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A STRATEGIC IMPERATIVE FOR A VUCA WORLD

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Abstract

During the last decade, the need and importance of soft skills are significantly increasing because of three main reasons. Firstly, the firm's performance is highly associated to the firm' interaction with its external environment that involves customers and local stakeholders. Secondly, the workplace productivity is highly depending on the quality of relationship and communication among the employees. Thirdly, today's environment is considered as a VUCA (Volatile, Uncertain, Complex and Ambiguous) situation and represents serious challenge. Thus, firms should create people oriented skills such as problem solving and communication. In addition, decisions makers should develop an accurate response when they meet the unexpected. They could be the employees from upper to mid-level position employees. Drawing on these critical conclusions, this study aims at providing empirical evidence on the positive impact of employees' soft skills on firm's capabilities in terms of innovation performance, firm's knowledge, explorative and exploitative behavior and strategic flexibility. The survey was conducted with 67 firms based in Tunisia, which is one of the leading emerging countries in the MENA region that has recently faced social and economic changes. Our results concur with the employer survey and explain the reason why employers are increasingly looking for these skills in their employees.

JEL classification

M12 Personnel management

Keywords

Soft skills, innovativeness, VUCA, Tunisia

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Introduction

According to many strategy experts, today's environment is described as VUCA: volatile, uncertain, complex and ambiguous (Johansen & Euchner, 2013). Thus, managers need to carry out their firm's strategy intelligently and skillfully to respond to today's challenges. "*Leaders, from CEOs to any other internal manager, therefore have a major role to play in ensuring their organizations are responding to the requirements of the VUCA business environment* "(Sarkar and Sarkar, 2016, p.9). Thus, organizational growth depends on management judgment and decision when they meet the unexpected, which also depends on their skills.

Skills could be technical skills (that require a field of expertise and involve working with specific type of equipment, data, software, etc. (Laker & Powel., 2011) and soft skills ("refer to a broad set of skills, competencies, behaviors, attitudes, and personal qualities that enable people to effectively navigate their environment, work well with others, perform well, and achieve their goals." (Lippman et al., (2015, p: 4)). Laker and Powel (2011) report the growing awareness of soft skills importance because technical skills, even for technical positions, are not sufficient for sustainable success beyond an entry level position.

The recent employers survey conducted by Manpower and Adecco emphasized the growing demand for such skills by employers (Lippman et al, 2015) and the soft skills gap in today's workforce (Handel, 2003; Hurrell, 2016; ManpowerGroup, 2013). From the employers' perspective, crucial soft skills include critical thinking, communication, teamwork, and work ethic (Lippman et al. 2015).

Similarly, soft skills have been also increasingly required by Tunisian businesses and more importantly after the revolution. In 2012-2014, Tunisian firms have faced several labor issues because of the multiple protests and strikes (Economist, 2012; Issa et al., 2014). Some managers failed to effectively communicate with their subordinates to solve HR issues, others also failed to implement new organizational changes and innovations because of the resistance of the employees.

Most of empirical workforce researches focus on technical skills and most specifically in the industry field. Indeed, technical skills are important and directly linked to the firm's performance. They are required for managerial and technical positions as well as for the entry level position in order to fulfill the assigned tasks. However, the responsibilities of upper middle level positions include project management, team supervision, training and mentoring of subordinates, assigning work, ensuring consistent application of organizational policies, planning, and undertaking strategic and procedural change such as innovations. So, employees technical and soft skills (such as such as higher order thinking, social and communications) are both required to fulfill their responsibilities. Furthermore, innovations highly depend on the management capabilities to develop, communicate and implement the new ideas to their subordinates in both services and manufacturing fields (Lippman et al., 2015; Tether et al., 2005).

Recent surveys pointed out the importance of soft skills and the increase need of firms in soft skills. The result of 2004 Scottish Employers Skill Survey (FutureSkillsScotland, 2005) suggests that soft skills are in short supply and shows that the four most lacking skills in UK were all 'soft skills'.

However, empirical and theoretical studies have not fully determined the impact of employees' soft skills on firm's capabilities such as innovation, knowledge and strategic flexibility. Similarly, the need of soft skills for innovation has not been empirically addressed and the prior studies are still limited regarding soft skills and its impact on innovation performance (Tether et al., 2005). Consequently, Tether et al (2005) carried out a literature review about the interaction between innovation and skills and pointed out the need to examine the relationship between 'soft skills' and innovation in both service and industry fields.

