

THE ROLE OF SOFT SKILLS IN WORKPLACE PERFORMANCE: A REVIEW OF THE LITERATURE

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Abstract

As so-called "soft skills" have come to complement the other category of competencies-i.e. the technical ones, considered traditional-in recent years, they also have become essential for professional performance amidst the rapid evolution of the labour market. This paper below examines the literature about soft /transversal skills, individual and organizational performances, and focuses on their impact in the present professional environment. In context, a critical analysis will be here developed on several conceptual and empirical studies in domains of economics, management and psychology, as well as on some institutional contributions here found relevant. It will be searching for mechanisms proper to soft skills influencing the professional performing and success. The literature adds that changes on the labour market, here including digitization, do push themselves all influences that belong to the soft skills around.

Keywords: soft skills, labour market, human capital, European Union

JEL Classification: J01, J24, O15

1. Introduction

It seems that changes occurring on the labour market(s) succeeded as much as touching on the perception of the professional success. These are not for such a long time; on the contrary, enough linked to digitization, globalization and management/ organizational mutations of the latest years. Assuming the employers' perception as always and all over appropriate, besides associating to performance and success the employees' technical knowledge and competencies, qualities like *individual interaction* and/or *adapting to changes* and *complexity of the working environment* nearly equally rise their significance. Or, this aspect is exactly what the literature finds and defines as *soft /transversal skills* and deeper studies do extend their focus on such influences on other working dimensions like *leadership*, *collaboration of all kinds*, *innovation* or *professional integration on longer time terms*. This is the way the soft skills grown able to be studied more and more independently and distinctly from the other classical / traditional part of professional competences, so become a "central" topic.

Despite all these - i.e. and the above-mentioned study perspectives like economics, management and psychology - the whole relationship between soft skills and professional performing becomes and stays a complex topic and debate - e.g. with diverse and contradictory conclusions. Not to be here neglected the real and possible differences between conceptual competencies and the employers' concrete expectations from the labour force - i.e. of which consequences come on the way competencies are judged and really develop. See details on all of these in the developments below.

2. Methodology

Our literature reviewed broadly Brunello& Schlotter (2011) and Deming (2018) for theoretical and empirical studies in economics, management and psychology, the same for conceptual background and institutional reports in *OECD-DeSeCo* (2005) and European Commission (2019) and organizational best practices, as in "*Project Oxygen*", from Google. Face to this, our present study was guided by a list of research questions like: (i) how do soft skills influence

individual and organizational performance in the professional environment? (ii) to what extent can the gap between employer requirements and the skills possessed by graduates and young employees be reduced? (iii) what is the role of educational institutions and organizations in adapting training processes to current labor market demands?

3. The Role of Soft Skills in Professional Performance: Evidence from Studies and Projects

To these above rather general research questions the literature directly offers a range of relevant examples -from organizational practice and international projects -- illustrating how soft skills are assessed and integrated into recruitment and human resource management processes.

3.1 "Valorise High Skilled Migrants" (VHSM)

See one of these in the European project called "*Valorize High Skilled Migrants*" (VHSM), carried out between 2014 and 2016, which focused on the understanding and assessment of soft skills in work-force recruitment. It was conducted in several EU member countries-Austria, Bulgaria, Germany, Italy, France and Sweden -, where ad-hoc field surveys of employers of varying sizes - i.e. ranging from small and medium-sized enterprises to large companies- and statuses - i.e. public and private, among others - were used.

Incidentally, the project's theme was (initially) restricted to the supposedly specific recruitment of immigrants with secondary and higher education. Then, the excellent organizational conditions-e.g. the diversity of employers and other labour market actors with whom the researchers engaged - nevertheless made it possible to look beyond the restricted /specific theme and address the broader requirements of European companies regarding the full spectrum of desired professional competencies. And here, the "soft" component was finally set to play its specific role.

Actually, there was a surprising finding that the results revealed, i.e. curiously, the one already noted in academic literature: that there is no clear consensus, even at the European level, regarding the definition or classification of soft skills. The interviewed employers acknowledged the importance of these competencies in the recruitment process, yet used different terms as their references (Dall'Amico & Verona, 2015) - i.e. while policymakers and educational bodies typically operate with the distinction between "specific competencies" and "general" or "generic competencies," employers tend to use a much simpler division: *hard skills* versus *soft skills*. Such a difference in language explains, in part, why the dialogue between European policies and concrete practices remains, at the very least, a delicate one.

3.2 "Project Oxygen" (2008)

Now, back to the example called "*Project Oxygen*" (2008) above, which addresses the age-old assumption that employee productivity and the manifestation of their qualities depend essentially on the employer, i.e. specifically, on the latter's own qualities and efforts. Or, this is once more of the link between performance and soft skills. Hence the large variant of the project's name is: "*good managers are the company's oxygen*"- i.e. specifically, those who drive growth and innovation (Garvin et al., 2013). Google -- here the entity with the idea to conduct works to characterize its own business and then to make them public - actually analysed an impressive volume of internal data: employee surveys, feedback, performance reviews, direct observations, and nominations for the internal "Great Manager Award".



