

IO1 Task 1.2

A5.4

Common Report

Project number: 2020-1-DK01-KA204-075041

“ 12 essential soft skills for young entrepreneurs in HR.

TABLE OF CONTENS



1

FETRA PROJECT

2

BACKGROUND

3

ANALISYS THE RESULTS OF
FOCUS GROUP

4

CONCLUSIONS

1.FETRA PROJECT

Small and medium-sized enterprises (SMEs) are the backbone of Europe's economy. They represent 99% of all businesses in the EU. The European Commission considers SMEs and entrepreneurship as key to ensuring economic growth, innovation, job creation, and social integration in the EU.

The election of the right fellow travellers is one of the key decisions for a small entrepreneur, because the chances of success or fail will largely depend on the people he/she chooses. Employees have become an indispensable element for SMEs, helping to achieve a sustainable competitive advantage. Employees are a critical component of any business, but though in big corporations, with a specific HRM department, this election is an almost systematic process, in SMEs it is even more important. Employees are part of the delivery of the product and service. Their performance, commitment and loyalty to the job are critical, but even more in a SME.

“The election of the right fellow travellers is one of the key decisions for a small entrepreneur, because the chances of success or fail will largely depend on the people”

Obviously, the election has to do with technical competences, but in a micro company, with a more direct and human contact, there are other aspects which are essential. A good hire is one whose skills, knowledge and abilities match well with the requirements of the job and the culture of the small business.

This project is aimed for young entrepreneurs without training in human resources abilities. The soft skills for managing human resources will help entrepreneurs for the success of the company. One of the most important factors for competitiveness and success in entrepreneurs and SMEs are the importance to know how to manage your staff. By creating training tools for improving the knowledge of entrepreneurs to understand and detect soft skills, the consortium to help entrepreneurs and SMEs in the implementation and development of human resources on their own companies.

The HR is fundamental to create a competitive team and add value to the company, therefore, should be an important pillar within any business strategy. Today we know that the Emotional Component is important for success in the workplace; if staff are selected without taking into account the skills needed to fill the position or the values of the company, almost certainly will arise problems of adaptation and integration.

2 BACKGROUND



To build a team of soft-skilled employees, the SME must first determine which soft skills are most vital to its small business. The most valued attributes vary from workplace to workplace but some are common to any SME in any sector.

Therefore, the consortium in the previous phase carried out a State-of-the-art. The objective was to determine the most important soft skills for young entrepreneurs without HR training. With the results of the national reports a Common Report was elaborated with the results of comparing the national reports.

With the common report results, each partner created and put into practice a national expert focus groups in HR to test the results from the State of the Art. Each partner will contact with at least 8 experts (in the field of entrepreneurship, management and human resources) which will analyse the results of the Common report about the essential soft skills for young entrepreneurs. With the results of the focus group each partner drew up a National report and conclusions about the national focus group.

The aim of this common European report is to compare the results obtained in each national report and compare them to obtain 12 essential soft skills for young entrepreneurs, which will be the basis and starting point of the training system.



3 ANALISYS THE RESULTS OF FOCUS GROUP

The aim of this section is to analyse the research results obtained through the focus group carried out in each of the partner countries. The focus groups are conducted with HR experts, entrepreneurs, business people to explore their experiences, knowledge, and opinions related to the importance of soft skills in HR management by young entrepreneurs for setting up the right team in SMEs.

During the focus groups, a set of pre-established questions were used in order to identify arguments and counter-arguments with respect to the results obtained in the previous phase of the project through the State of the Art. Throughout this section we will collect the most significant results of each question in each of the focus groups carried out in the partner countries. Through a comparative analysis we will be able to determine the coincidences or not between the results in each partner country and to establish conclusions.



In your experience, how does the correct staff selection and the management of these human resources influence the success of an SME?

Before drawing conclusions on each question from the comparison of the different focus groups carried out in each partner countries, it is interesting to highlight some of the most important answers given in each of the questions by the participants in the focus groups.

From the focus group carried out in **DENMARK**, the general opinion is that the right selection of personnel has a great impact on the success of the company. It is interesting to note that human resources can run your company, but they can also steal your intelligence, your ideas, or they can be a very bad investment and have a very poor performance and do a lot of damage to the company.