Thus, this research intends to study to what extent upper and middle level employees' soft skills will impact the firm's capabilities in terms of innovation, behavior, knowledge and strategic flexibility. From this perspective, we focus on managers, professional and technical employees.

Two areas of research are relevant to the present paper: VUCA and soft skills. The first refers to the importance of employees' soft skills for successful innovations, as well as on firm's behavior, knowledge and strategic flexibility. These last three capabilities are also considered by prior researches as stimulators for innovation. Secondly, Tunisia is one of the emerging countries that experienced the social and economic uprising called "Jasmine revolution" in 2011. So, Tunisia is an interesting research site of VUCA environment. Finally, according Tunisia Labor Market Study (Fhi360, 2015), Tunisian companies are struggling with internal labor issues and highly demanding for upper and middle level employees possessing soft skills. Thus, many companies have reviewed their HR strategy to offer informal and formal training on soft skills to create better workplace communication and dynamism.

Literature Review

VUCA

VUCA is the acronym of four environmental aspects: volatility, uncertainty, complexity. It has been used in the past by the US army and recently in the business lexicon because of the recent economic and social changes

(financial crisis and social revolutions) that make the next decade the most turbulent ever (Bennett & Lemoine, 2014; Johansen & Euchner, 2013). As a result, managers face the uncertainty of business sustainability as well as their workforce performance. Sarkar and Sarkar (2016) argue that upper and middle level employees are the key actors in ensuring that their firms are accurately responding to VUCA environment requirements. Similarly, Johansen and Euchner (2013) highlight the importance of thinking and acting differently within the organization. They suggest that today's managers need to develop new skills that will enable them to update their intuition and skills and fulfill their managerial responsibilities.

Tunisia is one of the leading emerging countries in the Middle East North Africa region (MENA). Since 1990, Tunisia has opted for a progressive liberal economic approach and has pursued a development strategy based on import substitution. Later, free trade agreements have been conducted to help the economy to enter the global market. Moreover, Tunisia is experiencing rapid social and economic changes because of the jasmine revolution and the democratic transition (Economist, 2012; Issa et al., 2014). In the present research, we focus on the VUCA environment and we choose Tunisia as a research ground because of these multiple changes and the highly unpredictable future.

Soft Skills

A skill is the ability to well execute tasks and most likely to be acquired through experience, education or training (Tether et al., 2005).It is widely related to the overall competence, expertise, knowledge that a person could possess. In the business world, improving skills is as important as it is the main driver of performance and productivity (Tether et al., 2005). Skills take many forms. The most two common types of skills are technical/hard skills and soft skills. Technical skills is the bundle of knowledge and technical facility that are required to execute one's job successfully. Soft skills refer to the overall skills and competencies that affect the person's behavior and personal characteristics in their interaction with their peers at the workplace. "These skills are broadly applicable and complement other skills such as technical, vocational, and academic skills" (Lippman et al., 2015, p.4).

Based on an extensive review of theoretical and empirical research, Lippman et al. (2015) develop five categories of soft skills desired by the business community. *1) Social skills* refer to the ability to behave and get along well with other people by respecting them, resolving any possible conflict, collaborating and relationship building. *2) Communication skills* consist of the overall workplace communication types (oral, written, non-verbal, and listening skills). *3) Higher-order thinking* refers to three abilities: problem solving, critical thinking and decision-making. *4) Self-control* is the ability to delay gratification, control impulses, direct and focus attention, manage emotions, and regulate behaviors. *5) A positive self-concept* reflects self-confidence, self-efficacy, self-awareness and beliefs, as well as self-esteem and a sense of well-being and pride. Other soft skills have been also sought by employers and endorsed by researchers such as responsibility, and self-motivation but with less attention (Lippman et al., 2015).

According to past research, employees' soft skills play a major role in strengthening the firm's capabilities internally and externally. Whatever it is its typology, even innovation, involves developing non-technical skills (Tethter et al., 2005). For instance, developing empathetic relationships with the external environment is a core component in the service field such as airline stewards (Williams, 2003). More importantly, the value added in the industry sector does not only involve interaction between the service provider and the customer, but also the interaction among employees to optimize communication and coordination in the workplace.

Hypothesis Development

Our research problem stresses the linkage between upper and middle level employees' soft skills and the following firm's capabilities: innovation, knowledge capabilities, explorative and exploitative behavior, and strategic flexibility.

