

Developing HRM Practices to Support Delegation: An Action Research Study in a SMEs

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Article history:

Received July 3, 2026

Revised August 21, 2026

Accepted August 25, 2026

Abstract

This Action Research was conducted in a partner company, an SME operating in the business-to-business (B2B) industrial supply sector, where operational coordination, decision-making, and daily problem-solving remained highly dependent on the owner. This dependency constrained effective delegation and limited the owner's ability to focus on strategic responsibilities. This study aimed to develop Human Resource Management (HRM) practices to support structured delegation while examining their initial contribution to operational performance. A qualitative Action Research approach was employed through four stages: constructing, planning action, taking action, and evaluating action. The intervention focused on developing job analysis, job design, and a structured delegation mechanism. Data were collected through observations, semi-structured interviews, and company operational records. The findings indicate that the intervention established clearer work structures, strengthened role clarity, expanded delegated operational responsibilities, and reduced the owner's direct involvement in routine operations. Although the implementation period was insufficient to demonstrate substantial improvements across all operational performance indicators, early improvements were observed in delegation capability and operational responsiveness. These findings suggest that developing HRM practices provides the organizational foundation for effective delegation, enabling SME owners to shift their attention from daily operations to strategic decision-making and long-term business development.

Keywords:

Human Resource Management; Delegation; Action Research; SME; Operational Performance.

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in Indonesia's economy, contributing approximately 57–61% of the national Gross Domestic Product (GDP) and employing around 97% of the country's workforce during the 2020–2024 period (Sekretariat Kabinet Republik Indonesia, 2024). Despite this significant contribution, approximately 99% of Indonesian MSMEs remain micro-scale enterprises, indicating that most businesses are still in the process of strengthening their internal organizational capabilities to support sustainable growth (Anastasya, 2023). Consequently, MSME development extends beyond access to finance and market expansion, requiring organizations to establish internal management and human resource capabilities that can support more effective and sustainable operations (Kementerian Koperasi dan UKM Republik Indonesia, 2024). Consistent with this need, approximately 70% of MSME owners identify business and human resource training as their highest priority, although most have not yet received adequate business development support (60 Decibels, 2024).

As businesses grow, increasing operational complexity, coordination requirements, and decision-making demands necessitate more systematic Human Resource Management (HRM) practices to effectively manage organizational resources (Dessler, 2020). However, HRM practices in MSMEs are generally informal and evolve primarily through owners' experience rather than structured management systems. As a result, work

allocation, role responsibilities, and operating procedures are often poorly documented (Harney & Alkhalaf, 2021; Meurs et al., 2025). Although informal HRM can provide flexibility for small businesses, increasing operational complexity may require more structured practices to maintain consistency and organizational capacity (Meurs et al., 2025; Ho et al., 2024). Such conditions can also concentrate operational coordination and decision-making around the owner, creating a need to strengthen the underlying work system as the business expands (Afriyie et al., 2024; Nasr et al., 2025).

Previous studies have consistently demonstrated that HRM practices improve organizational effectiveness by strengthening how human resources are managed and developed (Nam & Luu, 2022; Sampe, 2023). Within this broader role, structured work arrangements and clear roles can help organizations establish more consistent task distribution and coordination. Role clarity, for example, is associated with clearer performance expectations and reduced ambiguity among employees (Majid et al., 2023), while job design influences how tasks and responsibilities are organized within SMEs (Afriyie et al., 2024). These perspectives indicate that organizational improvements may require not only individual HRM practices, but also the development of an underlying work structure that clarifies responsibilities and supports the distribution of work. Nevertheless, existing studies have provided substantial evidence on the relationship between HRM practices, employee outcomes, and organizational performance, while less attention has been given to how foundational HRM practices are developed and adapted within MSMEs whose work systems remain largely informal (Harney & Alkhalaf, 2021; Meurs et al., 2025). This gap is particularly relevant because the development of work structures in small businesses involves contextual decisions regarding roles, responsibilities, task distribution, and organizational capacity rather than the simple adoption of formal HRM practices.