In the focus group that the **UK** partner carried out, all participants agreed on the importance of a correct selection of personnel and the management of those human

resources, highlighting the return impact it has on the success of an SME. They emphasised the importance of choosing people who fit in with the culture of the company, people who share the same values and the same mentality with the company, and this has an impact on creating a more fluid and dynamic team for the mission and objectives of the company itself. In terms of management, the wrong selection of staff can lead to a waste of money, time and resources as well as creating an unpleasant working environment. Moreover, replacing the wrong person is a process that negatively affects management

From the national report of **ESTONIA**, the general opinion is also to highlight the importance of a good selection of personnel in order to create a good working environment. The importance of good relations between the company's staff is emphasised as a fundamental element for the good functioning of the company, especially in the case of SMEs.

That the correct selection of personnel has a decisive influence on the success of an SME is also a general opinion in the focus group conducted in **PORTUGAL**. Another remarkable opinion was that if Soft Skills are not sought during the recruitment process, there is a risk of hiring a person without flexibility and therefore unable to adapt quickly to both the daily routine of a company and the necessary changes. Therefore, Soft Skills will play the decisive role and make the difference.

Another mention that was made and that deserves to be highlighted is that the current paradigm of companies is shifting from the importance given to "knowing how to do things", to the importance of "knowing how to be". This requires the recruiter to have a specific ability to detect whether the person being interviewed has emotional intelligence, the ability to adapt to change, the ability to work in a team, the ability to solve problems, etc., because, ultimately, the success of a job, a task or a project will depend to a large extent on these characteristics.

“The current paradigm of companies is shifting from the importance given to "knowing how to do things", to the importance of "knowing how to be”

In the focus group carried out in **SPAIN** all participants followed the same line of opinion in highlighting the importance of recruitment and the creation of a competitive and committed team of employees as a determining factor in achieving competitive and successful companies. According to the experts, "the recruitment process is extremely important, as it is through this process that the structure of the team with which the company will compete in the market is shaped". Recruitment should be an important pillar of any business strategy, as it is essential to create a competitive team and bring value to the company.

The recruitment process is extremely important, through this process that the structure of the team with which the company will compete in the market is shaped. Recruitment should be an important pillar of any business strategy, as it is essential to create a competitive team and bring value to the company



What are the costs for an SME of poor staff selection and management?

From the **UK** national report, all agreed that there is a financial loss when a poor choice of staff is made, which means less profit for an SME. Secondly, there is an opportunity cost if the wrong person is hired, as there could have been much better candidates for the job, which means that the manager loses the opportunity to gain a valuable member of staff. And, of course, there is a waste of time and resources. Apart from this, they also mentioned as a negative effect, that it affects the working environment within a company.

From the **DANISH** national report, it is worth noting how poor human resource management affects the performance of employees, e.g., when staff are not motivated by the management and the conditions of the company, when they are not given the possibility to grow professionally.

In the focus group conducted by the **PORTUGUESE PARTNER**, it is worth noting that in SMEs the costs are very significant because, contrary to what happens in large companies, in a small company the representativeness of each person is enormous, their weight is much greater, therefore, the behaviour of each person influences the success of the company much more than in the case of large companies. The employer determines the success of the recruitment from the outset when deciding whether to look to hire someone with the intention of creating "a team" rather than just hiring someone.

In the focus group carried out in **ESTONIA**, they focused on highlighting the negative effects of the cost of training and teaching a new employee when a poor selection of staff has been made and that person either ends up leaving the company or is dismissed, thus costing the company a lot of time and money in terms of investment in the training of that employee. The negative effect on the working environment was also mentioned.

From the focus group carried out in **SPAIN**, in addition to what has already been indicated in the previous focus groups, it is worth highlighting the opinion that it is a common practice in CVs to embellish them excessively by including skills or competencies that the worker does not really have or does not have them at the level indicated, which is why it is essential to know how to detect the skills that the candidate possesses, and to be able to choose the most suitable person for the post according to the skills required. It was also mentioned that mismatches between professionals and the company end up causing the termination of the employment relationship and a significant cost for the employer, who has to devote more resources to start a new search for professionals.