Soft Skills and Innovation

Since the prior studies of Schumpeter (1934), innovation has been one of the most studied construct because of its positive impact on a firm's growth. It is the best tool to gain and sustain competitive advantages. It refers to the adoption of an idea or behavior that is new to the organization (Tamayo-Torres et al., 2010). Innovation has been studied not only as a simple decision rather than a learning and knowledge development process (Bouzid & Boughzala, 2010; Charreire, 2003). It refers to the improvement of an existing idea and/or the successful exploitation of a new one. It could be by the development or improvement of product or process as well as the change of organizational or marketing working methods that are intended for wealth creation and raising profitability (Mortensen & Bloch, 2005).

According to the European Community Survey 2001, the fourth most critical factor hampering innovation in Europe is the lack of qualified employees (Lucking, 2004). Moreover, more than the fifth of employers reporting

the skills gaps affirm that these gaps have delayed innovation delay in general and organizational innovation more specifically (Lucking, 2004).

In theory, the importance of soft skills has been increasingly recognized across different businesses because it positively impacts the performance through interdependency and team working (Vincent, 2011). Some recent researches confirm the theory by exploring the impact of soft skills such as managerial and marketing skills on the firm's growth. For instance, the Cambridge Centre for Business Research survey confirmed that managerial and marketing skills are crucial to SME's growth in UK. Tether et al. (2005) explain these findings by the necessity of managerial skills for successful innovation which is essential for growth. However, the direct impact of soft skills and firm's innovation performance has not been empirically addressed.

Organizational innovation refers to the change of management practices and/or organizational structure for more efficient team work and organizational process. It includes two main stages: innovation development and implementation.

The stage of innovation development requires skills such as higher order thinking (problem solving, critical thinking). For instance, managers with high order thinking will be able not only to quickly identify an organizational issue and collect information from multiple sources but also assess different options and develop a reasonable solution (Lippman et al, 2015). Then, the implementation of an organizational innovation would involve all the firm's employees. In this case, managers will be in charge of innovation announcement and introduction. The way the top management team communicates their decision in the workplace will affect the engagement of the overall employees. Consequently, strong general communication skills will lead to a higher commitment degree, facilitate coordination and information flow between decisions makers which will help the innovation to thrive. As a result, we assume that managers with stronger soft skills would positively impact the organizational innovation.

H1: Upper and middle level employees' soft skills are positively correlated with the organizational innovation performance.

Soft Skills and Knowledge

The importance of soft skills has been addressed from different angles. Claxton et al. (2016) discuss the importance of soft skills integration since the school stage. They argue that the development of students and teachers soft skills will lead to positive interaction and practices which will in return contribute to the school's improvement. For instance, soft skills will enable teachers and students s not only to share their knowledge but also to strengthen it. Similar to the school, the firm will be an interaction and learning workplace between managers and their teams where soft skills contribute for a better interaction and exchange.

The firm's knowledge is considered as an important intangible resource that can create a sustainable competitive advantage and reinforce the firm's capabilities (Hitt et al., 1999). Moreover, it helps the firm to have a more accurate view of the current and future market changes as well as take strategic and tactical decisions (Cohen & Levinthal, 1990).

The most common types of knowledge are the declarative knowledge (operational information e.g., monthly financial data) and the procedural knowledge (know-how and expertise) (Lesgold, 1988). Following Gupta and Govindarajan (2000) and Wiklund and Shepherd (2003), we focus on procedural knowledge which is the knowledge of organizational procedures (how to do things) and occurs by learning from experience with similar situations (Lesgold, 1988). Procedural knowledge also involves the knowledge about markets and technology that have strong impact on firm's future decisions and performance since they boost the firm's ability to predict market changes, to exploit opportunities and act accurately. Thus, the greater is the firm's knowledge, the more accurate its innovations decisions would be. Furthermore, Nonaka (1991) argue that knowledge is the acute factor of business success and the main innovation source, most particularly in highly uncertain environments.

However, *"Knowledge of methods alone will not suffice; there must be the desire, the will to employ them. This desire is an affair of personal dispositions"* (Dewey & we Think, 1933, p. 30). In other words, the outcomes of the knowledge do not only depend of the knowledge's quality but also the personal disposition and skills of the person. Managers with high soft skills such self-positive concept and self-motivation would be more motivated to strive for a better version of themselves and their company as well. They are more committed to their firm's growth and willing to share their knowledge.