This study was conducted in a business-to-business (B2B) MSME. Preliminary observations revealed that operational coordination, task allocation, decision-making, and work documentation remained highly dependent on the owner. In B2B organizations, such dependence may reduce responsiveness and service consistency, both of which are critical for maintaining long-term business relationships (Asamoah et al., 2021; Arthur et al., 2024). These conditions indicated a need for further diagnosis of the company's work system and HRM practices, particularly regarding how roles, responsibilities, and operational activities were organized and distributed.

To address these organizational conditions, this study employed an Action Research approach to collaboratively diagnose the work system, develop contextually appropriate HRM practices, implement the planned changes, and evaluate their initial outcomes. The study focused on the development of job analysis, job design, and delegation mechanisms as HRM practices relevant to the company's operational needs. The implementation was subsequently evaluated using operational performance indicators and qualitative feedback to examine the initial changes resulting from the intervention, rather than to establish long-term causal effects. This study contributes theoretically by illustrating how Action Research can be applied to the contextual development of HRM practices in an MSME with informal work systems. Practically, it offers a structured and incremental approach for establishing foundational HRM systems that can support clearer work distribution and gradual delegation as organizational capacity develops. The remainder of this paper is organized into the following sections: research methodology, results and discussion, and conclusion.

2. RESEARCH METHOD

2.1. Research Design

This study employed an Action Research approach based on the framework proposed by Coghlan and Brannick (2014) to develop Human Resource Management (HRM) practices that support delegation in an MSME. Action Research was selected because it enables researchers and organizational members to collaboratively diagnose organizational problems, design interventions, implement change, and evaluate outcomes through iterative cycles of learning and reflection. Unlike hypothesis-testing research, Action Research focuses on solving practical organizational problems while simultaneously generating actionable knowledge (Zuber-Skerritt, 2015). This approach aligns with the objective of developing foundational HRM practices in an MSME where human resource management remained largely informal.

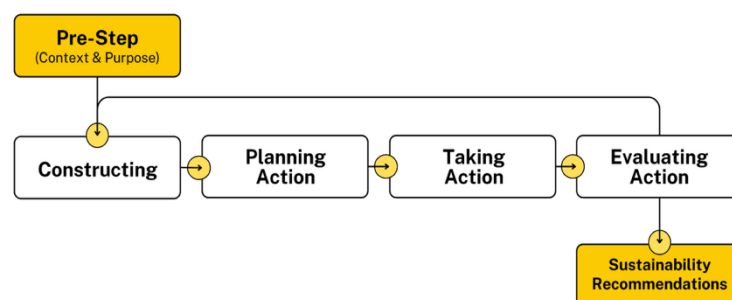


Figure 1. Action research stages (Source: Adapted from Coghlan and Brannick, 2014)

As illustrated in Figure 1, the project followed four iterative stages adapted from Coghlan and Brannick (2014): constructing, planning action, taking action, and evaluating action. Throughout the research process, researcher reflection was guided by the ORJI framework (Observe–Reflect–Judge–Intervene), ensuring that intervention decisions were systematically informed by observation, critical reflection, judgment, and action rather than personal intuition. The ORJI framework also supported continuous interpretation of organizational conditions throughout the Action Research cycles. The four stages were implemented sequentially, with the constructing stage serving to diagnose organizational conditions, planning action to develop the intervention, taking action to implement the planned changes, and evaluating action to assess the initial outcomes and organizational responses.

2.2. Research Context

This study was conducted at CV Sinar Teknik Perkasa, a small business operating in the business-to-business (B2B) industrial supply sector. The company was selected because its operational activities had grown substantially while its HRM practices remained informal, resulting in owner-centered coordination, task allocation, and operational decision-making. These conditions provided an appropriate context for developing HRM practices as a foundation for more effective delegation.

The research adopted a collaborative Action Research process involving the researcher, the owner, and all employees. The researcher acted as a facilitator by supporting problem diagnosis, intervention design, implementation, and evaluation, while organizational decisions remained under the owner's authority. The owner contributed to organizational decision-making, validation, and evaluation, while employees contributed operational information, supported implementation, and provided feedback on the changes. Participation was voluntary, and all organizational information was treated confidentially.