Key Points

- ➔ **Poor recruitment means less profit for an SME**
- ➔ **There is a waste of time and resources.**
- ➔ **In addition to the economic costs, there are collateral costs that are difficult to quantify and very damaging, such as the company's image, the climate that can be generated among the rest of the workers, etc**
- ➔ **To start a new search for professionals who meet the real needs of the company**



In your experience, do you think there is a relationship between work climate and staff selection and management? How does it influence?

In relation to this question, one of the conclusions of the focus group carried out in **SPAIN** was the importance of selecting profiles that fit with the work philosophy of the organisation. They also talked about the importance of communication in creating a good working environment. Communication tools, effective meetings, assertiveness and the creation of a company culture are necessary. All agree that good communication is essential for a good working environment.

Participants in the **ESTONIAN** focus group also pointed out the importance of a positive working climate in small companies, as it motivates to work better, work efficiency is higher, people are more creative and innovative and are willing to work in a team to get a better result.

In the experience of the **UK** focus group participants, recruitment has a strong influence on the working climate and management, especially in terms of company culture. This is especially true in smaller companies. Finding the right work-life balance has a lot to do with work climate and management.

One thing that stood out in the expert working group in **DENMARK** was the issue of proactive employees for the creation of a good working climate. They also mentioned the importance of setting expectations from the beginning, and communicating the pace of work is crucial from the beginning to meet the expectations of the employee and the employer. All participants agreed that there is a direct link between recruitment and working environment.

The focus group in **PORTUGAL** also mentioned the importance of the employee's identification with the company's culture and values and the importance of this for the working climate in the company. In this aspect it was also mentioned that large companies, unlike micro companies, are much more able to train their newly hired staff in their own values and therefore maintain their organisational culture. Therefore, more exposure of the candidate to the whole environment of the company and not only to an interview room was suggested, to test their reactions to places, people, dynamics, etc.; all this depends very much on the company, but considering a change in the traditional recruitment processes should be something decisive in the company.



CONCLUSION

“The role of HR is not only to recruit staff, but also to create a good working environment. Therefore, they underlined the importance of selecting profiles that fit with the organisation's work philosophy”



In your experience, do you think there is a relationship between work climate and staff selection and management? How does it influence?

From the results of the focus group in **SPAIN** it can be underlined that in response to this question there were two differentiated positions. Those who defend the use of abstract knowledge tests, projective, behavioural, etc., whose results provide us with objective information about the person we are assessing for a particular post and those who admit the dose of subjectivity with which they conduct interviews, examinations and selection, because experience has shown them that in most cases it is more a matter of what they call feeling than anything else.

The remarkable opinion on this question in the focus group in **ESTONIA** was that there is no problem for SMEs to select family members or acquaintances as long as family members and acquaintances have the required competences for the job. They even consider the selection of family members to be favourable as they are likely to put more effort into the success of the company.

In the case of **PORTUGAL**, it was pointed out that the involvement of the family in the same business is extremely delicate and not everyone has sufficient emotional intelligence to deal with this issue effectively. The management of the work requires a separation of the affective and emotional part. Family relationships are not an impediment to a good business relationship at the level of partners, as long as people have a good relationship independent of the company, this will be maintained at the business level.

In **UK**, participants pointed out that it does not have to be a negative practice, as long as the person hired is capable and qualified for what the job requires. It always depends on the person. Especially during the early stages of an SME, this practice can be beneficial for the business to grow. Family members and friends are people who can bring loyalty to the company and make them feel comfortable knowing that they share the same vision and are able to have fun. This can certainly create a positive working environment.

In **DENMARK**, participants emphasised that people always prefer someone they already know. In Denmark, participants emphasised that people always prefer someone they already know. They felt that having someone you already know provides security and peace of mind in terms of communication. Of course, this is all positive if the person is trained and has the necessary skills, as it is not about hiring someone just because they are your relative or acquaintance.



Do Managers make a good definition of the necessary skills when they offer a new position in their companies?

The answer to this question by the participants in the focus group in **PORTUGAL** was that in general, managers do not make a good definition of the necessary competence. To highlight the mention that in microenterprises the entrepreneur himself often lacks Soft Skills and often lacks social skills and digital literacy, which are absolutely fundamental nowadays. Contrary to the Soft Skills, the employer tends to know in fact all the Hard Skills that the company needs (in the case of micro enterprises and SMEs) because he tends to go through all the functions and exercise them before the expansion of the company.

