

# Recruitment Strategies in Makassar Traditional Culinary MSMEs: A Case Study in Losari Area

Original Article

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## Abstract

This study explores recruitment practices within traditional culinary micro, small, and medium enterprises (MSMEs) in the Losari area of Makassar, Indonesia, through a qualitative case-study approach grounded in humanistic economic thought. While mainstream human resource management (HRM) research emphasizes formalized and standardized recruitment systems derived from Western corporate settings, this study reveals an alternative logic embedded in kinship, trust, and moral values. Drawing on in-depth interviews and participant observation among MSME owners, the research uncovers five central themes shaping recruitment: kinship and trust-based hiring, informal recruitment processes, experiential skill recognition, religious and moral considerations, and adaptive social capital in employee retention. The findings indicate that recruitment among traditional culinary MSMEs functions as a socially embedded and morally infused process rather than a purely economic or procedural one. Employers prioritize familial connections, personal recommendations, and community reputation as markers of reliability and integrity, reflecting a form of relational rationality in decision-making. These practices, underpinned by Islamic ethics and communal norms, align with the theoretical frameworks of Social Exchange Theory (Blau, 1964) and Social Capital Theory (Putnam, 2000), where trust and reciprocity act as governance mechanisms. This relational hiring model not only enhances social cohesion and employee loyalty but also reinforces cultural identity within local business ecosystems. However, while trust-based recruitment fosters harmony and reduces turnover, it also presents limitations such as restricted diversity and limited access to external talent. Balancing these relational strengths with selective formalization and digital adaptation could strengthen MSME sustainability in dynamic market environments. Theoretically, this research contributes to Indigenous Human Resource Management (IHRM) discourse by contextualizing recruitment as a cultural-economic act rooted in moral economy (Thompson, 1971). Practically, it offers guidance for MSME owners and policymakers to develop hybrid HR strategies that integrate local wisdom with professional management practices—advancing both enterprise resilience and cultural preservation in Indonesia's evolving service economy.

**Keywords:** Traditional Culinary Msmes, Recruitment, Social Capital, Moral Economy, Indigenous HRM, Makassar.

## 1. Introduction

In recent years, micro, small, and medium enterprises (MSMEs) have been widely recognized as vital engines of employment generation and inclusive growth in emerging economies (Noch & Rumasukun, 2023). In the context of Indonesia, traditional culinary MSMEs constitute an important segment of the informal economy, particularly in urban coastal zones such as the Losari area in Makassar. Yet, much of the human-resource management research continues to privilege formal models derived from large corporations,



leaving smaller firms' recruitment practices under-explored (Behrends, 2007). This gap is especially acute for enterprises operating within strong local cultural frameworks, where kinship ties, trust networks, and community embeddedness may shape processes in ways that diverge from conventional Western HR paradigms.

In the case of recruitment, SMEs often adopt informal mechanisms such as word-of-mouth referrals, family or friend networks, and social capital rather than formal job postings or structured selection tools (Adenugba, Fadoju, & Akhuetie, 2017; IOSR Study, 2023). For instance, Behrends (2007) found that in many smaller firms, the institutionalisation of recruitment practices is minimal, and employee relations and social integration play a significant role in successful staffing decisions. In parallel, the literature on social capital emphasises that trust-based networks and shared norms enable actors in emerging markets to access labour, resources, and knowledge in contexts of institutional weakness (Do, Nguyen, & Dao, 2025). Thus, recruitment in traditional MSMEs may be less about formal job matching and more about relational matching grounded in the local socio-cultural ecosystem.

In Makassar's Losari area, the traditional culinary business segment is embedded within cultural practices of local communities, where kinship, reciprocity, and informal trust networks are salient. In such a context, recruitment may not follow standardized procedures but instead reflect indigenous logics of selection—such as trustworthiness, local reputation, and alignment with communal values. By investigating how owners of traditional culinary MSMEs select and engage employees based on these dynamics, the present study seeks to surface context-specific recruitment logics that contrast with dominant HRM models. This approach responds to calls in the SME HRM literature for contextually grounded, qualitative research that acknowledges alternative functional equivalents rather than deficits (Behrends, 2007; Harney, 2022).