Moreover, soft skills such as social skills and communication are essential for an effective sharing and coordination processes. These skills will facilitate the transmission, understanding and the interpretation of the shared ideas and knowledge. Furthermore, managers with high soft skills are able to encourage employees to clearly communicate their ideas, their work-strategy and how they can integrate all new ideas within the group. Thus, managers will not only engage employees in a knowledge sharing process but also learn how to apply this knowledge to new situations. Given such situations, managers will foster thinking and learning abilities among the firm and employees will become more self-aware and more self-directed. These two factors will affect the firm's knowledge by sharing and learning from the past knowledge.

H2: The firm's knowledge is positively associated with upper and mid-level employees' soft skills.

Soft Skills and Firm's Exploitative Behavior

Exploitative organizational behavior refers to the use and refinement of existing knowledge and skills in the development of the new ideas to be implement by the firm (Lubatkin et al., 2006). Exploitation could occur by the incremental change of the existing technologies and marketing strategies that respond to the existing market's needs (Harry & Schroeder, 2000).

By definition, exploitation involves the treatment of the existing knowledge and occurs after building up the firm's knowledge. However, knowledge collection and use both depends on the communication capabilities of employees. Communication skills refers to the effective expression, transmission, understanding and interpretation of knowledge and ideas (Lippman et al., 2015). Similarly, the level of communication will improve the quality of the firm's knowledge as well as the outcome of this knowledge.

Furthermore, managers with strong soft skills will discuss their current issues to generate solutions from the current available information and knowledge. They will be more independent in solving work problems by employing available resources and knowledge, thinking through steps of a task and making thoughtful decisions (Lippman et al., 2015). This would positively impact the knowledge exploitation process and improve their firm's capabilities. Thus, we assume that soft skills will facilitate the exploitation and fine-tuning of the firm's current knowledge to generate new insights applicable to new environmental changes.

H3: Upper and middle level employees' soft skills positively impact the firm's exploitative behavior.

Soft Skills and Firm's Explorative Behavior

Lubatkin et al (2006) define organizational explorative behavior as the search and pursuit of new knowledge and skills to improve the firm's capabilities. The explorative behavior implies both contradictory and complementary knowledge processes to the exploitative behavior (Floyd & Lane, 2000). For instance, exploration takes places by the development of new trajectories that could be technological or marketing (Nonaka, 1994).

Managers with high soft skills will communicate their ideas more effectively and smoothly with their team on the one hand, and on the other hand, they will stimulate new knowledge generation by their ability to learn, think critically and take initiative. Thus, they will look to improve their existing capabilities to explore new improvement areas and making decisions accurately. These abilities are one of three soft skills that today's firms seek in their employees (Fhi360, 2015).

In the VUCA world, environmental changes are fast and unexpected. In such a context, explorative behavior is considered essential because it strengthens the firm's capability to respond more accurately and shape its environmental trends (Lubatkin et al., 2006). For instance, managers with strong soft skills such as a positive self-concept or higher order thinking, will demonstrate the ability to anticipate future changes, consequences and challenges (Lippman et al., 2015). So, they would act more accurately in response to the new conditions. They would also be most likely open to experience which is one of the big five personality factors that describe intellectually curious people.

In this case, managers tend not only to look for new experiences and explore novelty, but also to be creative and think differently (McCrae, 1987; Zhao & Seibert, 2006). Thus, managers with strong soft skills will take initiative, prefer to be a fist mover and improve their firm's capabilities by exploring new areas of improvement and knowledge.

H4: Upper and middle level employees' soft skills positively impact the firm's explorative behavior.

Soft Skills and Strategic Flexibility

For over two decades, the concept of strategic flexibility has gained a preeminent place in strategic management researches. It refers to the ability of the company to respond to various demands from the changing competitive environment (Sanchez, 1995).