Fig.1 Google's Project Oxygen, 2008
Source: <https://mutomorro.com/project-oxygen/>

Based on the information received, the company was to identify—in sequence—eight, and then ten, behaviours essential to effective management. One of the conclusions, however, was that these behaviours tended to shift away from the managers' technical expertise toward interpersonal skills, such as *supporting employees' professional development*, *listening to them*, *providing useful feedback*, and *fostering trust and autonomy within teams*. By clarifying these behaviours, Google company succeeded in boosting team performance and strengthening its organizational culture. And the project's results would draw the attention of management and leadership experts to the true nature and significance of soft skills for managerial effectiveness (Garvin et al. 2013; Working Capital Review, 2019).

Google's experience would serve as a source of inspiration for others as well - i.e. other organizations would also re-evaluate their human resource policies and strategies. Numerous outdated notions regarding the role of managers were reconsidered. In particular, engineering organizations-i.e. which had previously held that a manager needed to be primarily a technical expert-realized that an effective leader must, above all, be a skilled communicator and motivator.

3.3 The “DeSeCo” Report: “Definition and Selection of Competencies” (OECD, 2005)

This work was published by the OECD in 2005 and sought to provide both a theoretical and an internationally adoptable framework for the competencies required in modern society. Researchers, individual experts, and institutions from various countries gathered here in search of that essential, limited set of key competencies-relevant and universally accepted-for life, work, and learning. Competence is more than the mere sum of knowledge (OECD, 2005); it adds the capacity to mobilize a wide range of resources-such as cognitive, emotional, and social ones-and to apply them (i.e., moving from theory) within the context of actual reality.

Contrary to a popular view-at least regarding so-called "transversal" competencies-that these represent essentially personal, innate qualities of the individual, the Report maintains that such competencies can be acquired through both formal education and lifelong adult learning, provided that favourable conditions are established. Take, for instance, supposedly effective communication: a truly complex skill combining knowledge-i.e. both linguistic and IT-related-while also depending, no less significantly, on one's attitude toward interlocutors. Techniques and technologies are constantly changing (transforming), thereby creating a need for corresponding changes in the workforce and its activities; yet, in this context, procedures are by definition fixed (pre-

determined), and basic education imparts knowledge destined to lag behind the ever-evolving reality. Lifelong learning can, in this instance, be a solution (OECD, 2005).

Soft skills-synonymous with “non-technical” skills-are increasingly valued in actual practice; however, a distinction must be made between this reality and the varying interpretations, contexts, and definitions adopted by individual organizations-aspects addressed by this OECD (2005) initiative.

3.4 Association for Talent Development - ATD Soft Skills

One can add - i.e. to the above contributions predominantly theoretical - also a practical contribution to this topic - i.e. from the international “Association for Talent Development” (ATD)-an organization recognized for its focus on professional training directly within the workplace. An organization that offers studies, guides, and the like regarding skills- e.g. works that emphasize the contribution of these skills to both performance and employee engagement.

Here to consider the example of the “*ATD Soft Skills*” series: five volumes, each dedicated to one of the competencies the authors deem essential for the development of both professionals (employees) and organizations (as a whole)-namely emotional intelligence, adaptability, creativity, influence, and teamwork. Each volume analyses in depth the behaviours associated with these competencies and offers practical methods for developing them in the workplace. Through this approach, ATD brings an applied perspective focused on staff development and the improvement of organizational processes. Unlike OECD theoretical models - i.e. with competencies viewed at the macro level -ATD focuses on how competencies can be cultivated day-to-day within organizations through continuous training, coaching, and leadership practices. Thus, ATD’s contribution rounds out the overall picture: not only are soft skills important, but they can also be learned and practiced systematically.

3.5 European Employment Services - EURES (2023)

Given that an increasing number of employers are emphasizing non-technical skills-which are essential for career advancement-here are the most in-demand ones, according to the EURES study (2023):

- *communication* skills, which-according to the study of the field-are among the core competencies of any successful professional;
- *communication* skills (again)-particularly public speaking and its associated challenges - especially for shy individuals or those who experience stage fright.
- *efficient time management*, which, according to the study, entails prioritizing tasks.
- *taking responsibility*, a skill that distinguishes a good employee from a less effective one.
- *problem-solving* skills, which involve objectively analysing workplace situations, identifying alternative solutions, and making informed decisions.
- *teamwork*, which is vital for the success of every department in overcoming complex challenges; this requires *active listening*, *respect* for diverse viewpoints, and *effective communication* and *coordination with team members*.
- *negotiation* skills, which-according to the 2023 EURES study-are the most difficult to develop yet the most valuable in specific situations, such as closing contracts, resolving workplace conflicts, or negotiating salaries.