2.3. Data Collection and Analysis

Data were collected continuously throughout the Action Research process using three primary sources: semi-structured interviews, direct observations, and organizational documents. Semi-structured interviews with the owner and employees were conducted to understand organizational conditions, identify operational issues, and obtain feedback on the implemented interventions (Adeoye-Olatunde & Olenik, 2021). Direct observations were carried out during daily operations to examine work practices and monitor organizational changes over time (Busetto et al., 2020). Organizational documents, including operational records and internal company documents, were used to complement the diagnostic and evaluation processes (Busetto et al., 2020). In addition, reflective notes were maintained throughout each Action Research cycle using the ORJI framework to support continuous reflection and refinement of interventions (Coghlan & Brannick, 2014). Semi-structured interviews were conducted during the constructing and evaluating action stages to support diagnosis and evaluation, while observations and organizational records were used throughout the implementation process to document changes in work practices and operational performance.

Data analysis was conducted iteratively throughout the Action Research process by integrating evidence from observations, reflective notes, organizational documents, and discussions with the owner. Qualitative data from the semi-structured interviews were analyzed using thematic analysis to identify recurring patterns related to the implementation and organizational responses to the intervention (Heriyanto, 2018). The effectiveness of the intervention was subsequently assessed through a before-and-after comparison of selected operational performance indicators and qualitative findings from the thematic analysis (Nianogo et al., 2023; DeJonckheere & Vaughn, 2019). Rather than establishing causal relationships, this evaluation aimed to identify the initial contribution of the developed HRM practices to delegation and operational performance within the organizational context (Gu et al., 2023; Gelagay & Werke, 2024).

3. RESULTS AND DISCUSSION

3.1. Results

This section presents the findings of the Action Research conducted to develop HRM practices that support delegation at CV Sinar Teknik Perkasa. The findings are organized according to the four stages of the Action Research process constructing, planning action, taking action, and evaluating action, covering the identification of delegation barriers, the development and implementation of HRM practices, and the evaluation of intervention outcomes through a before-and-after comparison of operational performance.

3.1.1. Diagnosing Barriers to Delegation

The constructing stage aimed to understand the organizational context and identify factors limiting effective delegation prior to intervention. The diagnosis was conducted collaboratively through semi-structured interviews with the owner and employees, direct observations of operational activities, and analysis of company documents. Interview findings were further analyzed thematically to identify recurring patterns in the organizational conditions, while observations and operational information were used to complement the

diagnosis. The findings were continuously reflected upon using the ORJI (Observe–Reflect–Judge–Intervene) framework to determine the focus of the intervention.

The diagnosis revealed that the company's business processes adequately supported daily operations, from receiving customer orders to product delivery. However, most operational activities remained highly dependent on the owner, particularly in coordinating work, making operational decisions, resolving day-to-day issues, and providing guidance to employees. Consequently, although employees performed most technical tasks, operational decision-making remained centralized with the owner. The thematic analysis further identified four themes reflecting the company's organizational conditions: (1) owner dependency, (2) role and workload management, (3) work process effectiveness, and (4) operational performance impacts.