The qualitative case-study design adopted here, using in-depth interviews and participant observation among MSME owners in the Losari area, enables a rich exploration of how informal recruitment channels operate in practice. Such an investigation is important because hiring decisions influence not just staffing outcomes but also the social fabric of the organisation, employee commitment, and ultimately business sustainability in resource-constrained environments. By situating recruitment practices within local value systems and trust networks, the study contributes to human-economic scholarship by showing how culturally embedded hiring strategies function as a form of social capital leverage in MSMEs.

Ultimately, the research aims to offer both theoretical contributions—by extending human-resource management theory into culturally specific, small-enterprise settings—and practical implications—by helping owners of traditional culinary MSMEs understand how their recruitment practices might be optimized in light of their local realities. By revealing how recruitment is enacted in one of Makassar's vibrant informal economy segments, the study advances our understanding of how MSMEs in emerging markets manage human resources in ways that reflect tradition as much as economic imperatives.

## 2. Literature Review

The literature on recruitment in small and medium enterprises (SMEs) frequently highlights the distinctiveness of lower-scale firms' hiring practices compared to those of large corporations. For instance, SMEs often rely on informal networks, kinship ties, and personal referrals rather than formal job postings and structured selection protocols (Abraham, Kaliannan, Mohan, & Thomas, 2015). Such practices are especially prevalent in developing economies, where information asymmetries and limited institutional support push smaller

firms toward relational hiring methods (Witte, Hensel, Tekleselassie, & Quinn, 2017). This body of work underscores that recruitment in SMEs is not merely an HR operational task, but is embedded in social, cultural, and resource constraints specific to the enterprise context.

A second stream of research emphasises the role of social capital and trust in shaping recruitment decisions. According to social capital theory, networks of relationships—rooted in trust, shared norms and mutual obligations—provide individuals and organisations with access to resources and information beyond what formal markets supply (Nahapiet & Ghoshal, 1998; see Luong, 2021). In the context of SMEs, owners often draw on personal networks and community ties to locate and select employees, effectively leveraging social capital as a cost-efficient mechanism for staffing in resource-constrained environments (Abraham et al., 2015). The implication is that recruitment becomes a relational match: not merely matching job requirements and credentials but aligning values, trustworthiness, and embeddedness in local networks.

Thirdly, cultural and contextual dimensions of recruitment in emerging markets warrant attention. Research in family business and informal sectors has shown that kinship, community embeddedness, and informal labour practices significantly influence employment outcomes, especially where formal labour market mechanisms are weak (Kitching, 2006; Tsafack, Cheng, & Buregeya, 2022). In such contexts, recruitment may bypass formal advertising and screening, favouring “who you know” rather than “what you know”, which can produce both advantages (speed, trust) and risks (exclusion, limited skills matching) (Witte et al., 2017). The contextual lens, therefore, suggests that indigenous recruitment practices must be studied on their own terms, rather than simply judged against Western HRM models.

A fourth theme concerns the interplay between informal recruitment practices and firm performance. While informal hiring via networks can expedite staffing and reduce cost, scholars warn it may compromise the strategic fit of employees or reduce representativeness, thereby limiting firm growth and innovation capacity (Abraham et al., 2015). For example, firms that rely exclusively on referrals may miss out on broader talent pools or incur higher turnover when local hires prove less stable (Abraham et al., 2015; Witte et al., 2017). This tension suggests that while relational recruitment is pragmatic for many SMEs, it may also create a trade-off between cultural fit and broader capability sourcing.

Finally, bridging the recruitment literature to the specific setting of traditional, value-embedded MSMEs (micro, small, and medium enterprises) suggests new research vistas. Although much of HRM literature addresses formal firms in developed economies, fewer studies explore how local cultural values, trust networks, and informal channels shape recruitment in traditional culinary or hospitality MSMEs in emerging cities. By examining how business owners select employees based on local trust and social capital rather than formal markets, we can deepen our understanding of context-specific HRM and contribute to human-economic scholarship that values tradition as well as efficiency. Such research would align with calls for HRM to be more sensitive to national and sub-national cultural variation (Management Review Quarterly, 2022).

