

Transaction-Based Recruitment in East Cirebon Industrial Area: A Thematic Analysis of Factors Driving Illicit Fee Practices in Labor Hiring

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Article Info

Article history:

Received May, 2026

Revised May, 2026

Accepted May, 2026

Keywords:

Transactional Recruitment

Thematic Analysis

Labor Market Imbalance

Institutional Ethics

Power Relations

ABSTRACT

The industrial development of East Cirebon has generated significant employment opportunities, yet has also given rise to a persistent informal phenomenon: illicit payments — known colloquially as *suap* or bribery — made to individuals claiming affiliation with company HR departments in order to secure employment. This study investigates the factors driving transaction-based recruitment practices in the East Cirebon industrial area, despite formal recruitment mechanisms regulated by both companies and the Regional Manpower Office (Disnaker). Employing a qualitative approach with thematic analysis (Braun & Clarke, 2006), four informants participated: one HR leader (HR-01) and three production workers (TK-01, TK-02, TK-03). Analysis generated four core themes: (1) dualism of formal-informal recruitment mechanisms; (2) structural drivers of transactional practices; (3) power relations among key actors; and (4) ethical perception and resistance to normalization. Key findings indicate that these practices are not caused by the absence of regulation, but by structural loopholes in their implementation, exacerbated by a severe labor supply-demand imbalance (ratio 1:10), economic pressures on both sides of the transaction, and community-level social norms. Policy recommendations are offered for companies, the Manpower Office, and future researchers.

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1. INTRODUCTION

The East Cirebon industrial zone has expanded considerably over the past decade, with the entry of large-scale manufacturing and garment companies. Studies have shown anomalous and regressive patterns in labor absorption across Indonesia's manufacturing subsectors, where investment growth does not proportionally translate into employment [14]. According to BPS Kabupaten Cirebon [1], this growth has created substantial demand

for labor from the surrounding community, particularly individuals of working age. However, alongside this expansion, a distortion in the formal labor recruitment process has emerged: the practice of *recruitment fee* colloquially known as bribing individuals claiming HR affiliation to secure employment. This phenomenon is reported not as isolated incidents but as a structured, recurring pattern in the area.

This problem is particularly significant given that Indonesia's formal labor recruitment framework is well-established. *Act No. 13 of 2003 on Manpower* [11], together with implementing regulations and the coordination role of the Disnaker (Regional Manpower Office), sets clear standards for transparent, merit-based hiring. Yet in practice, these formal mechanisms appear insufficient to prevent the persistence of transactional recruitment.

This study analyzes, through a qualitative and thematic lens, the multi-layered factors that enable and sustain transaction-based recruitment practices. Understanding these root causes is a prerequisite for designing more effective policy interventions. The research is structured around two questions: (1) How does the formal recruitment mechanism operate at the field level? and (2) What factors drive the persistence of transaction-based recruitment?

2. LITERATURE REVIEW

2.1 *Formal Recruitment and Institutional Loopholes*

Formal labor recruitment in industrial organizations ideally follows *merit-based selection* principles where hiring is grounded in qualifications, competency, and selection performance. Dessler [4] describes a standardized process encompassing workforce planning, vacancy publication, administrative screening, competency testing, interviews, and medical examination — consistent with the provisions of *Act No. 13 of 2003 on Manpower* [11].

However, institutional scholarship demonstrates that formal procedures do not always reflect actual practice. North [7] distinguishes between *formal institutions* (written rules) and *informal institutions* (unwritten

norms), arguing both can operate in parallel even when they conflict. Ulyssea [24] demonstrates empirically that informality is not monolithic; rather, firms and workers exist along a continuum of formality, and enforcement capacity—not merely the existence of regulation—determines which side of the divide they occupy. North [23] further elaborates that the gap between formal rules and actual behavior is not simply a transitional phase but a structural feature of societies undergoing rapid economic change, where informal constraints evolve more slowly than formal ones. The gap between them creates space for opportunistic behavior, where actors exploit their structural position within the system for personal benefit.

2.2 *Clientelism and Labor Market Queue Theory*

Where resource exchange occurs, employment access in return for payment outside official channels, the phenomenon can be analyzed through the framework of *clientelism*. Hilgers [5] defines clientelism as an asymmetric exchange relationship in which a *patron*, who controls access to a valued resource, provides that access to a *client* in exchange for a countervailing benefit. From a managerial perspective, Muehlberger et al. [16] demonstrate that recruiting managers often face institutional pressure to accommodate communal favoritism, developing coping strategies that decouple formal decisions from actual selection outcomes. Kim [22] found through multilevel analysis across East

Asian countries that organizational affiliation and network diversity are strong predictors of job search assistance, suggesting that social capital operates systematically rather than randomly in Asian labor markets. In the present context, insiders with access to recruitment channels act as patrons, while job seekers act as clients.