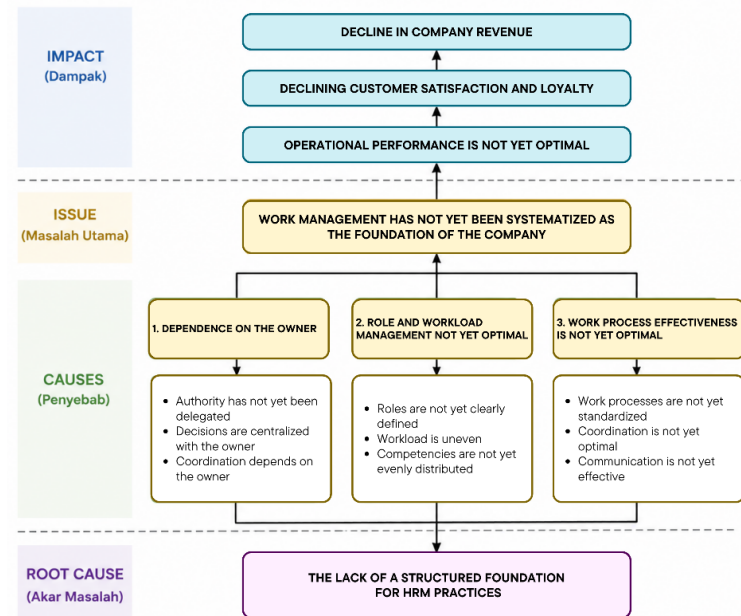


Figure 2. Constructing mapping

To understand the relationships among the identified issues, the findings were synthesized into a constructing mapping (Figure 2). The four themes were subsequently examined to identify relationships among the underlying problems, their causes, and operational consequences. The analysis indicated that owner dependency was closely related to unclear role distribution, uneven workload management, and ineffective work processes, which in turn affected operational performance. The findings were then further synthesized through a problem tree analysis to identify the underlying causes and formulate the organization's business needs before alternative interventions were considered. This process indicated that the fundamental need was not merely to reduce owner involvement, but to establish a more structured work system capable of supporting clearer task distribution, coordination, and delegation.

Based on the identified business needs, alternative intervention options were then evaluated through a decision tree to determine the most appropriate direction for the organization. The resulting intervention focused on developing foundational HRM practices through job analysis, job design, and delegation mechanisms to establish clearer roles, responsibilities, and coordination within daily operations, without requiring substantial changes to the company's core business processes.

3.1.2. Developing HRM Practices

Based on the diagnosis, the planning action stage focused on developing HRM practices that could serve as the organizational foundation for delegation. The decision tree identified the need to establish a more structured work system through HRM practices that could support clearer task distribution and delegation. The intervention aimed to establish clearer roles, responsibilities, authority, and coordination mechanisms, enabling delegation to be implemented more systematically.

The intervention began with the development of job analysis based on interview and observation findings. A core process map was first developed to map the company's 18 core business process activities, followed by an Activity–Role Mapping to identify the activities performed by each position. The resulting information was then used to develop job analysis outputs in the form of Job Description and Job Specification for each position. These outputs provided the basis for subsequent job design and delegation planning. The job design stage then examined opportunities to improve the distribution and structure of work across existing positions. Activity Distribution Mapping was conducted to identify the distribution of activities and potential opportunities for task delegation. The roles and responsibilities associated with these activities were subsequently clarified using

a RASCI matrix. Job design focused on identifying opportunities for job enlargement and job enrichment without creating new positions, based on organizational needs and the existing work structure.

The identified delegation opportunities were then aligned with employee competencies through Delegation Competency Alignment. This step compared the competencies required for the identified activities with the competencies of employees to determine suitable positions for assuming additional responsibilities. The combination of activity distribution, role and responsibility mapping, and competency alignment provided the basis for developing the delegation task plan.

TASK	GM	Admin	Opr.	Ware.	Logistic	GM	Admin	Opr.	Ware.	Logistic
Quotation	●	○				△	●			
Order Review & Confirmation	●	○	○	○		△	○	●	○	
Delivery Preparation & Document	●	○	○			△	●	○		
Collecting of Goods	○			●		△			○	●
Inventory Control	●		○	○		△		○	●	
Payment Monitoring	●					●	○			
Store Coordination & Customer Service	●	○	○			△	●	○		
Total Task = 7	BEFORE					AFTER				

Figure 3. Task Delegation Plan

The delegation mechanism was designed to facilitate the gradual transfer of responsibilities according to the characteristics of each operational activity. Its development was guided by three principles:

- Selection of delegable tasks. Tasks were selected based on their level of standardization, work complexity, operational risk, and the extent to which owner involvement remained necessary for decision-making.
- Clear role distribution. Responsibilities were clearly distributed through the designation of Person in Charge, Support, Approval, Consultant, and Informed roles, thereby clarifying authority and coordination for each operational activity.
- Gradual delegation. Owner involvement was intentionally maintained in activities involving higher operational risks or business judgment and was progressively reduced as employee capability and process stability improved. The resulting delegation plan specified the planned changes in responsibility for each selected task and served as the basis for implementation.