The general opinion of the participants in the focus group organised by the **DANISH partner** came to the conclusion that it is a problem for managers to define well the competencies needed when offering a new position in their companies. Managers often do not know how to recognise these skills, personal characteristics and talent when recruiting.

In the case of **SPAIN**, all focus group participants agreed that it is one of the key elements in recruitment. In their opinion, an incorrect job description can be the main cause of a bad recruitment, as the aim of a good job description is to attract the right candidates.

In the case of the **UK**, participants' views varied in this respect. Some managers are very good at making clear the skills and abilities they are looking for. In many cases, however, managers are not forthright about what they really want. In SMEs, in particular, this can be a big challenge because roles often overlap and are not always clearly defined. In general, there is room for improvement where managers can do a better job of articulating what soft skills they are looking for, and it is ultimately the responsibility of the hiring manager to prepare candidates adequately for the soft skills expected for the job.

In the **Estonian focus group**, in response to this question, participants were sceptical when discussing this issue because SME staff members have no idea about the definitions of competences. SMEs do not have specific lists of competences needed because, for the most part, they know what the new staff member can do and what he/she has to learn. Most of the time the process is a learning-by-doing process because SMEs do not have time and resources for staff training.



Do you think staff selection process is an investment or it is a cost?

In **SPAIN**, according to participants' opinions, finding the ideal candidate is complicated, because it has to be a profile with the right characteristics for the role in the company. If the company makes the mistake of hiring an unsuitable person, productivity could drop and this would result in a loss of customers and profits. Therefore, the costs involved in the whole selection process must be understood as an investment. But the truth is that it is a one-off cost that will be recovered in the future.

The conclusion from **UK** was that it depends on how well staff selection process goes whether it can be considered an investment or a cost. It should be an investment, but it could be a costly investment. One of our more optimistic participants posited that even if the staff selection was poor and does not work out, in a sense that is still an investment because it then becomes a learning opportunity for the manager to use better vetting practices next time.

CONCLUSION

SMEs are unaware of the impact that a good HR management policy can have on their bottom line, perhaps because they have never stopped to consider it.

The costs involved in the whole selection process must be understood as an investment.

In the case of **DENMARK** – it could be both. All managers strive to find the perfect candidate to be a good investment, however in many cases it is actually a cost.

For the focus group participants in **PORTUGAL**, it is always an investment; but depending on how it is produced, it can be a serious cost. The Estonian participants agreed that it makes sense to invest in the recruitment process, but SMEs do not have the time and expertise to do so.



In your experience, do Managers in SMEs have knowledge and skills for managing HR?

According to some of the participants in **SPAIN**, any problem affecting staff has a direct and immediate impact on the development of the business. In small and medium-sized enterprises, the human resources department is usually limited to salary settlements and administrative procedures. Leaving people management in the hands of the general manager, whose skills and tasks are different, means that the HR policy is limited to administrative issues and training actions. According to some of the participants, they recognise that this is a very common and serious mistake; it is necessary to work and develop strategies that help to improve personnel management in SMEs. Some of the participants say that their companies choose to outsource part or all of their recruitment services to specialised companies due to a lack of specific knowledge in the field of recruitment.

The general opinion in **ESTONIA** was Mostly no.

In **UK**, Participants stated that managers are usually trained on risk management and safety in the workplace, but not necessarily managing HR risk.

The clear answer in **PORTUGAL** was, No; even the micro-entrepreneurs present in the group and who manage HR assumed that they do not have such skills (HR management); they did not set up the companies to manage HR but to produce and make a living and profit, hence HR management is a consequence, not a starting priority.

In **DENMARK**, Simple answer – NO. Of course, basic skills such as talking to people, being nice but recognizing talents and staff retention strategies – no. The participants answered that they have never felt experts in this field.





Does SMEs know how to retain the talent in their organizations? Do they know what they can offer to their most valuable workers? Do they know how to motivated these workers?

From the point of view of some participants in **SPAIN** it is really difficult for a small company to have good talent retention and attraction strategies, as SMEs do not even have a proper HR department due to their low number of employees. Different opinions are given by the participants, one of the participants says that "SMEs have more difficulties than large companies in filling their jobs with talent and retaining it, and the reason for this is the wage capacity.