Thurrow's [10] queuing theory of labor markets offers complementary explanatory power: when applicant queues far exceed available vacancies, individuals seek to advance their position through non-formal signals, including financial payment to those who can facilitate acceleration. Kamaruddin [6] further documents how rapid industrial development in rural areas creates social disruptions that strain formal recruitment system capacity, amplifying informal practices.

2.3 *Institutional Corruption and Oversight Deficits*

Pettit [8] introduces the concept of *institutional corruption*, conditions in which individuals within an institution leverage their position for personal gain without dismantling the system's outward facade of legitimacy. Unlike conventional corruption, it operates concealed within formally sound procedures, and is directly correlated with weak internal oversight mechanisms. Scott [9] further illuminates how such practices constitute *hidden transcripts*: concealed from institutional view yet widely understood among field-level actors.

This phenomenon has been documented in the Indonesian context, where Kristiansen and Ramli [12] found that civil service positions were openly traded in hidden market transactions, illustrating how informal payment norms can become embedded within formally structured institutions.

3. METHODS

3.1 Research Approach and Design

This study employs a qualitative approach with an interpretive phenomenological design. This approach was selected as the research aim is to understand the subjective experiences and meanings constructed by actors involved in or observing transaction-based recruitment, not merely to quantify prevalence. Creswell [3] argues that qualitative inquiry is most appropriate when a phenomenon is complex, contextual, and embedded in social dynamics that resist reduction to numerical measurement.

3.2 Thematic Analysis Procedure

Data were analyzed using *thematic analysis* (TA) as formulated by Braun and Clarke [2], conducted across six phases: (1) familiarization with data; (2) generation of initial codes, initial codes were generated following the systematic open-coding procedure outlined by Miles, Huberman, and Saldaña [19], which emphasizes iterative comparison and theoretical sensitivity throughout the analytic process; (3) searching for themes; (4) reviewing themes; (5) defining and naming themes, and (6) producing the report. Braun and Clarke [17] further affirm that TA is a versatile method particularly well-suited for health, social, and organizational research where findings must remain accessible to non-academic stakeholders. TA was selected for its flexibility in accommodating interview data complexity and its capacity to identify cross-informant patterns of meaning.

3.3 Informants and Research Ethics

Four informants were selected through purposive sampling based on two criteria: (a) direct experience with the recruitment process in the East Cirebon industrial area, and (b) voluntary participation. As Campbell et al. [18] argue, purposive sampling is a rigorous and defensible approach in qualitative inquiry

when the research objective is not statistical generalizability but rather analytic depth and contextual richness. To protect informant confidentiality, a coding system is applied throughout; all names and institutional identifiers are anonymized. Data handling follows standard research ethics principles ensuring anonymity, voluntariness, and beneficence.

Table 1. Research Informant Profile

No.	Code	Role / Position	Interview Method	Date
1	HR-01	HR Leader, Garment Company A	In-depth interview (face-to-face)	16 January 2026
2	TK-01	Production Operator, Garment Company A	In-depth interview (face-to-face)	18 January 2026
3	TK-02	Production Operator, Garment Company A	In-depth interview (face-to-face)	18 January 2026
4	TK-03	Production Operator, Manufacturing Company B	In-depth interview (face-to-face)	18 January 2026

Source: Primary Research Data (2026). Names and Institutional Identities Anonymized.

3.4 Data Collection

Primary data were collected through semi-structured in-depth interviews conducted face-to-face. The interview guide was developed around both research questions. Interviews were audio-recorded with informed consent, subsequently transcribed verbatim, and systematically coded.

4. RESULTS AND DISCUSSION

4.1 Thematic Analysis Results

Thematic analysis of interview transcripts produced four primary themes, each encompassing a set of sub-themes and codes. Table 2 presents the resulting thematic map, and Table 3 presents a cross-informant triangulation matrix validating finding consistency.