The taking action stage involved the gradual implementation of the seven selected tasks within daily operations. During the initial implementation period, the owner provided close supervision and guidance before gradually reducing involvement as employees became more capable of independently performing their assigned responsibilities. Implementation was monitored across the seven selected tasks, resulting in tasks that were fully implemented, partially implemented, or postponed according to operational readiness and implementation constraints. Throughout the process, the researcher and owner conducted continuous monitoring and reflection during each Action Research cycle to refine the intervention according to emerging organizational needs.

To evaluate the intervention, three operational performance indicators were selected: average order lead time, order error rate, and owner working hours. These indicators represent three expected outcomes of the intervention: operational efficiency, work quality, and the degree of owner involvement in operational activities. Changes in these indicators were therefore used as the basis for the before-and-after comparison discussed in Section 3.2.

Table 1. Delegation Implementation Results

Task	Result
Quotation	Partial
Order Review & Confirmation	Postponed
Collecting of Goods	Implemented
Inventory Control	Postponed
Payment Monitoring	Postponed
Store Coordination & Customer Service	Implemented

Overall, the implementation results indicate that successful delegation depended not only on employee readiness but also on work complexity and the maturity of supporting work systems.

- Implemented. Delivery Preparation & Document, Collecting of Goods, and Store Coordination & Customer Service were successfully delegated because these activities followed relatively standardized workflows with clearly defined responsibilities. The HRM practices developed during the intervention enabled these tasks to be standardized, allowing owner involvement to decrease progressively after an initial adaptation period.
- Partial. In the Quotation process, administrative responsibilities were successfully delegated; however, pricing decisions continued to require owner approval because of substantial product price variations and

business considerations. This finding suggests that establishing role clarity alone is insufficient when decision-making authority remains highly centralized.

- c. Postponed
- d. Order Review & Confirmation, Inventory Control, and Payment Monitoring were not implemented during this cycle because they required further refinement of business processes, supporting information, and organizational capacity. Consequently, these activities were identified as priorities for subsequent Action Research cycles.

Overall, the findings demonstrate that the developed HRM practices established a more structured operational foundation to support delegation. Nevertheless, implementation success remained contingent upon task characteristics, business process readiness, and the organization's capacity to gradually redistribute responsibilities. These findings are consistent with previous studies suggesting that effective delegation depends not only on role clarity but also on organizational readiness and the gradual transfer of authority.

3.1.3. Implementation Results

The evaluating action stage was conducted to assess the initial outcomes of the implemented HRM practices. The evaluation focused on two aspects: changes in work design through the implementation of delegation and changes in operational performance following the intervention. These two aspects were examined to determine whether the developed HRM practices had begun to support delegation while producing initial changes in the company's operational processes.

Table 2. Delegation Transformation

Indicator	Before	After
Owner Involvement Ratio (%)	72.2%	50%
Delegated Tasks	27.8%	50%
a. Owner Involvement Ratio was measured by the reduction in the number of owner responsibility indicators (●).		
b. Delegated Tasks were measured by the replacement of owner responsibility indicators (●) with indicators (Δ)		

The first observable change occurred in the company's work design through the implementation of delegation. As presented in Table 2, the Owner Involvement Ratio decreased from 72.2% to 50%, indicating that the number of core business tasks requiring direct owner involvement declined from 12 to 9 tasks. At the same time, the proportion of Delegated Tasks increased from 27.8% to 50%, representing an increase from five to eight tasks that could be performed by employees. These findings indicate that the developed HRM practices began to support a more distributed allocation of operational responsibilities and reduce direct owner involvement in day-to-day activities.