Answering to this question, the group in **PORTUGAL** identified three different dimensions while addressing a "talent": the need to properly identify a talent, the need to understand what are the main characteristics of the "talent" and the "talent" retaining mechanisms. The first difficulty is to identify the talent, to be able to

The differences in salaries between large companies and SMEs would make it difficult to retain talent. But nowadays, it is not only salary that is valued, there are other important aspects such as work flexibility, work-life balance, career development... that are also taken into account when it comes to continuing to work in a company

perceive or to recognize the real value of the human resource. Retaining a talent; understanding what people's expectations are is also fundamental for the entrepreneur because there are people who have no room for personal growth in a certain company because their expectations are different. Even after the identification of talent and even if entrepreneurs activate retention mechanisms, it is not always possible for micro and SMEs to retain such talent: because of

unavailability of funds, because the desire for change is natural in people and it is normal that a very talented person wants a permanent professional ascension that micro-enterprises cannot offer.

According to the opinions in **ESTONIA**. The owners of small companies usually just praise the words of the workers who did something well and quickly, set them up as an example to other employees. Sometimes a monetary compensation is awarded. They do not know special methods for motivation, they just try to be nice and keep good atmosphere in the company

In **UK**, participants expressed the opinion that SMEs have gained experience on it and they do know how to retain their talent. Retention and talent in organisations depend and vary by department. The best that SMEs can offer to retain their talents is personal recognition and room for growth. Of course, a bonus or salary increase will be appreciated by employees, but our participants stated that one benefit of an SME is really getting to know their employees and taking a personal approach to motivate them. It is important for the employee to feel valued above all else.

In the **Danish case**, the opinion was that some managers will probably know how to retain the best staff members, but in many cases the economic situation may lead the manager or owner of the company to prefer a cheaper worker who is not the best investment in the long run



Are Managers in SMEs familiar with the concept of Soft Skills? Do they understand it and know how to apply in their companies? Are they conscious about the need of these skills?

According to the findings in **DENMARK**, managers may be familiar with soft skills in general, but the soft skills needed for recruitment and HR management need additional training and preparation with a specific focus on SMEs. Entrepreneurs and entrepreneurs, especially in the technology sector, can be very successful, but due to a lack of soft skills, for example, and poor selection and management of human resources, their business can suffer. In addition, managers with poor staff performance may feel overwhelmed by work and suffer from burnout.

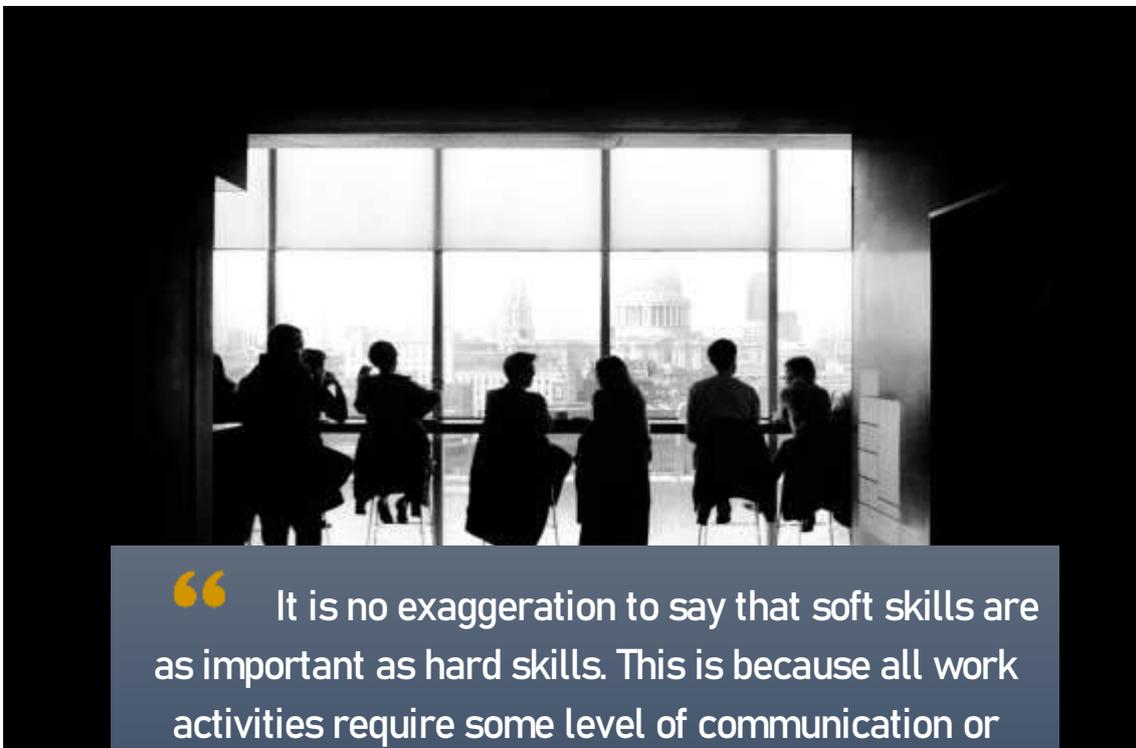
The conclusion we can draw from the focus group in **SPAIN** is that all participants are aware of transversal competences, some of them even define them as personal or social competences. They all say they are aware of the importance of soft skills and argue that at work, soft skills are important for teamwork, problem solving, time management and stress reduction, among other things.

