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The Implementation of Agricultural-Based Industrialization Policy and Its Impact on Community Welfare in West Nusa Tenggara Province

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Abstract. Industrialization has long been regarded as a key driver of economic transformation in developing countries, including Indonesia, where agriculture remains the backbone of many regional economies. In West Nusa Tenggara (NTB) Province, the challenge of enhancing community welfare requires innovative policy strategies, one of which is agricultural-based industrialization. This study aims to analyze the influence of the implementation of agricultural-based industrialization policy on community welfare in NTB Province. The research focuses on communication, resources, disposition, and bureaucratic structure as key determinants of policy implementation success. A quantitative approach was employed using a survey method involving 69 respondents. Data analysis included validity and reliability tests, classical assumption tests, multiple linear regression, as well as t-tests and F-tests. The results indicate that all four variables have a positive and significant effect on policy implementation. The coefficient of determination (R^2) of 0.740 suggests that 74% of the variance in policy implementation can be explained by the independent variables. These findings imply that effective policy planning and execution, supported by clear communication, adequate resources, competent implementers, and a well-structured bureaucracy, significantly contribute to improving community welfare in the NTB region

Keywords: Policy; Industrialization; Agriculture; Welfare; NTB

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INTRODUCTION

The implementation of industrialization in Indonesia has been fundamentally supported by a comprehensive series of regulatory frameworks that have shaped the nation's development trajectory since the New Order period. Beginning with Law No. 1 of 1967 on Foreign Investment in conjunction with Law No. 6 of 1968 on Domestic Investment (Amira, 2019), the Indonesian government signaled a strong commitment to opening its economy to both domestic and foreign investors. These legal instruments were designed to attract much-needed capital, technology, and managerial expertise, which were seen as essential for accelerating industrial development. This opening marked a departure from the earlier protectionist stance and laid the groundwork for deeper integration into the global economy. The enactment of Law No. 11 of 1967 on Mining and Law No. 8 of 1971 on Oil and Gas (Muryati et al., 2016) further reinforced the focus on resource-based industries as engines of growth. These laws facilitated foreign involvement in strategic sectors, particularly extractive industries, while also ensuring government control over key

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resources. The regulatory journey culminated in the enactment of Law No. 5 of 1984 on Industrialization (Indonesia, 1984), which formally institutionalized industrial policy as a cornerstone of national economic strategy.

Within the national development agenda, the industrial sector was prioritized as the leading sector expected to drive the growth of other productive areas such as agriculture (Sholihah et al., 2017). The logic behind this prioritization was rooted in the theory of structural transformation, which posits that economic development requires a shift of labor and capital from low-productivity agriculture to high-productivity industry. According to Imamudin & N.H. (2018), economic growth and labor absorption begin with investment in the industrial sector. Capital accumulation in the modern sector increases output and facilitates labor shifts from agriculture to industry, which in turn enhances productivity and employment. In practice, this transformation meant that industrial zones, manufacturing hubs, and export-oriented industries became the focal points of national and regional planning. By channeling resources into industry, policymakers expected a multiplier effect that would benefit agriculture through increased demand for raw materials, technology transfer, and the creation of new markets.

The social and economic consequences of this industrial expansion were profound. Hendrastomo (2011) explains that the rapid growth of the industrial sector transformed societal and national paradigms from agrarian to industrial and service-based, promoting modernity, stable income, and structured working hours. This transformation triggered radical changes in the socio-economic structure, particularly in terms of urbanization, labor market dynamics, and cultural orientation. Industrial employment brought with it the promise of regular wages and social mobility, but also new challenges such as labor unrest, inequality, and environmental degradation. Echoing this, Wahyu Askar (2015) affirms that the agricultural sector, which was the foundation of the national economy, is gradually being replaced by industrialization. In Indonesia, this has manifested in the steady decline of agriculture's contribution to GDP, even as the majority of the population still relies on farming for their livelihoods.However, the dichotomy between agriculture and other economic sectors has increasingly diminished over time. As Simatupang and Syafa'at (2016) note, all sectors are now interlinked, hybrid, and open to multi-collaborative approaches. Industrialization no longer stands as an isolated domain but interacts dynamically with agriculture, services, and global trade. Agricultural-based industrialization is therefore regarded as a grand strategy for both regional and national development, as it integrates agricultural potential with industrial processes to enhance value addition, generate employment, and stimulate rural economies. Furthermore, Heryani et al. (2020) emphasize that industrialization not only fosters