Nevertheless, these changes do not suggest that all operational activities could be fully delegated. Several tasks continued to require direct owner involvement, particularly those involving business judgment, validation, and strategic decision-making. Therefore, this transformation should be interpreted as the establishment of an initial foundation for delegation, rather than as evidence of complete transfer of operational responsibilities. Its implications were subsequently examined through changes in operational performance.

Operational performance was evaluated using a before-and-after comparison of three indicators: Order Error Rate, Average Order Lead Time, and Average Response Time. These indicators were selected because they represent process quality, operational efficiency, and service responsiveness, which were used to assess early operational changes following the implementation of the HRM practices and delegation mechanism. The analysis was based on 268 operational records, including purchase orders, delivery orders, and customer communication records documented through Gmail.

Table 3. Early Operational Performance

Indicator	Before	After
Order Error Rate (%)	5.7%	6.3%
Avg. Order Lead Time (day)	9.4d	8.1d
Avg. Response Time (hours)	59.3h	30.8h

The evaluation results indicate that the effects of the intervention were not reflected uniformly across all operational performance indicators. Average Order Lead Time decreased from 9.4 to 8.1 days, indicating a shorter order completion process than before the intervention. The most substantial improvement was observed in Average Response Time, which declined from 59.3 to 30.8 hours, suggesting that clearer work allocation and coordination coincided with improved responsiveness to customers. In contrast, the Order Error Rate increased slightly from 5.7% to 6.3%, indicating that the transition to a new division of responsibilities did not yet result in improved process accuracy.

Overall, these findings suggest that the implemented HRM practices began to improve operational efficiency and responsiveness, although improvements were not yet consistent across all performance indicators. This pattern indicates that the organization remained in a transitional stage, where a more structured work system had started to emerge while employees and the owner were still adapting to new roles, responsibilities, and coordination mechanisms.

The quantitative findings were further supported by the owner's evaluation. According to the owner, the primary benefit of the intervention was not an immediate improvement in business performance but the establishment of a more structured work system. Clearer role definitions and responsibilities reduced the owner's direct involvement in several operational activities, allowing greater attention to be directed toward strategic responsibilities. Nevertheless, several activities continued to require owner validation and decision-making, indicating that the delegation process remained in the adaptation stage and required further refinement.

Overall, the implementation results demonstrate that the developed HRM practices were accompanied by early improvements in operational efficiency and responsiveness. Although their impact on operational performance remained partial, the findings indicate that the organization had begun transitioning toward a more structured work system with reduced direct operational involvement of the owner in selected activities. The implications of these findings are discussed in the following section.

3.2. Discussion

3.2.1. Theoretical & Practical Implications

This study demonstrates that developing Human Resource Management (HRM) practices in MSMEs extends beyond administrative functions and serves as a foundation for establishing work systems that support effective delegation (Harney & Alkhalaf, 2021). Through the development of structured job analysis, job design, and delegation mechanisms, the company established greater clarity regarding task allocation, responsibilities, authority, and coordination. As a result, operational knowledge that had previously resided primarily with the owner became more systematically documented and could be executed more consistently by employees (Meurs et al., 2025). These findings support the view that contextualized HRM practices contribute to building organizational capacity, particularly within informal business environments, rather than merely managing routine human resources (Sampe, 2023; Ho et al., 2024).

These findings also suggest that high operational dependency on the owner in small businesses is not merely a leadership issue, but is fundamentally rooted in the lack of structured work designs (Harney & Alkhalaf, 2021). Although delegating tasks represents a direct approach to reducing owner workload, effective delegation remains contingent upon the readiness of the company's work systems. MSMEs operating with informal management practices often struggle to distribute authority and responsibility consistently because they lack structured roles and documented processes to support task execution (Mathebula & Barnard, 2020). Therefore, developing foundational HRM practices such as job analysis and job design is essential to establish appropriate work structures and clear role boundaries before authority can be effectively distributed (Majid et al., 2023).

