

## Differences in Perceptions Between Small Businesses and Large Businesses on Effectiveness of HR Management in Achieving Business Goal: Based on Field Evidence

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### ABSTRACT

Human resources (HR) are a very important or key factor in the form of individuals or groups of people or workers as movers, thinkers and planners to achieve the business goals of a business. In business development to carry out greater expansion, a business's human resources function as assets that can be trained and developed in accordance with business interests in the business. HR management is tasked with recruiting, evaluating worker performance, ensuring that each person carries out their duties and responsibilities in accordance with their job, and maintaining worker satisfaction with their work environment so as to create effective conditions that support workers in increasing business profits for a business. However, the perception of the approach taken by HR management varies according to the size of the business, whether small or large. In this article, the difference in perception between small businesses such as Risol "Margo" and large businesses such as PT. Unilever's HR management effectiveness is based on 4 (four) factors, namely resource availability, recruitment and retention processes, employee responsibilities, and organizational structure which will influence both businesses in achieving their business goals.

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## INTRODUCTION

In the era of free markets and developments in information technology, managing human resources effectively and professionally is very important in maintaining the existence of a business in the business market. This is because HR plays a role as a driver and determinant of the course of a business and is one of the important factors for a business in achieving its success and business goals. Apart from that, human resources as an asset can be trained and have their abilities and capacities developed according to the needs of the development of a business to expand and improve the quality of the business. HR performance as more productive workers will help the development and improvement of a business's business to compete with its competitors. A business will not be able to run or develop without human resources as workers or demonstrations and workers' demands by carrying out work strikes, even though several other factors such as capital and business premises are available. To prevent this from happening, every business needs to pay sufficient attention to the satisfaction and welfare of workers in the environment so that workers can maintain good work performance and loyalty to the business of a business. If human resources as workers have their needs met by their place of work and feel comfortable with their work environment, then these workers will struggle hard to meet the business owner's expectations. A good relationship between HR as workers and business owners must be maintained through efforts to manage the HR utilization process effectively and efficiently by establishing good and professional HR management.

HR management refers to a series of processes that include planning, organizing, implementing, monitoring, evaluating and controlling activities in order to empower human resources (HR) to optimally achieve the business goals of a business. HR management can create various business policies related to HR and ensure that HR as workers have good and professional work performance. HR management as recruiters or selectors of workers for a business must also have good ability to sort out where workers will be placed on duty according to their ability assessment during the recruitment process. Then, having good HR management in retaining professional talent will save recruitment costs, help maintain the reasons why workers choose to stay, and motivate workers to work harder in line with business goals. In implementing HR management in a business run by a business, whether a small business like Risol "Margo" or a large business-like PT. Unilever will have different HR management rules and needs according to its business goal priorities. Therefore, it is necessary to know the differences in perceptions of indicators, rules or needs that are prioritized for small businesses such as Risol "Margo" and large businesses such as PT. Unilever to determine effective HR management in achieving business goals.

## LITERATURE REVIEW

According to *Merriam-Webster Dictionary*, difference is the quality or state of being different. Difference is also considered as the element or factor that separates or distinguishes contrasting situations and the degree or amount by which things differ in quantity or size.

According to Pride and Ferrell in Fadila and Lestari (2013:45), perception is all processes of selecting, organizing and interpreting input information, sensations received through sight, feeling, hearing, smell and touch to produce meaning. Later, Boyd et al. in Fadila and Lestari (2013:45) emphasize that perception is the process by which a person selects, organizes and interprets information.

According to Article 1 Paragraph (2) of Law Number 28 of 2008 concerning Micro, Small and Medium Enterprises, a small business is a stand-alone productive economic enterprise carried out by an individual or business entity which is not a subsidiary or branch of a company owned by, controlled or become part directly or indirectly of a medium or large business as intended in the law. According to Article 6 Paragraph (1) letters a and b of Law Number 28 of 2008 concerning Micro, Small and Medium Enterprises, the criteria for a small business is to have net assets of more than IDR 50,000,000.00 (fifty million rupiah) up to a maximum of Rp. 500,000,000.00 (five hundred million rupiah) excluding land and buildings for business premises. Apart from that, it has annual sales results of more than IDR 300,000,000.00 (three hundred million rupiah) up to a maximum of IDR 2,500,000,000.00 (two billion five hundred million rupiah).