3.6 More reference works

Brunello and Schlotter (2011, pp. 13,14) ask “*What skills contribute to professional success?*” and conclude that what they term “*non-cognitive skills*” foster both employment and remuneration, effectively complementing the other-technical-skills. Based on interviews with a selected group of managers, Robles (2012) identifies ten of these-including *effective*

communication, integrity, professional ethics, responsibility, teamwork, flexibility, and problem-solving skills-which can be viewed as genuine investment targets.

For their part, Borghans, Ter Weel, and Weinberg (2014) prefer to rely on empirical data from countries like the United States, Great Britain, and Germany, while they maintain the focus on employment outcomes and employee earnings, they somewhat reframe the subject by revisiting "people skills"-the *ability to interact* effectively with others, encompassing not only *communication* but also the *coordination and motivation of others*.

The study authors also note the increased employment prospects for occupations involving interpersonal tasks among those who have always been sociable (i.e., since adolescence). The study also includes an empirical model investigating how these skills influence the outcomes of underrepresented groups. It is here assumed that gender differences in interaction styles, as well as cultural differences, can contribute to variations in earnings and occupational distribution amidst the growing demand for people skills.

Although psychological literature (Bowles and Gintis, 1976) has long recognized the importance of these competencies, the authors emphasize that the field of economics has only relatively recently begun to treat them systematically as determinants of professional success. In this regard, they note the earlier contribution of Borghans et al. (2008), which initiated the discussion on personality and non-cognitive skills within economic models.

Deming (2018) reaffirms - i.e. based on the findings of recent studies-a shift in the labour market balance between hard skills (i.e., cognitive) and soft skills (i.e., non-cognitive or non-technical) in favour of the latter, specifically regarding hiring, performance, and, consequently, remuneration. However, the author also emphasizes that these two categories of skills complement rather than oppose each other.

In contrast, Malanchini, M., Allegrini, A.G., Nivard, M.G. et al. (2024) opt for a different shift-namely, in the subject or environment under study: moving from the labour market to a sample of 10,000 children and adolescents aged 7 to 16 in England and Wales. One such study was based on DNA-incorporating specific features relevant to twins-and focused on the complex relationship between genes, the environment, and the subjects' academic performance. And here-setting aside the labour market, employers, industries, professions, and even adults-we return to the conclusion that intelligence (traditionally prized as a key driver of academic success) can be matched in influence by non-cognitive traits such as motivation, courage, or a genuine interest in learning. The effect of these skills on academic performance appears to actually double between the ages of 7 and 16, according to the study results.

For Alex (2014, p. 11), too, soft skills remain essential for professional success, as they complement technical skills and even prove more adaptable to employer requirements. While hard skills pertain to CVs, to educational attainment, and to specialized expertise, soft skills fall within the realm of personality (i.e., non-technical attributes), transforming the same individual into a negotiator, a mediator, or a leader (ibid., p. 12). Right from the beginning of the book, the author emphasizes the importance of soft skills for individuals' careers, helping them excel in the workplace. In an increasingly competitive corporate world, these soft skills can set you apart from individuals who possess only standard abilities.

Soft skills thus appear as an important part of the organization's success - especially of that carrying out face-to-face activities with customers. And several soft skills are here listed: *leadership, the ability to delegate tasks and motivate the team, teamwork, negotiation skills, communication skills, and time and stress management*. Soft skills are not taught in school but, in the author's opinion, they can be developed through appropriate training courses. Ultimately, soft skills cannot replace hard skills, the author emphasizes. In reality, the two categories complement each other and, together, succeed in unleashing the individual's potential (Alex 2014.p.13).

The same for Morandini, M., Thum-Thysen, A., and Vandeplas, A. (2020a), in their paper "*Facing the Digital Transformation - Are Digital Skills Enough?*", for whom both cognitive skills

(such as literacy, numeracy, and digital skills) and non-cognitive skills keep strong and robust positive correlations with labour productivity in common. Finally, this study adds its own list of non-technical competencies searched for on the labour market: *adaptability, communication, collaboration, critical thinking, creativity, entrepreneurial initiative, and the desire to learn*.