The evaluation also revealed that improvements in operational performance did not occur uniformly across all indicators, suggesting that organizational transitions occur gradually and require an adaptation phase (Gu et al., 2023). In this study, quantitative results showed a 48% improvement in response time (from 59.3 to 30.8 hours), though the order error rate rose slightly from 5.7% to 6.3% due to transition friction. These outcomes are corroborated by semi-structured interviews analyzed through thematic analysis, which revealed four core themes: Impact of Delegation, Role Clarity, Implementation Constraints, and Organizational Capacity & Sustainability Factors (Meurs et al., 2025). Furthermore, establishing structured processes is a critical prerequisite for successful technology adoption, such as HRIS (Wilma & Booshnam, 2025). Ultimately, full adaptation requires ongoing process refinement and continuous learning (Afriyie et al., 2024).

From a methodological perspective, the Action Research approach enabled diagnosis, implementation, evaluation, and reflection to be conducted collaboratively, allowing interventions to be contextually refined according to actual organizational needs (Coghlan & Brannick, 2014). This collaborative cycle successfully bridged the gap between conceptual work design and the practical constraints of small businesses, demonstrating that participatory action learning is vital for overcoming transition friction and establishing a solid foundation for structured delegation (Zuber-Skerritt, 2015).

3.2.2. Contribution and Limitations

This study offers an empirical and practical contribution by illustrating how foundational HRM practices can be contextually developed in informal MSMEs. Rather than proposing complex theories, it provides actionable insights showing that job analysis, job design, and structured delegation serve as a practical starting point to reduce owner dependency without disruptive restructuring.

This study is limited to a single B2B MSME and a short active implementation period of one month, reflecting only short-term outcomes. Furthermore, three methodological limitations must be noted: (1) several planned tasks (e.g., payment monitoring) were postponed due to capacity constraints; (2) collective Focus Group Discussions (FGDs) could not be conducted due to the partner's busy schedule; and (3) no quantitative

workload analysis was performed, relying instead on qualitative assessment of task-shifting. Future research should employ longitudinal designs across diverse MSMEs to evaluate long-term sustainability.

3.2.3. Sustainability Recommendations

As an iterative approach, Action Research views organizational change as a continuous, evolutionary process rather than a one-time event. Given the brevity of the active implementation cycle, the established work system must be treated as the initial building blocks of a structured system rather than a finished product. Accordingly, to prevent the fading of initial benefits and a reversion to owner-centric routines, long-term commitment and continuous improvement are essential. Based on the findings and aligned with the top recommendations of the final project evaluation, three priority recommendations are proposed to support the sustainability of organizational change in the long run:

- a. Maintaining HRM Practices and Delegation Consistency: Consistently apply job analysis, job design, and delegation. The owner and staff should conduct regular review meetings to address bottlenecks and gradually expand the delegation scope.
- b. Strengthening and Reorienting the Owner's Strategic Role: Channel the reduced operational workload into strategic business development, financial modeling, and B2B client relations to build long-term capacity.
- c. Strengthening and Reorienting the Owner's Strategic Role: Channel the reduced operational workload into strategic business development, financial modeling, and B2B client relations to build long-term capacity.

4. CONCLUSION

This study demonstrates that the primary challenge faced by the partner company was fundamentally rooted in the absence of a structured and clear work design, rather than just the owner's leadership style. Using an Action Research approach, foundational Human Resource Management practices were developed through job analysis, job design, and formal delegation mechanisms to establish a structured operational system. The implementation resulted in clearer role clarity, improved task distribution, and reduced operational dependence on the owner, providing a solid basis for organizational professionalization. While the evaluation of operational performance indicated mixed results. Reflecting significant initial improvements in responsiveness but a slight increase in error rates due to transition friction. It underscores that organizational change in MSMEs is a gradual process of adaptation. Ultimately, this study confirms that establishing foundational, contextual HRM practices provides informal small businesses with the structural readiness required to transition away from owner-centric bottlenecks toward scalable, long-term growth.

ACKNOWLEDGEMENTS

The authors would like to express their sincere gratitude to CV Sinar Teknik Perkasa for its cooperation, participation, and openness throughout this Action Research project. The authors also gratefully acknowledge the supervisors from Politeknik Negeri Bandung for their valuable guidance and constructive feedback, which greatly contributed to the completion of this study.

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