According to Article 1 Paragraph (4) of Law Number 28 of 2008 concerning Micro, Small and Medium Enterprises, large businesses are productive economic businesses carried out by business entities with net assets or annual sales proceeds greater than medium businesses including national-owned businesses, state or private, joint ventures and foreign businesses carrying out economic activities in Indonesia.

According to Mardiasmo (2017:134), effectiveness is a measure of the success or failure of an organization in achieving its goals. If an organization achieves its goals, then the organization has run effectively. Effectiveness indicators describe the range of consequences and impacts of program output in achieving program goals. The greater the contribution of the output produced to achieving the specified goals, the more effective the work process of an organizational unit will be.

According to Suparyadi (2015:2), HR management is a system that aims to influence employee attitudes, behavior and performance so that they are able to provide optimal contributions in order to achieve company goals. HR management refers to the design of activities that include procuring and coordinating human resources. Then, according to Mangkunegara (2016: 7), HR management is planning, organizing, implementing and supervising the procurement, development, provision of services, integration, maintenance and separation of the workforce in order to achieve goals.

According to *Business Solution Consulting* (2021), based on differences in perception between small businesses and large businesses, there are 4 (four) factors that differentiate the effectiveness of HR management in small businesses and large businesses, namely:

1. Resource Availability

Availability of resources is the large number of business resources including capital, business premises, networks, workers and others that support the business existence of a business that can run smoothly and develop in accordance with its business goals.

## 2. Recruitment and Retention Process

The recruitment process is the process of searching for and engaging prospective employees who have the ability to meet the needs planned by the organization where there is fulfillment of HR needs in accordance with the organization's goals. A group of job candidates will be recruited to fill vacant positions in a business organization.

Retention is an organizational strategy in retaining employees who have potential so that the organization really needs them and wants them to continue working or remain loyal to the organization.

## 3. Employee Responsibilities

Employee responsibility is how much work load or delegation of work a worker has and must be carried out seriously in accordance with the tasks and orders given as well as maintaining security and order in the work environment so as to contribute to the success of the company's business goals.

## 4. Organizational structure

Organizational structure is a system used to define the hierarchy in a business organization with the aim of determining how a business organization can operate and assist the organization in achieving the goals set in the future. The organizational structure consists of the arrangement or relationship between each part of the organization, both in terms of positions and tasks to achieve common goals.

## **METHODOLOGY**

This research uses a phenomenon approach, trying to understand the importance of understanding and applying differences in perceptions between small businesses and large businesses regarding the effectiveness of HR management. An approach to phenomena like this requires assumptions that are different from the methods used to approach people's behavior with the aim of determining the facts or causes. Data is collected and recorded in detail regarding matters related to the problem being studied. Each finding is analyzed with the wisdom of knowledge and experience to interpret it objectively. In this research, theory is used as a measure of knowledge that is adapted to facts in the field and the social phenomena to be studied. The theoretical basis is used as a strategy in processing data, by providing various conceptualizations in describing and providing explanations.

## **RESEARCH RESULT**

Business management requires effective HR management to achieve business goals. The greater the expansion of a business from the business owner, the more complex the HR management will be to avoid things that cause losses to a business. Based on theory, differences in business perceptions, both small and large businesses, are based on 4 (four) factors, namely resource availability, recruitment and retention processes, employee responsibilities, and organizational structure. Based on field evidence, the discussion regarding the

differences in perceptions of small businesses and large businesses regarding the effectiveness of HR management in achieving business goals is based on these two businesses (seen from 4 factors), namely:

1. Risol "Margo" as Field Evidence from Small Businesses

Risol "Margo" is a small business owned by the family of a TikTok celeb named Margo Stefy who is the daughter of a risol seller and a student and content creator from Ciledug, Tangerang and has more than 3.7 million *followers*. Before "Margo" risol became famous for its content, her family had been selling risol and other snacks in front of their house since 2014. In her TikTok content, Margo Stefy shared her activities when making, frying and selling risol on her account. Content regarding the "Margo" risol made Indonesian netizens curious and interested in buying the risol which he sold for IDR 4,000.00 (four thousand rupiah), including content from other Tiktok creators who had more *follower*. The perception of Risol "Margo" as a small business regarding the effectiveness of its HR management in achieving business goals is seen from 4 factors, namely:

a. Resource Availability

Risol "Margo" as a small family-owned business tends to have limited resources such as daily capital tends to be small (only around 300 thousand to 500 thousand per day to get a profit of around 1 million to 2 million rupiah), where the Risol "Margo" business is at the forefront The house belongs to Margo Stefy's family only, and Margo Stefy's family only has 3-4 family members who are owners and workers (consisting of father, mother, older brother and Margo Stefy) as human resources in managing the business. Margo's family as owners of the risol business also do not have an HR management team because they are worried that the taste of risol "Margo will change and there will be a crisis of confidence in its employees. For maintain the performance of the owner and family as business human resources and increase profits selling risol and "Margo" snacks, Stefy is self-taught as a content creator where she must have the creativity to market her risol products online so that people who see them will be interested in buying the products. sold until queuing from early morning.

b. Recruitment and Retention Process

Risol "Margo" as a small family-owned business managed by 3-4 people from the family itself does not have a recruitment and retention process for workers because this small business has no workers and is managed by the business owner and his wife and children. The thing that keeps the existence of the "Margo" risol business going is the commitment and seriousness of the business owner and his family to continue living and make a decent profit from the business. If there is a recruitment process, then usually the business owner will carry out the process of recruiting new employees directly and refers more to how prospective workers can demonstrate their abilities directly without a long or *skill-based recruitment process*.

c. Employee Responsibilities

The owner and family in the "Margo" risol business as workers or HR in the business have more and less specific responsibilities or one person can do various things to improve the effectiveness of existing HR management. This is proven by Margo Stefy, who is self-taught and of her own free will, creating content about her family's risol business and uploading it on Tiktok. Stefy

learned how digital content can be one of the best *marketing methods* to increase production in her family's business. However, due to limited human resources in the "Margo" risol business, Stefy, who acts as a content creator, also helps make, fry and sells in front of the house. With Stefy's own HR management in the form of using digital content as a way of *marketing* her selling products, risol which is usually sold for IDR 2,000.00 (two thousand rupiah) and usually the remaining product she sells can be sold for IDR 4,000.00 (four thousand rupiah) so that Monthly turnover reaches IDR 60,000,000.00 (sixty million) per month and sales are limited to one person who can only buy 5 risols. If there is a recruitment process, then the assessment of prospective employees is more about demonstrating their abilities and the assessment method is simpler. As in the "Margo" risol business, if the "Margo" risol owner wants to have employees, they are more likely to have good cooking and product *marketing skills*.

d. Organizational Structure

The small risol business "Margo" does not have an organizational structure so that everyone in the Margo family as HR can handle any work requested. In Margo's risol business, Stefy's mother, who is in charge of making the risol dough and frying the risol, also has the responsibility to sell the risol in front of her house. Apart from that, Stefy's mother also calculates production costs, shopping budget and profits so that the business can meet daily living needs and continue to exist. Apart from Stefy's mother, Stefy, who markets the risol for her family's business, also helps in the risol making process. So, there is no organizational structure that specifies what work should be handled. Work in small businesses is flexible and is a shared responsibility.

2. PT. Unilever as Field Evidence of Big Business

PT. Unilever is a large business in the form of a private business entity or multinational company which has its head office in London, England and was founded from the merger of a margarine producer from the Netherlands, Margarine Unie and a soap manufacturer from England, Lever Brothers in 1930. In the 2010s, PT. Unilever is slowly shifting its business focus to the health and beauty business from what was previously the food business which showed a slowing growth trend. Perception of PT. Unilever as a large business determines the effectiveness of its HR management in achieving business goals based on 4 factors, namely:

a. Resource Availability

PT. Unilever is a large business in the form of a privately owned business entity which tends to have large resources such as the Company's share capital amounting to 38,150,000,000 shares (after *the Stock Split* became effective on January 2 2020) and is listed on the Indonesian Stock Exchange. According to CNBC Indonesia (2022), PT. Unilever recorded net sales of 31.5 trillion rupiah and grew by 5% year per year and managed to record a net profit of 4.6 trillion rupiah. In terms of resources in the form of number of employees, number of employees of PT. Unilever worldwide reaches 149,000 employees and PT. Unilever Indonesia will have more than 4000 employees in 2021. This large number of employees will increase the potential gap experienced by employees. To prevent this, good HR management is needed to bridge employee performance with business goals so that they can achieve goals more effectively and quickly. In terms of resources in the form of PT. Unilever, production

location and office of PT. Unilever is spread across several locations in Central Java (Yogyakarta and Semarang), East Java (Malang and Surabaya), and Bali (Denpasar). Apart from that, HR management in large businesses such as PT. Unilever often holds leadership guidance programs, internal guidance and regular skills training to support the improvement and development of HR performance as workers in accelerating the achievement of business goals. However, due to the large size of the business, the system and bureaucracy of PT. Unilever became very complex so the approval process took longer.

b. Recruitment and Retention Process

At PT. Unilever as a large business, the recruitment process carried out by HR management to find and recruit prospective workers is more complex. HR management usually posts job vacancy advertisements manually on social media such as *Linkedin* to search for and find the right candidates. After prospective workers pass the administrative selection, HR management also carries out several interview tests, academic assessments, background and references to screen prospective workers who are truly competent in the fields required by a business. To get candidates who have high abilities, PT. Unilever usually prioritizes candidates who come from the best graduates of well-known universities in Indonesia with A accreditation; while at the time of retention, PT. Unilever usually knows employees who have high positions better, so the potential for losing skilled workers in low positions is greater. To increase employee retention, HR management is required to be able to bridge employee satisfaction and welfare with the business goals of a business. By fulfilling employee satisfaction and welfare, HR as workers can work more productively and efficiently so that achieving business goals becomes closer.

c. Employee Responsibilities

PT. Unilever has many divisions that have duties and responsibilities according to their respective *job desks and do not interfere with work in other divisions*. As in HR management, it is only tasked with finding, recruiting, training, evaluating and providing salaries to employees. This means that HR management only has duties and obligations related to human resource management so that HR performance as workers becomes more productive and efficient. An employee from the HR management division is not permitted to carry out duties and obligations from other divisions such as financial management, marketing and others. Apart from that, HR management must also prevent conflicts between workers and make the company's work environment comfortable to support increased employee performance.

d. Organizational structure

PT. Unilever as a large business has a very large number of human resources as workers and a formal and well-planned organizational structure, including the HR management section. In other words, HR management is a small part of PT's organizational structure. Unilever complex. By defining transparent tasks and workloads, especially for staff in HR management, the workload received by HR management will not exceed or exceed the task criteria that have been set by a business, such as interfering with tasks and matters in finance or marketing. But on the other hand, the more complex division of each division in large companies also makes the results of discussions or HR

management performance results reach more slowly to the divisions below that need it.

## DISCUSSION

The discussion revolves around the differences in perceptions regarding the effectiveness of HR management in achieving business goals between small businesses, exemplified by Risol "Margo," and large businesses, represented by PT. Unilever. The analysis is based on four factors: resource availability, recruitment and retention processes, employee responsibilities, and organizational structure.

### 1. Resource Availability:

*Small Business - Risol "Margo":* As a small family-owned business, Risol "Margo" faces resource limitations, such as limited daily capital and a small team consisting of family members. The owner, Margo Stefy, takes on multiple roles, including content creator, marketer, and worker in the risol-making process. The lack of a dedicated HR team is attributed to concerns about potential changes in product quality and a crisis of confidence in employees.

*Large Business - PT. Unilever:* PT. Unilever, being a large multinational company, boasts significant resources, including substantial share capital and a global workforce of 149,000 employees. The company employs sophisticated HR management practices, including leadership guidance programs and regular skills training. However, the sheer size of the business introduces complexity and bureaucracy, resulting in longer approval processes.