development but also creates opportunities for innovation and advancement. In this sense, industrialization becomes both a means of modernization and a platform for developing new technologies, products, and business models that can enhance competitiveness.Agriculture continues to serve as the backbone of the economy in agrarian regions such as West Nusa Tenggara (NTB) Province. Despite its central role, the sector faces increasing challenges due to globalization, climate change, and the growing demand to enhance community welfare. NTB's economy has traditionally relied on commodities such as rice, corn, seaweed, and cattle, yet these sectors often struggle with issues of productivity, market access, and technological adoption. These conditions call for a new, more strategic approach in managing agricultural development. One such approach is agricultural-based industrialization, which aims to increase the added value of agricultural products, create employment opportunities, and accelerate local economic growth. However, the success of this strategy largely depends on the effectiveness of policy implementation (Nugroho, 2018; Bappenas, 2020). Without strong policy frameworks, efforts to industrialize agriculture may remain fragmented and fail to achieve their intended impact.

Several previous studies have examined the relationship between industrialization and agricultural transformation, providing valuable but often partial insights. Pebriyanti et al. (2021), for instance, emphasized the importance of effective policy communication in enhancing agricultural productivity, arguing that farmers and stakeholders must clearly understand the goals and mechanisms of industrial programs. Misroji (2014), on the other hand, argued that bureaucratic disposition does not play a significant role in policy outcomes, suggesting that structural and resource-based factors matter more. Similarly, Sholihah et al. (2017) highlighted the contribution of the industrial sector to employment absorption but did not specifically address the agricultural context. These studies collectively underscore the complexity of linking industrialization with agricultural transformation. They also reveal a gap in the literature, as few attempts have been made to integrate multiple dimensions of policy implementation into a single framework that accounts for both agricultural and industrial dynamics.

This research therefore differs from previous works by adopting a comprehensive analytical framework that simultaneously considers communication, resources, disposition, and bureaucratic structure as determinants of policy success in the context of agricultural-based industrialization. The novelty of this study lies in its empirical evidence from West Nusa Tenggara Province, a region with strong agricultural potential but relatively limited industrial development. By connecting implementation theory with the objective of improving community welfare, this paper contributes to both policy implementation studies and regional development strategies in agrarian provinces

(Grindle, 2017; Howlett et al., 2020). The study not only adds to the theoretical discourse but also offers practical insights for policymakers seeking to design and implement industrialization strategies that are inclusive, sustainable, and context-specific.

METHODS

This study employs a quantitative approach with an explanatory research design. The research was conducted in West Nusa Tenggara Province, with the population consisting of agricultural actors, policy implementation officials, and community leaders involved in the agricultural industrialization process. Data were collected through the distribution of questionnaires to 69 respondents selected purposively.The independent variables in this study are communication (X1), resources (X2), disposition (X3), and bureaucratic structure (X4). The dependent variable is the implementation of agricultural-based industrialization policy (Y). Data analysis was performed using SPSS version 26, with analytical stages including instrument validity and reliability tests, classical assumption tests (normality, multicollinearity, and heteroscedasticity), multiple linear regression analysis, and hypothesis testing using partial (t-test) and simultaneous (F-test) methods. The model's explanatory power is assessed using the coefficient of determination (R^2). The use of a quantitative approach in this study is based on the need to systematically measure the extent of influence of communication, resources, disposition, and bureaucratic structure on the implementation of agricultural-based industrialization policy. A quantitative design allows the researcher to test hypotheses objectively through statistical analysis, providing measurable and generalizable results. Moreover, given that this study involves a relatively large number of respondents and seeks to identify causal relationships between variables, a quantitative method is considered the most appropriate to produce empirical evidence that can strengthen theoretical arguments as well as policy recommendations (Creswell, 2014).

RESULTS AND DISCUSSION

The validity test results show that all questionnaire items have correlation values (r-count) greater than the r-table value of 0.236, which means that all items are valid for measuring the research variables. Similarly, the reliability test indicates that all variables have Cronbach's Alpha values above 0.60, confirming that the measurement instruments are reliable. The results of the multiple linear regression analysis are summarized in the following table:

Table 1. Multiple Regression Analysis

Variable	Coefficient (β)	t-value	Sig.
Communication (X_1)	0.735	7.246	0.000
Resources (X_2)	0.873	8.896	0.000
Disposition (X_3)	0.363	2.977	0.004
Bureaucratic Structure (X_4)	0.830	7.931	0.000

Source::SPSS Analyis

These results indicate that, partially, all four variables have a positive and statistically significant effect on the successful implementation of agricultural industrialization policy in West Nusa Tenggara (NTB).