"Playing 4 Soft Skills" - Helping students to discover transversal skills through play. Erasmus+ Project, (2022), as funded by the Erasmus+ program and implemented between 2020 and 2022 in Italy, Poland, Latvia, Spain, and Germany, it was aimed to "bridge the gap" between the expectations of teachers and employers and the actual skill levels of students. This other report of the same specialized authors was intended to serve as a guide for employers, educators, and other stakeholders, highlighting the importance of developing soft skills, particularly within the context of *vocational education and training (VET)*. The research process began with the selection of relevant soft skills—specifically those prioritized by the European Commission (EC, 2019b), those identified in studies on economic and global trends, and those frequently analysed in educational settings and international mobility programs (WEF, 2018). This project objectives were: (i) raising students' awareness of their own soft skills by involving them in non-formal activities, providing them with tools and materials to help them evaluate and develop these skills within game-based learning contexts; (ii) supporting teachers through tools and training dedicated to the use of non-formal methodologies.

Questionnaires were administered for this report to 745 students aged 14 to 19 and to 382 teachers and managers from six EU countries: Germany, Hungary, Italy, Latvia, Poland, and Spain. The majority of responses came from Italy, Latvia, and Poland, so the analysis ultimately focused more on these three countries. Study participants clearly identified and defined the 14 (fourteen) most important soft skills: *communication, coordination, creativity, critical thinking, cultural awareness, stress management, reliability, willingness to learn, empathy, flexibility, motivation, respect for diversity, self-awareness, and teamwork*. Based on the quantitative analysis of the data, five priority soft skills were subsequently identified—giving equal weight to the views of students and teachers: *motivation, stress management, teamwork, the desire to learn, and critical thinking*. The final ranking of competencies was established using a scoring system applied by each study participant: the competence ranked first received 5 points, while the one ranked fifth received 1 point. From this, the study's key conclusion emerged: students, teachers, and employers assigned varying degrees of importance to soft skills. This clearly reflects a discrepancy between labour market expectations and the competencies actually developed in schools.

Finally for this review, a recent European Commission report on *transversal skills* defines and explains this concept. *"Transversal skills are abilities applicable across any field and essential for work, education, and daily life"* (EC, 2024b). Although automation and the adoption of artificial intelligence are advancing rapidly, certain skills—such as transversal ones—remain fundamental: *human creativity, emotional intelligence, innovation capacity, critical thinking, teamwork*, and so on. The report also highlights that nearly a quarter of job seekers (24.5%) lack these transversal skills, thereby exacerbating the risk of a mismatch between labour market supply and demand.

4. Global economic forecasts and empirical results

In its turn, the *"Future of Jobs Report"* series, a periodical published by the "World Economic Forum" (WEF), provides a kind of strategic mapping of labour market transformations driven by technology, artificial intelligence, and macroeconomic trends. Based on extensive surveys of over 1,000 major global employers—collectively employing more than 14 million people across various industries—these documents outline the dynamics of career evolution over the medium term, spanning the years 2025 to 2030 (WEF, 2025). Aggregated data highlight a paradigm shift in recruitment and retention priorities: employers are placing cognitive and self-management skills at the forefront, ahead of purely technical competencies. And see the importance attached to these attributes in the choices made by global companies (WEF, 2025): *analytical thinking*—cited as

essential by 69% of employers; *resilience*, *flexibility*, and *agility* - mentioned by 67%; *leadership* and *social influence*-prioritized by 61%; *creative thinking*-supported by 57% of managers; and *empathy*, *active listening*, *curiosity*, and *continuous learning*-selected by 50% of organizations. Looking ahead to 2030, an analysis of critical skills reveals a dual structural need.

On the one hand, technological literacy and competencies specific to the fields of *AI* and *Big Data* remain vital; on the other, a significant strengthening of human-centric skills is anticipated (WEF, 2025, p. 40). “*Systems thinking*, *talent management*, *motivation*, *self-awareness*, *leadership*, and *lifelong curiosity*” are solidifying their relevance within organizations. This balance demonstrates that, despite rapid technological advancements, employee resilience and agility remain the fundamental pillars of economic sustainability.

In addition to the macroeconomic forecasts and the various practical examples previously viewed in this paper above, the importance of these competencies seems also confirmed by recent empirical research. A robust scientific argument in this regard is provided by a study published by Ballester-Miquel et al. (2026), which demonstrates that soft skills not only enhance individual workplace performance, but also have a direct and measurable impact on organizational innovation capacity. Employing an advanced structural modelling methodology (PLS-SEM) on a sample of 125 professionals, the research confirms that interpersonal and self-management skills are the primary drivers of creativity and organizational transformation. Among the competencies analysed, *leadership* and *problem-solving* were identified as the strongest drivers of workplace innovation.

5. Conclusion

The facts and aspects presented here in this paper above highlights the essential role of interpersonal and behavioural competencies ("soft skills") in supporting professional performance, influencing both how individuals carry out their work and organizational efficiency. In synthesis, the literature with its examples given and analysed indicates that these competencies are increasingly associated with superior professional outcomes, particularly in dynamic and complex work environments. Such competencies can no longer be viewed merely as complementary skills, but rather as fundamental elements of professional performance. They gain increasing importance amidst current transformations in the labour market.

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