### 2. Recruitment and Retention Process:

*Small Business - Risol "Margo":* Due to its small size and familial management, Risol "Margo" lacks a formal recruitment process. If recruitment were to occur, it would be direct and based on the prospective worker's ability to demonstrate their skills, with a focus on cooking and product marketing skills.

*Large Business - PT. Unilever:* PT. Unilever, being a large entity, employs a complex recruitment process. It involves posting job vacancies on platforms like LinkedIn, conducting interviews, academic assessments, and background checks. The company prioritizes candidates from reputable universities with A accreditation. Retention efforts are concentrated on high-position employees to prevent the loss of skilled workers.

### 3. Employee Responsibilities:

*Small Business - Risol "Margo":* In the small-scale operation of Risol "Margo," the family members, including Margo Stefy, share responsibilities flexibly. Margo Stefy, besides being a content creator, also engages in the risol-making process and sales. The lack of a formal organizational structure allows for a broader range of tasks for each family member.

*Large Business - PT. Unilever:* PT. Unilever has a structured approach to employee responsibilities, with HR management focused solely on tasks related to human resource management. Employees in the HR division are not involved in duties outside their designated areas, contributing to increased productivity and efficiency.

#### 4. Organizational Structure:

*Small Business - Risol "Margo"*: Risol "Margo" operates without a formal organizational structure. The family members, including Stefy's mother, handle various tasks as needed, with a shared responsibility approach.

*Large Business - PT. Unilever*: PT. Unilever, as a large business, has a well-planned and formal organizational structure. The HR management section is a small part of the overall complex structure. Transparent task delineation ensures that each division, including HR, operates within defined boundaries, but the complexity may lead to slower dissemination of information.

In summary, the differences in perceptions of HR management effectiveness between small and large businesses are evident in the resource constraints, recruitment processes, employee responsibilities, and organizational structures. While small businesses like Risol "Margo" benefit from flexibility and familial involvement, large businesses like PT. Unilever face challenges related to complexity, formal processes, and potential bureaucratic delays.

### CONCLUSIONS AND RECOMMENDATIONS

Based on the discussion above, the differences in perceptions between small businesses and large businesses regarding the effectiveness of HR management in achieving business goals can be seen from 4 (four) factors, namely:

- a. Regarding the availability of resources, small businesses have limited resources such as capital of only around hundreds of thousands, a small business premises that is minimal (in front of the house), and business owners who double as human resources for workers and their families. Large businesses tend to have large resources such as business capital of around billions or trillions, business locations spread across several strategic areas in Indonesia, especially Java, and a number of employees reaching thousands of people to meet the needs for increasing production and quality of large businesses.
- b. In the recruitment and retention process, small businesses have almost no recruitment process if the workers are business owners and their families. If there is a recruitment process in small businesses, the recruitment process tends to take place quickly or only in one stage, such as immediately demonstrating abilities so that they can work as soon as possible. Small businesses also have no retention because the business owner and his family are also workers so there is no reason to quit. Meanwhile, the large business recruitment process consists of many stages starting from administrative selection to final interviews to actually get the best candidates. Apart from that, large businesses prefer prospective employees with an educational background from a well-known campus. To increase retention, HR management is required to bridge the business goals of the business with the welfare of its employees so that they can get a good meeting point.
- c. Regarding worker responsibilities, business owners and their families as small business workers have more and less specific responsibilities or one person can do various things to improve the effectiveness of existing HR management.

Meanwhile, large businesses have many divisions that have duties and responsibilities according to their respective *job desks and do not interfere with work in other divisions*.

- d. In terms of organizational structure, most small businesses do not have an organizational structure so that each individual involved as HR can handle whatever work is requested. Meanwhile, large businesses have a formal and well-planned organizational structure, including HR management. In other words, HR management is a small part of the complex organizational structure of large businesses. Transparent definition of tasks and workload, especially for staff in HR management who have workload responsibility in HR management that will not exceed or exceed the established task criteria.

#### **ADVANCED RESEARCH**

Performing research replication by boosting the sample size and enlarging the study's focus. Search for other determinant factors that affect perception HR management.

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