Table 2. Thematic Map: Themes, Sub-Themes, and Codes

Theme	Sub-Theme	Code	Data Source
1. Dualism of Recruitment Mechanisms	Systematic formal procedure	DMR-01	HR-01
	Informal channel rides formal procedure	DMR-02	TK-01, TK-02, TK-03
	Structural loopholes originate from within the system	DMR-03	HR-01
2. Drivers of Transactional Recruitment	Supply-demand imbalance in labor market	FPT-01	HR-01, TK-01, TK-02, TK-03
	Economic pressure on applicants and internal actors	FPT-02	TK-02, HR-01
	Local social norms and community pressure	FPT-03	HR-01
3. Power Relations Among Actors	Disjunction between formal authority and substantive power	RKA-01	HR-01, TK-01, TK-02, TK-03
	High autonomy without effective oversight	RKA-02	HR-01
4. Ethical Perception and Normalization	Practice not normalized normatively	PEN-01	HR-01, TK-01, TK-02, TK-03

	Shift in perception after employment	PEN-02	TK-01, TK-02, TK-03
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Source: *Thematic Analysis of Primary Data (2026)*.

Table 3. Data Triangulation Matrix Across Informants

Finding / Indicator	HR-01	TK-01	TK-02	TK-03
Formal procedure is implemented	✓	✓	✓	✓
Informal/recommendation channel acknowledged	✓	✓	✓	✓
Aware of or offered recruitment fee	✓	✓	✓	~
Applicant-to-vacancy ratio ≈ 1:10	✓	✓	✓	✓
Department head as key decision-maker	~	✓	✓	✓
Practice not considered normative	✓	✓	~	~
Perception of company changed after knowing	-	✓	✓	✓

Note: ✓ = confirmed; ~ = partial/indirect; - = not relevant or not mentioned.

4.2 Theme 1 – Dualism of Formal and Informal Recruitment Mechanisms

The first theme reveals that formal recruitment procedures in East Cirebon's industrial zone are, in principle, well-systematized. HR-01 described a multi-stage process encompassing Disnaker coordination, digital application forms, vacancy publication via employment platforms, and layered selection comprising HR interview, user interview, and field skills testing. A minimum age of 18 years is enforced, with exceptions requiring written parental consent [11].

Data from the three worker informants indicate, however, that the formal procedure is not the sole active channel. TK-03 explicitly stated entering employment through a recommendation channel, "but still following the formal recruitment process as a formality." This finding resonates with research on Indonesian job seekers showing that recommendation channels systematically advantage certain candidates at the expense of equal access [15]. This points to what this study terms the dualism of mechanisms: the informal channel does not replace formal

procedures but rides atop them as a legitimizing veneer.

"The loopholes are many – from HR or their superiors, [approximately] 90%, from the floor level 10%. If a recommendation brings in 10 people, we cannot detect the presence of a recruitment fee. (HR-01)"

This statement is paradoxical: as the system's manager, the informant acknowledges the system's own inability to detect embedded transactions. This is consistent with Pettit's [8] concept of institutional corruption, abuse that operates within the system without dismantling its external facade. North's [7] formal-informal institutional dualism framework further contextualizes this dynamic.

4.3 Theme 2 – Drivers of Transaction-Based Recruitment Practices

Five factors were identified as synergistically sustaining the persistence of transaction-based recruitment, as summarized in Table 4.

Table 4. Driving Factors of Transaction-Based Recruitment Practices

Code	Driving Factor	Empirical Evidence / Quotation
FPT-01	Supply-demand imbalance (ratio ≈ 1:10)	<i>"68 applicants, only 3 started working" (TK-03); ratio 1:10 confirmed by HR-01, TK-01, TK-02</i>

FPT-02	Economic pressure on applicants and internal actors	"felt they had excess money, so they paid" (TK-02); "the motive is the need for money" (HR-01)
FPT-03	Local social norms and community pressure (village head/kuwu)	"the village head required his residents to be able to work [at the factory]" (HR-01)
FPT-04	Loopholes in internal recommendation policy	"the loopholes are many — from HR or their superiors, 90%" (HR-01)
FPT-05	Weak detection mechanism for informal transactions	"the broker shares commissions with insiders, possibly including HR" (TK-03)

Source: Synthesis of thematic analysis of primary data (2026).