In the **UK**, most workers, employees and employers are familiar with the soft skills discussed during this focus group. Managers, of course, want candidates to have some experience/qualifications and to be familiar with technical skills or at least have the ability to learn them; however, soft skills may take a back seat to the more specific skills required, depending on the company.

From the **PORTUGUESE FOCUS** we can draw the following conclusion: Very few SME managers are sensitive to these issues; even because many of them do not have any

knowledge on the subject, micro-enterprises deal mainly with the technical part; many times, the entrepreneur himself does not have Soft Skills and is completely unaware that he does not have them, and that he really needs them in several areas of the company he has created or intends to create.

According to the participants of the working group in **ESTONIA**, small business owners do not know the definition of soft skills, but they know that communication skills, problem solving and critical thinking skills, empathy and flexibility are important in the company. They try to foster teamwork and team spirit in the company. Participants are aware of the need for interpersonal competences for both the employee and the employer, but think that these are competences acquired as a result of education at school and at home.



“ It is no exaggeration to say that soft skills are as important as hard skills. This is because all work activities require some level of communication or exchange between people. Even today, when working from home, freelancing and self-employment are booming ”



Please indicate 12 of the following soft skills that, according to your experience, the person in charge of personnel selection and human resources management should have



1. **Communication**
2. **Decision Making**
3. **E. Intelligence**
4. **Feedback**
5. **Social Skills**
6. **Leadership**
7. **Commitment**
8. **Pressure tolerance**
9. **Motivation**
10. **Organizational Skills**
11. **Empathy**
12. **Team and Talent Management**



1. **Adaptability**
2. **Emotional I.**
3. **Creativity**
4. **Critical Thinking**
5. **Commitment**
6. **Communication**
7. **Team Management**
8. **Positive Attitude**
9. **Motivation**
10. **Conflict Resolution**
11. **Time Management.**
12. **Pressure Tolerance**



1. **Communication**
2. **Empathy**
3. **E. Intelligence**
4. **Active listening**
5. **Social Skills**
6. **Leadership**
7. **Decision Making**
8. **Negotiation skills**
9. **Motivation**
10. **Organizational Skills**
11. **Conflict Resolution**
12. **Team and Talent Management**



1. **Leadership.**
2. **Adaptability.**
3. **Decision making.**
4. **Risk management.**
5. **Communication.**
6. **Problem solving.**
7. **Emotional I.**
8. **Flexibility.**
9. **Teamwork.**
10. **Exactingness.**
11. **Time management.**
12. **Empathy**



1. **Communication**
2. **Active Listening**
3. **Emotional I.**
4. **Decision making**
5. **Flexibility**
6. **Empathy**
7. **Analytical skills**
8. **Assertiveness**
9. **Creativity**
10. **Motivation**
11. **Critical thinking**
12. **Conflict resolution**



<http://www.fetra-erasmus.site>