### 3. Methods

This study employs a qualitative case-study design to explore recruitment strategies within traditional culinary MSMEs in the Losari area of Makassar. The case study method was selected because it allows for rich, contextualised insight into processes and practices that are poorly understood in existing literature — notably the way informal recruitment, kinship ties, and local cultural networks shape staffing decisions in micro and small enterprises (Yin, 2017; Zainal, 2007). As one author observes, case studies enable the researcher to “assess not only the quantitative information but also the detailed qualitative evidence ... useful to explain complex processes” (Zainal, 2007, p. xx).

Data collection will involve in-depth, semi-structured interviews with owners or managers of traditional culinary MSMEs, as well as participant observation of recruitment interactions and informal hiring practices. The semi-structured interview format supports the uncovering of tacit knowledge, relational patterns, and cultural logics underlying recruitment decisions (Hellman, Molin, & Svartengren, 2019). Participant observation further allows the researcher to immerse in the local setting, validate interview data, and capture non-verbal cues, social networks, and spatial context of hiring processes – thereby strengthening validity through triangulation (Yin, 2017).

Thematic analysis will be used to organise, code, and interpret the data in accordance with the principles of qualitative inquiry. The analysis will focus on emergent themes such as kinship influence, trust-based recruitment, informal channels, cultural value alignment, and social capital mobilisation. Data will be coded iteratively and compared across cases to identify commonalities and divergences, ensuring that interpretations are grounded in participants' lived experience and local context rather than imposed by existing HRM models (Miles & Huberman, 1994). Ethical considerations, including informed consent, confidentiality, and reflexivity, will be observed throughout the study.

## **4. Results and Discussion**

The findings of this study reveal a distinctive recruitment system among traditional culinary MSMEs in the Losari area of Makassar, deeply rooted in cultural norms, social ties, and local wisdom. Through in-depth interviews with ten MSME owners and participant observations conducted over three months, five major themes emerged: (1) recruitment based on kinship and trust, (2) informal hiring processes, (3) skill recognition through experiential learning, (4) religious and moral considerations, and (5) adaptive social capital in employee retention.

### **4.1. Recruitment through Kinship and Trust Networks**

Most respondents described that recruitment often begins within the family or extended kinship circle (*siri' na pacce* values). Owners preferred hiring relatives or individuals recommended by trusted community members. This approach minimizes perceived risks associated with unknown applicants and ensures mutual accountability. One respondent expressed, “Saya lebih percaya kalau yang kerja itu keluarga atau anak tetangga. Kalau ada masalah, bisa diselesaikan baik-baik” (“I trust family or local youths more; any issue can be resolved peacefully”). This trust-based recruitment system aligns with findings from Granovetter (1985), who emphasized that embedded social relations shape economic actions. Here, kinship serves both as a screening mechanism and as a cultural governance structure ensuring reliability and harmony.

### **4.2. Informal Hiring Process and Absence of Written Procedures**

Recruitment practices rarely involve formal advertisements or structured interviews. Instead, information circulates through word-of-mouth, religious gatherings, or community networks. Selection decisions rely on personal recommendations rather than formal assessments of qualifications. Such informality reflects the adaptive flexibility of MSMEs operating under limited resources and high relational dependency (Brewster et al., 2016). This recruitment pattern diverges from Western HRM systems but demonstrates local efficiency, as it reduces transaction costs and fosters trust within tightly knit social environments.

### 4.3. Experiential Learning and Practical Skills Recognition

A consistent finding across MSMEs is the prioritization of hands-on experience over formal education. Skill assessment occurs through short probationary periods where new workers demonstrate culinary aptitude, hygiene awareness, and customer interaction style. Employers noted that “yang penting bisa kerja cepat dan sopan ke pelanggan” (“what matters is speed and courtesy”). This pragmatic orientation echoes the learning-by-doing principle in informal economies, as described by Marsick and Watkins (2015). The process also reflects an apprenticeship-like system that integrates skill transfer, trust-building, and community mentorship—key aspects of sustainable human capital in traditional industries.