4.3.1 Labor Market Supply-Demand Imbalance

All informants confirmed an applicant-to-vacancy ratio of approximately 1:10. TK-03 cited the most extreme case: from 68 applicants, only three completed onboarding. This condition is consistent with findings by Haedzar P. et al. [13], who documented that labor absorption rates in Java's manufacturing industry are structurally constrained, creating chronic excess labor supply. At the regional level, Quispe Alisyahbana and Anwar [25] confirm that minimum wage, investment volume, and number of industrial units collectively determine labor absorption capacity, factors whose interplay in East Cirebon warrants further attention. This severe imbalance creates acute competitive pressure, consistent with Thurow's [10] queuing theory: when the applicant queue is disproportionately long, individuals seek to advance their position through non-formal signals — including payments to insiders. Kamaruddin [6] similarly documents how rapid industrial expansion in rural areas generates social-structural disruptions that outpace formal system capacity.

4.3.2 Dual Economic Pressure

Economic pressure operates simultaneously on both sides. From the job-seeker side, TK-02 indicated that the perception of having surplus financial capacity motivates individuals to pay for expedited access. From the internal perpetrator side, HR-01 explicitly cited "the need for money" as motivation for accepting illicit payments. This creates a short-term mutually reinforcing ecosystem, consistent

with Hilgers' [5] characterization of clientelism as an asymmetric but mutually reinforcing exchange.

4.3.3 Local Social Norms and Community Pressure

HR-01 disclosed pressure from local community actors—specifically the village head (*kuwu*)—who "required residents to be able to work" at nearby factories. This demonstrates that recruitment is embedded in local social structures and community expectations about employment access. BPS Cirebon [1] data contextualizes this: the area's large working-age population relative to industrial absorption capacity intensifies community-level pressure, and when recommendation channels are not managed transparently, they can evolve into transactional ones.

4.4 Theme 3 — Power Relations and Authority Disjunction

The third theme reveals a tension between formal authority and substantive decision-making power. HR-01 claimed full autonomy for the HR division, yet data from all three worker informants consistently identified the department head (*user*) as the most influential party. This disjunction means HR functions as formal gatekeeper: managing documentation and procedure, while the department head acts as substantive decision-maker. The gap between these roles constitutes a structural space where informal transactions occur without detection. This is consistent with Scott's [9] concept of *hidden transcripts*: practices concealed from institutional view but widely understood among field-level participants.

4.5 Theme 4 — Ethical Perception and Resistance to Normalization

The fourth theme reveals a notable nuance: no informant, from either HR or the worker side, regarded the practice as acceptable or normalizable. HR-01 stated: "It happens a lot, [but] it is not normal, it cannot be normalized. The company does not charge a single cent."

"I was influenced [in my perception], because at first I saw it as a good [company], but after finding out, it turned out the company was not as good as that. I was angry at the individuals who engaged in recruitment fee practices, because it was unfair. (TK-01)"

All three worker informants reported that learning of these practices shifted their perception of the company from positive to skeptical. This normative resistance, rejection of the practice as legitimate even by those who acknowledge its prevalence, suggests that targeted policy intervention retains real potential for change, provided it addresses the underlying structural conditions rather than symptoms alone. Social capital built through online and offline networks significantly shapes not only information access but also the probability of employment success [21].

5. CONCLUSION

This study employed thematic analysis to investigate the factors driving transaction-based recruitment practices in the East Cirebon industrial area. Three principal conclusions are drawn.

First, these practices are not a product of absent regulation, but of structural loopholes within the implementation of

existing rules. Formal procedures function as a legitimizing facade that informal channels ride rather than an effective preventive mechanism. This is consistent with institutional corruption theory [8] and the formal-informal institutional dualism framework [7].

Second, the factors driving persistence are multidimensional and mutually reinforcing: (a) a severe labor supply-demand imbalance (approximately 1:10 ratio); (b) economic pressures operating on both job-seekers and internal perpetrators; (c) local social norms and community-level pressure that distort formal selection; and (d) loopholes in the management of internal recommendation channels. These findings extend the applicability of queuing theory [10] and clientelism [5] to the Indonesian industrial labor market context.

Third, the practice is not normatively normalized by its participants or witnesses. This normative resistance indicates that well-targeted policy intervention holds meaningful potential for systemic change.

The main limitation is the small number of informants from two companies. Future research should expand scope across more companies with varied ownership structures (local, national, and foreign-invested), and may benefit from a mixed-methods approach combining qualitative depth with quantitative prevalence estimation.









ACKNOWLEDGEMENTS

The authors would like to thank all informants who voluntarily participated in this research. All identifying information has been anonymized in accordance with research ethics standards. This research received no specific grant from any public, commercial, or not-for-profit funding agency. The authors declare no conflict of interest.

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