Hitt et al. (1998) expand the above definition to point out its different aspects. The strategic flexibility refers to 3 abilities: to identify fast environmental changes, to allocate resources for new strategic choices in response to perceived changes and, to quickly respond when it is needed to stop or reverse its previously allocated resources to new choices (Hitt et al., 1998). Penrose (1959, p.24) who contributed highly to Resources Based View researches, considers the firm as a collection of productive resources and denotes that "it is never resources themselves that are the "inputs" in the production process, but only the services that the resources can render". Sanchez (1995, p138) stressed Penrose's view by explaining that the term 'services' designates the way by which the company uses its resources. Consequently, the firm's strategic flexibility is obtained not only from the flexibilities aspects of its resources but also from its ability to allocate/ or assign them to alternative strategic actions. In other words, the strategic flexibility is materialized jointly from the flexibility of its resources and its coordination capabilities to effectively use its resources according to its specific strategic goal (Yuan et al., 2010). Yuan et al. (2010, p302) argue, building on the literature of Sanchez (1995) that coordination flexibility consists of the ability (1) to find new uses and/or new combinations of existing resources; (2) to find new uses and/or new combinations of external resources; (3) to deploy resources rapidly through organizational systems and processes

to targeted uses; and (4) to cope with emerging problems effectively to increase the benefit from a fast changing environment.

Given such features, decisions makers' soft skills such as high-order thinking would influence positively the way they find and use resources. More importantly, strong communications skills and high order thinking would be a valuable asset in a VUCA environment since it is important to quickly make and implement decisions that will allow the firm to benefit and/or avoid from the environmental opportunities and/or threats.

H5: Upper and middle level employees' soft skills is positively associated with the firm's strategic flexibility.

Research Method

Sample and Data Collection

Our study is based on a sample of 67 firms from four different sectors (Electronics, apparel, healthcare and retail). A questionnaire was sent by email to managers of 480 firms in April 2016 and only 8 questionnaires have been received. Given the low response associated with online questionnaire, we conducted direct interviews with 59 Tunisian executives within May and June 2016. Most Tunisian researches on firms have been based on face-to-face meetings since it is the most efficient method to collect data in Tunisia even though it is more difficult to conduct. Table 1 provides a description of our sample in terms of interviewees' position, firm's size and sector.

Table 1: Sample characteristics

Sector		**Ownership**		**Location**	
Electronics	23	Family businesses	30	Tunis	19
Apparel	26			Sfax	9
Health care	13	Non-family businesses	37	Sousse	9
Retail	5			Monastir	8
				Bizerte	6
		Year of Establishment		Other	16
Employees		1960-1979	10		
		1980-1989	8	**Respondents**	
20 – 100	13	1990-1999	25	General Manager	27
100 - 199	13	2000-2009	19		
200 - 499	25	2010-2015	5	CEO	7
500 - 999	7			Chief Officer	8
>1000	9			HR Manager	25

N = 67.

Variable Measurement

This study applies a quantitative approach that appraises each of the 6 research factors: managers' soft skills, innovation, firm's knowledge, strategic flexibility, explorative and exploitative behavior.

Managers, professionals and technicians are the decisions makers in the firm and their decisions are driven by their technical and soft skills. However, Claxton et al. (2016) assume that soft skills cannot be assessed using summative, right-answer forms of assessment. Thus, assessing the overall managers' soft skills of each enterprise is quite difficult because such skills are never fully mastered. Furthermore, soft skills gaps is most likely be due to ineffective organizational processes such as poor recruitment, selection and training practices (Hurrell, 2016). Consequently, we assume employees who are taking soft skills training, possess higher soft skills than the ones who are not. Following Bartel (1994), we measure the percentage of trained people among each of the employees' categories in each firm in order to assess the level of soft skills in each firm.

During the interviews, we have described the notion of soft skills in order to avoid any misunderstanding or confusion. We have also provided the following explanation of soft skills training in the questionnaire that have been sent: "**Soft skills refer to** the ability of employees to communicate and collaborate effectively with peers, to regulate behaviors and emotions, to think critically, to solve problems, and to exercise creativity in the execution of their daily job, to expand and develop communication and pedagogical skills and to understand and adjust to both the formal workplace culture, social and work environment norms and to integrate both of these in relation to their own personal goals, expectations and values".

To identify upper and middle level positions, we used the guidelines of employees provided by Equal Employment Opportunity Commission (EEO) as following: 1) Managers: set broad policies, exercise overall responsibility for

