
* Courtesy
* Responsibility
* Social Skills
* Positive Attitudes
* Professionalism
* Teamwork
* Work Ethic
 |

**Method and Procedures**

To gather information from small business owners, this study included students from two business classes taught by the two authors of this study. Each of these students were asked to interview two to four small business owners as part of their assigned course work. The criteria given to the students were that they were to seek out and survey small businesses that had less than 20 employees. The students completed the surveys either in a face to face visit, through email or over the phone. The small business owners were asked to rate the level of importance of each of the ten soft skill attributes on a 5 point Likert-type scale. The soft skills listed were integrity, communication, courtesy, responsibility, social skills, positive attitude, professionalism, flexibility, teamwork, and work ethic. The range that was used is the following: (5) extremely important, (4) very important, (3) somewhat important, (2) not very important, and (1) not important.

Once the importance of each soft skill was rated, the small business owner was asked to rank the top three most important soft skills used by them. The overall response rate was very good, as each survey was completed immediately and provided to the student. There were 69 completed surveys returned that were complete and all the requested sections were completed. The businesses that were surveyed were private entities that had from 0 to 20 employees. Of the 69 businesses surveyed 58 of them had 10 or less employees. Of the businesses surveyed 48 of the 69 businesses had five or less employees. Most of these businesses were located in Montana, but four businesses were located in Idaho, two businesses were located in Michigan, three were located in Nevada, one in Washington, five were in California, and one was in Arizona.

**Data Findings and Analysis**

Work Ethic, Responsibility, Integrity, and Professionalism were rated “extremely important” the most often as compared to the other soft skills. Work Ethic was by far rated extremely important the most out of any of the other soft skills. It was rated “extremely important” by 63 of the 69 small business owners, meaning 91.3 % of the small business owners deemed it to be extremely important. The remaining six small business owners rated Work Ethic “very important”. Work Ethic likewise had the highest mean score, which came out to be 4.91. The next highest mean score was Responsibility which was calculated to be 4.78, followed by Integrity and Professionalism which both had mean scores of 4.68.

Table 2 shows the results of the 69 surveys. N is equal to the 69, which is the number of surveys from which this study is based.

Table 2: Survey Results.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | N = 69 | 1- Not Important  | 2- Not VeryImportant  | 3- Somewhat Important  | 4- VeryImportant  | 5 - Extremely Important  | Mean  |
| N % | N % | N % | N % | N % |
| Integrity  | 69 | 0 | 0 | 0 | 0 | 4 | 5.8 | 14 | 20.3 | 51 | 73.9 | 4.68 |
| Communication | 69 | 0 | 0 | 0 | 0 | 2 | 2.9 | 23 | 33.3 | 44 | 63.8 | 4.61 |
| Flexibility  | 69 | 0 | 0 | 0 | 0 | 7 | 10.1 | 18 | 26.1 | 44 | 63.8 | 4.54 |
| Courtesy | 69 | 0 | 0 | 1 | 1.4 | 5 | 7.2 | 19 | 27.5 | 44 | 47.8 | 4.54 |
| Responsibility  | 69 | 0 | 0 | 1 | 1.4 | 1 | 1.4 | 10 | 14.5 | 57 | 82.6 | 4.78 |
| Social Skills  | 69 | 0 | 0 | 2 | 2.9 | 9 | 13.0 | 19 | 27.5 | 39 | 56.5 | 4.38 |
| Positive Attitudes | 69 | 0 | 0 | 2 | 2.9 | 2 | 2.9 | 18 | 26.1 | 47 | 68.1 | 4.59 |
| Professionalism | 69 | 0 | 0 | 0 | 0 | 3 | 4.3 | 16 | 23.2 | 50 | 72.5 | 4.68 |
| Teamwork  | 69 | 1 | 1.4 | 5 | 7.2 | 5 | 7.2 | 13 | 18.8 | 45 | 65.2 | 4.39 |
| Work Ethic  | 69 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 8.7 | 63 | 91.3 | 4.91 |

When the small business ranked the top three most important soft skills, work ethic received the most top three rankings. Work ethic was ranked first, second or third a total of 37 times. Integrity was next as it was ranked first, second or third 32 times. Finally, Responsibility was ranked first, second or third 29 times.

**Conclusions and Recommendations**

As business educators, we must certainly continue to emphasize essential technical skills in our coursework that define (and distinguish between) different types of business degrees. A business management student, for instance, should understand the leading theories and techniques for achieving effective results within the workplace. As our results suggest, however, soft skills should not be forgotten as a component of coursework, even within business curricula that focus on small business management and development.

The top soft skills identified within our study of small businesses were Work Ethic, Responsibility, Integrity, and Professionalism. Interestingly, Social Skills and Teamwork ranked near the bottom of our small business owner ratings, perhaps suggesting the unique requirements of a successful small business vis-à-vis a large corporation composed of multiple departments and lines of communication. We should note that given our limited sample, the results found in this study require further research, especially within larger communities with greater populations.

Based on our results, business educators are well supported in their efforts to build effective soft skills among future small business owners. We therefore recommend business instructors pursue the following actions to support the development of these skills:

1. Pursue outcomes-based assessments of identified soft skills
2. Provide experiential and authentic soft skills learning experiences that routinely confront small business owners, including employment interviews, case studies, multi-faceted projects, and so on.
3. Practice soft skills by students under teacher guidance until fluency has been achieved. The latest research suggests actual performance shortens the time required for proficiency, as new behaviors gain preference among students (see, for instance, Wilhelm 2002).

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