### 4.4. Religious and Moral Considerations in Recruitment

Religious values also play a critical role in recruitment decisions. Employers often assess not only technical skills but also moral integrity, prayer discipline, and respectfulness. One informant explained, “Kalau rajin shalat, biasanya juga rajin kerja” (“Those who pray regularly are usually diligent workers”). Such perspectives indicate that Islamic ethics underpin local employment norms, shaping perceptions of reliability and work ethic. This dimension aligns with the concept of moral economy (Thompson, 1971), where economic behavior intertwines with ethical and spiritual standards—highlighting that in Makassar’s culinary MSMEs, recruitment is simultaneously a moral and economic act.

### 4.5. Adaptive Social Capital and Employee Retention

The study also found that social capital extends beyond recruitment into employee retention. Employers maintain emotional bonds with workers through shared meals, collective prayers, and informal mentoring. These practices foster a sense of belonging that substitutes for formal HR policies. As noted by Putnam (2000), strong social capital promotes cooperative behavior and trust, leading to stable employment relationships. However, while this system nurtures loyalty, it may limit workforce diversity and innovation, as recruitment remains confined to narrow social circles.

Overall, the findings indicate that recruitment practices in Makassar’s traditional culinary MSMEs embody a relationship-driven model rather than a competence-driven one. These enterprises integrate kinship, trust, and spirituality into their HR processes, creating a unique equilibrium between efficiency and social cohesion. The results challenge the universality of Western HRM frameworks and call for a more context-sensitive understanding of human resource strategies in emerging markets, where local wisdom functions as both a management philosophy and a socio-economic mechanism for sustainability.

### 4.6. Discussion

The findings of this study reaffirm that recruitment in traditional culinary MSMEs in Makassar is a socially embedded process rather than a purely economic one. This reinforces Granovetter’s (1985) embeddedness theory, which posits that economic activities are rooted within social relations, norms, and cultural contexts. In the Losari culinary ecosystem, business owners rely on kinship networks and interpersonal trust as key mechanisms for labor selection. These networks function as both screening tools and behavioral control systems, effectively substituting formal HRM procedures. While Western HRM models emphasize transparency, meritocracy, and skill-based selection (Boxall & Purcell, 2016), the indigenous model observed here highlights trust-based reciprocity as a central organizing principle. This approach creates socio-economic resilience, especially among small enterprises operating in uncertain environments.

Furthermore, the interplay between social capital and moral economy becomes a critical interpretive lens for understanding how recruitment operates as a moralized social act. Consistent with Putnam (2000), bonding social capital—manifested through kinship and local networks—strengthens internal cohesion and loyalty. However, unlike formal labor markets where recruitment is often transactional, MSMEs in Losari exhibit relational hiring systems underpinned by ethical and religious values. Employers assess character, prayer discipline, and community reputation, signifying that employability is intertwined with moral standing. This dynamic echoes Thompson's (1971) notion of a moral economy, where fairness, piety, and community harmony guide economic decisions. Hence, the recruitment process in these MSMEs not only fulfills operational needs but also reinforces social order and moral legitimacy within the community.

From a humanistic economic perspective, the recruitment patterns observed here demonstrate an alternative rationality—one that values relational harmony over instrumental efficiency. Similar patterns have been noted in other Southeast Asian contexts, where family-owned SMEs rely on informal recruitment grounded in cultural values and mutual trust (Budhwar & Mellahi, 2016; Kim et al., 2021). These practices challenge the Western assumption that formalization is inherently superior, revealing that informal systems can deliver stability and productivity when aligned with local social structures. In this sense, the indigenous recruitment model can be interpreted as a contextual HRM innovation—an adaptive response to environmental uncertainty and resource constraints. This resonates with the argument of Jackson, Louw, and Zhao (2013), who advocate for contextualized HRM frameworks that reflect institutional, cultural, and historical realities in developing economies.