execution of these policies, and direct individual departments. 2) Professionals and technicians: Occupations requiring at least 3 years of experience, college graduation or experience of such kind and amount as to provide a comparable background and combination of scientific knowledge.
Regarding organizational innovation, we explained and asked respondents to assess their firm's organizational innovation compared to firms operating in the same sector (Ritala et al., 2015). It occurs when an organizational methods or work procedures have been newly implemented or significantly improved.
The firm's knowledge was measured using 1 item that is related to managerial capabilities (Wiklund & Shepherd, 2003). Participants evaluated the firm's management expertise compared to companies operating in the same field. We chose this item because managerial capabilities is directly related to organizational innovation that our study focuses on and we assume that it is affected by employees' skills.
Explorative (E) and Exploitative (O) behaviors have been measured using items that have been tested by Lubatkin et al. (2006) and Cingoz and Akdogan (2013). Respondents were asked to assess their agreement from 1 "strongly disagree," to 5 "strongly agree" with the following statements respectively: (E) The firm looks for novel ideas by thinking "outside the box"; (O) The firm continuously improves the reliability of its products and services.
Measures of strategic flexibility were collected from the survey conducted with managers. They assessed their agreement from 1 "strongly disagree," to 5 "strongly agree" with the following statement: the company's strategy emphasizes versatility and empowerment in allocating human resources. This items has been used and tested by Grewal and Tansuhaj (2001) and Nadkarni and Herrmann (2010) to assess strategic flexibility.

Data Analysis and Results

In the present study, we intend to appraise the impact of soft skills of decisions makers on the firm's capabilities. The main target groups are managers, professionals and technicians since they are directly or indirectly involved in the decision making process that will affect the firm's behavior and capabilities. Consequently, we seek to compare between two groups of companies in term of their employees' soft skills. We assume that the group 1 involves firms that are providing soft skills training to high proportion of their employees so their employees possess high soft skills. In the contrast, group 2 includes firms that do not provide or provides soft skills training to a low proportion of their employees and so their soft skills are lower than the first group's employees.
Given such comparison, we have used the student test to compare between the two groups in terms of 5 criteria: organizational innovation, exploitative and explorative orientation, knowledge and strategic flexibility.

The survey instrument with 5 items representing each criteria was evaluated for content validity that refers to what extent the instrument measures the concept the researcher intends to measure (Bagozzi & Phillips, 1982). The current study considers three types of validity tests: content validity, construct validity, and criterion validity (Hair et al., 1998).

The validity analysis on measurement instruments is essential for multiple reasons. First, it provides confidence that the empirical findings accurately reflect the proposed constructs. Second, empirically-validated scales can be used directly in other studies in the field for different populations and for longitudinal studies (Flynn et al., 1994). Content validity is confirmed when there is general consensus among researchers that the instrument covers all aspects of the variable being measured (Bohrnstedt, 1983). It is subjectively assessed by the researchers. In this study, the measurement instrument was developed based on the literature and then approved with practitioners and researchers. Thus, it is considered to have content validity.

Tests for the factor means. The means and standard deviations for the each of 5 factors with high or low soft skills are shown in Table 2. Organizational innovation and firm's knowledge have been assessed using a 7-point Likert scale. Thus, the means indicates respectively 5.74 and 5.03 for firms with high proportion of trained employees and between 4.69 and 4.21 for firms with low proportion of trained employees. However, the strategic flexibility, exploitative and explorative behavior were measured by a 5-point Likert scale and the mean ranged between 4.11 and 3.26 for firms with high proportion of trained employees and between 3.92 and 2.19 for firms with low proportion of trained employees.

Table 2. T-test Results

Group of firms with high proportion of trained employees: SS1 <- subset(df, SSH=="1") =35 **Group of firms with low proportion of trained employees:** SS2 <- subset(df, SSH=="0") =32						
Factors	**SS1**		**SS2**		**T-test *p-value***	**F-test *p-value***
	Mean	**Sd**	**Mean**	**Sd**		
H1: Organizational Innovation* **	5.74	0.234	4.69	0.950	0.0009	0.04

H2: Firm's Knowledge**	5.63	0.34	4.72	1.38	0.002	0.3
H3: Exploitative Behavior*	4.37	0.486	4.03	1.973	0.05	1
H4: Explorative Behavior *	3.63	0.304	3.09	1.23	0.05	0.2
H5: Strategic Flexibility *	3.89	0.347	3.31	1.410	0.03	0.3
Manufacturing Sector†	0.629	0.754	0.812	3.062	0.1	0.2
Family Business*	0.314	0.44	0.594	1.79	0.02	0.7
Total Employees*	995	41.5	243	168.5	0.05	<2e-16

For 5-point scale, a score of 4 or more, between 3 and 4 or less than 3, indicates respectively a high, moderate or low agreement with the factor (Rahman, 2000). Generally, results indicate that there is a high and moderate agreement for both groups.