Table 2. The F-test results

Anova[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	293.787	4	73.447	45.562	0.000[b]
Residual	103.170	64	1.612		
Total	396.957	68			

Source::SPSS Analyis

Notes:
a. Dependent Variable: Policy Implementation
b. Predictors: (Constant), Bureaucratic Structure, Communication, Disposition, Resources

The F-test results show that the calculated F-value is 45.562, which is greater than the F-table value of 4.00, and the significance level is 0.000, which is less than the 0.05 threshold. These findings indicate that, simultaneously, the variables of communication, resources, disposition, and bureaucratic structure have a statistically significant effect on the implementation of agricultural industrialization policy.

Table 3. Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.860[a]	.740	.724	1.270

Source::SPSS Analyis

The coefficient of determination (R^2) is 0.740, indicating that 74% of the variance in policy implementation can be explained by the four independent variables: communication, resources, disposition, and bureaucratic structure. The remaining 26% is influenced by other factors not included in this research model. The regression results indicate that all four independent variables have a positive and statistically significant influence on the implementation of agricultural-based industrialization policy. The coefficient of determination (R^2) of 0.740 shows

that 74% of the variance in policy implementation is explained by the independent variables, while 26% is influenced by other factors not examined in this study.

The findings of this study reinforce Edward III's theory that effective policy implementation depends on four key factors: communication, resources, disposition, and bureaucratic structure.

- Communication is the most dominant factor influencing policy implementation. This suggests that clear delivery of information and effective coordination among stakeholders are essential for agricultural-based industrialization in NTB. These results are consistent with Pebriyanti et al. (2021), who highlight communication as the most decisive factor in ensuring the success of agricultural development policies.
- Resources, both human and financial, also play a significant role. The availability of competent human resources and adequate financial support ensures that policy programs can be executed effectively. This finding is in line with Sholihah et al. (2017), who argue that industrial investment substantially supports productivity and employment, and is also relevant to global perspectives provided by World Bank (2019).
- Disposition of implementers was also found to be significant. This shows that the attitudes, commitment, and willingness of policy actors are crucial for consistent policy execution. Interestingly, this finding differs from Misroji (2014), who reported that disposition was not a significant factor in industrial policy outcomes. This contrast suggests that in the NTB context, where social capital and local leadership play a strong role, disposition becomes a key determinant.
- Bureaucratic structure also significantly affects implementation. A simple, well-organized, and responsive bureaucratic system ensures that policies can be executed in a measurable and accountable manner. This result supports Simatupang & Syafa'at (2016), who emphasize that agricultural-based industrialization requires efficient bureaucratic mechanisms to encourage collaboration across sectors. Additional perspectives from Yulianti & Suryono (2021) further confirm that agricultural policy and welfare are inseparable in the Indonesian context.

Overall, these findings imply that agricultural-based industrialization policies can positively contribute to improving community welfare in NTB, provided that they are supported by effective communication, sufficient resources, a positive disposition of implementers, and an efficient bureaucratic structure.

CONCLUSIONS

This study concludes that the implementation of agricultural-based industrialization policy in West Nusa Tenggara (NTB) is significantly influenced by four key factors: communication, resources, disposition, and bureaucratic structure. Among these, communication emerged as the most dominant determinant, underscoring the importance of effective information delivery and coordination among policy actors. Resources and bureaucratic structure also provide strong support for implementation, while the disposition of implementers contributes to the consistency and sustainability of policy execution.The findings highlight the uniqueness of this study compared to previous research. While earlier studies tended to focus on single policy variables or broader industrialization contexts, this research provides a comprehensive analysis by integrating Edward III's four dimensions of policy implementation within the specific framework of agricultural-based industrialization. The novelty lies in its empirical evidence from NTB Province, where agricultural potential is high but industrial development remains limited. This combination of context and analytical framework offers fresh insights into how policy implementation can directly enhance community welfare in agrarian regions. From a policy perspective, these findings imply that agricultural-based industrialization can serve as a strategic pathway to improve community welfare if supported by strong communication strategies, adequate resources, a committed bureaucracy, and positive implementer disposition. For local government, this means prioritizing inter-agency coordination, strengthening human resource capacity, simplifying bureaucratic processes, and ensuring that implementers demonstrate strong commitment to policy goals.

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