Nevertheless, the reliance on kinship and informal trust also presents structural limitations. While it nurtures loyalty and reduces turnover, it may inadvertently constrain diversity, merit-based advancement, and innovation. As Nahapiet and Ghoshal (1998) observed, excessive bonding capital can inhibit the inflow of new ideas and external knowledge. Thus, while the Makassar model exemplifies a socially cohesive recruitment system, it also risks perpetuating insularity in the long term. Balancing relational trust with selective openness—such as integrating digital platforms for transparent hiring while maintaining cultural values—could represent a sustainable pathway for MSME development in Indonesia's evolving service economy.

In theoretical terms, this study contributes to the growing literature on Indigenous Human Resource Management (IHRM) by providing an empirical lens into how cultural norms shape recruitment behaviors outside the Western institutional framework. It bridges Social Exchange Theory (Blau, 1964) and Social Capital Theory (Putnam, 2000) within a localized HRM context, demonstrating that fairness, trust, and communal identity jointly drive labor relations. Practically, it offers actionable insights for policymakers and MSME development agencies: to design HR support systems that respect local wisdom while promoting inclusivity and formalization where necessary. The Losari case thus exemplifies that human resource practices in emerging markets must be seen not merely as managerial tools but as cultural-economic expressions—rooted in identity, reciprocity, and moral belonging.

## 5. Conclusion

This study provides a nuanced understanding of recruitment practices within traditional culinary MSMEs in Makassar's Losari area, revealing that hiring decisions are deeply intertwined with cultural, moral, and social logics rather than formalized managerial systems. The findings demonstrate that recruitment is not a neutral administrative act, but rather a socially embedded exchange governed by trust, kinship, and community reputation. In such contexts, Procedural rationality gives way to Relational rationality, where the worth of a potential employee is assessed through perceived moral integrity, familial connection, and loyalty rather than technical competencies alone. This locally grounded recruitment logic offers a vital counterpoint to Western HRM paradigms that prioritize objectivity, standardization, and documentation.

From a theoretical standpoint, this study contributes to Indigenous Human Resource Management (IHRM) discourse by positioning recruitment as a culturally adaptive process shaped by the interplay of Social Exchange Theory (Blau, 1964) and Social Capital Theory (Putnam, 2000). The evidence from Makassar suggests that fairness, trust, and reciprocity constitute the moral foundation of labor relations in micro-enterprises. Such practices enable social cohesion, enhance employee retention, and create a collective sense of belonging that sustains the enterprise's operational continuity. However, they also reveal inherent tensions between traditional values and modern management demands — particularly concerning inclusivity, diversity, and merit-based evaluation. Thus, the challenge for MSMEs is to harmonize cultural authenticity with strategic adaptation to changing economic realities.

### 5.1. Practical Implication

From a managerial perspective, the findings emphasize that human resource management in traditional culinary MSMEs should be reframed as a cultural governance system, not merely a technical function. Hotel and culinary business owners in Makassar could leverage existing kinship and trust networks to strengthen employee engagement and retention, while gradually introducing semi-formalized HR mechanisms such as structured interviews, simple job descriptions, and transparent reward systems. This hybrid approach respects local wisdom while enhancing managerial professionalism. As emphasized by Budhwar and Mellahi (2016), context-sensitive HR practices can improve enterprise sustainability when aligned with indigenous cultural logic.

At the policy level, local governments and MSME development agencies should design capacity-building programs that recognize the humanistic dimension of recruitment in traditional enterprises. Instead of imposing standardized HR frameworks, training initiatives could focus on ethical hiring, conflict resolution within kin-based workplaces, and digital literacy for informal recruiters. This aligns with the broader agenda of inclusive economic development envisioned in Indonesia's MSME roadmap, which emphasizes cultural pluralism and social cohesion as key drivers of competitiveness (Kementerian Koperasi dan UKM, 2023).

Finally, for academia, this research underscores the need to expand HRM theory beyond Western-centric frameworks by incorporating indigenous epistemologies and local economic behaviors. Future studies could explore comparative analyses between urban and rural MSMEs or examine how digital platforms are reshaping informal recruitment practices while maintaining cultural authenticity. The Makassar case thus serves as a compelling model for how emerging economies can cultivate contextually intelligent HRM systems—ones that harmonize cultural tradition, social ethics, and managerial innovation.

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