In particular, strategic flexibility had the highest overall mean followed by the organizational innovation for both firms with high and low proportion of trained employees, showing that employees soft skills play an important role in stimulating the strategic flexibility and innovation capabilities among these firms. The small standard deviations indicate that there is general agreement on the role of strategic flexibility. Exploitative behavior had the third highest overall mean rating followed by knowledge and explorative behavior for both firms.

The mean ratings of all factors indicates that there is a difference between the two groups of enterprises. The t-test shown in table 2 indicates significant differences between the 2 groups of firms with high and low proportion of trained employees on soft skills. These results are consistent with all our hypothesis as well as the findings of Lippman et al (2015) and responding to the Tether et al. (2005). Our research is significant because it is complementary to other similar researches that have focused on developed countries; in contrast to our research that focuses on a more challenging environment such as the VUCA one.

Conclusion, Implications and limitations

Indeed, organizational performance is driven by the firm's core activities such as the strategic planning. However, in today's world, VUCA conditions will most likely interfere with the firm's strategic planning and so affect the organizational performance. Thus, the full understanding of the future becomes impossible and the development of a detailed planning remains useless (Bennett & Lemoine, 2014). Under those circumstances, firms need to build and strengthen their strategic capabilities (such as innovation, and strategic flexibility etc.) to be able to respond and benefit from the threats and opportunities of the changing environment.

In our study, we examine the impact of decisions makers' (managers, professional and technical employees) soft skills on the firm's strategic capabilities. We focus on 5 capabilities that are valuable for the firm's competitiveness in a VUCA world: innovation, explorative and exploitative behavior, knowledge and strategic flexibility.

To assess the value added of decisions makers' soft skills, we have conducted a comparative analysis using the t-test. We compared two groups (1, 2) of firms with high and low proportion of trained employees. We assumed that the employees in companies (group1) that are providing soft skills training possess a stronger soft skills than the ones that are taking training (firms group 2).

Our results show that the innovation, strategic flexibility, knowledge, exploratory and exploitative behavior indicate a higher level in the companies with higher level of soft skills (high proportion of trained employees). This group of employees is directly involved in the strategic decision making and their skills are essential for the organizational performance. For instance, managers with high order thinking would think through steps of a mission and anticipate challenges as well as the consequences of their decisions and their firm's actions (Lippman et al, 2015). This ability will allow them to make more accurate decisions for their firms in response to VUCA changes. Similarly, strong communication skills are required to succeed in teamwork projects such as organizational innovation, where professional and technical employees will coordinate and communicate on a daily basis to implement new organizational practices.

Prior theoretical and empirical studies that address the importance of employees' skills for the organizational performance, focuses on technical skills rather than soft skills. However, even in the developed countries like the US, today's workforce suffers not only from the lack of technical skills but most importantly from the lack of soft skills. For instance, 44percent of the participant responses indicated soft skills, such as communication, critical thinking, creativity, and collaboration, as the area with the largest US skills gap. Only 22percent cited a lack of

technical skills as the culprit for the workforce skills gap: with leadership (14percent), and computer skills (12percent) (Adecco, 2013).

Despite the increasing need of soft skills by employers and employees, a limited number of studies have been conducted. Moreover, the majority of those studies on soft skills needs, gap or shortage, are in the form of employer surveys (Lippman et al., 2015) without any focus on empirical evidence of the impact of the employees soft skills on the firm's capabilities. In addition, some empirical researchers on soft skills have been mainly focusing on developed countries (Lippman et al., 2015).

"*For the most kinds of training, outcomes are as much organizational as individual*" (Bishop, 1996). Although technical skills are important for the employer to hire employees, often it is their workforce soft skills that are needed for a higher level position and sustainable growth. Our research explores the importance of soft skills in Tunisia which is an emerging market in a post-revolutionary context. Our purpose was not to provide definitive implications of the employees' soft skills for firms or compare its output to the technical skills, but rather to focus on how it contributes to workforce development in the VUCA world. With a specific focus on employees' soft skills, we demonstrate their possible impact on strategic capabilities of the firm. Our research did not focus on a specific type of soft skills because there is no clear consensus about which soft skills are most critical for workforce success (Lippman et al., 2015). So the assessment of each impact of the five soft skills on the firm's capabilities was not considered. However, our research suggests a key future research direction and could be extended into a large-scale study. Such a study would develop a conceptual work of the impact of each type of soft skills and contribute to the understanding of the kinds of soft skills required by organization and their business impact.

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