

Research Paper

Assessing the Socio-Economic Impact of the Establishment of PT. Bahagia Cigarette Factory

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ABSTRACT

The establishment of industrial facilities in rural areas can have profound socio-economic effects on local communities, yet the dynamics of these impacts remain underexplored, particularly within the cigarette industry. This study investigates the social and economic consequences of the establishment of PT. Bahagia Cigarette Factory in Ganding Village, Ganding District, Sumenep Regency. Employing a qualitative research design, data were collected through structured interviews with local residents and direct field observations. The findings reveal several positive outcomes, including expanded employment opportunities, enhanced household income, and stimulation of local economic activities. Simultaneously, the research identifies adverse effects such as increased consumptive behavior, alterations in traditional social values, and heightened economic dependence on a single industrial sector. These findings underscore the dual nature of industrial development in rural contexts, highlighting the need for strategies that maximize benefits while mitigating social and economic vulnerabilities. The study contributes to the literature on community-based development and rural industrialization, offering insights for policymakers, local authorities, and stakeholders in managing industrial growth in ways that promote sustainable socio-economic development. By providing empirical evidence from a rural Indonesian setting, this research extends understanding of how industrial projects influence both livelihoods and social structures, serving as a reference point for future studies on rural industrial impacts.

Introduction

Social and economic transformations are integral components of societal dynamics, often instigated by external factors such as industrial development. In rural Indonesia, the establishment of industries has significantly influenced local communities, reshaping economic structures and social interactions. Ganding Village in Sumenep Regency serves as a pertinent example of how industrialization can comprehensively alter community life. The presence of PT Bahagia Cigarette Factory has introduced both opportunities and challenges, affecting various aspects of the village's socio-economic fabric. These changes are evident in shifts in employment patterns, household incomes, and community organization, highlighting the complex interplay between economic growth and social adaptation.

Economically, the establishment of PT Bahagia has provided new employment opportunities, leading to increased household incomes and a transition from traditional agricultural practices to industrial labor. This transformation reflects a broader trend in Indonesia, where rural industrialization has been identified as a potential driver of economic growth, particularly through the integration of informal sectors into more formalized economic activities (Brookings Institution, 2025). However, this economic shift also carries the risk of dependency, as communities may become reliant on a single industry, potentially constraining the development of a diversified local economy and limiting long-term resilience (Heifetz & Jaffe, 2023). The economic dimension of industrialization, therefore, is not only about job creation and income generation but also about managing the potential vulnerabilities that arise when a single sector dominates local livelihoods.

The social ramifications of industrialization are equally significant. The influx of factory employment has altered community dynamics, reshaping family structures, social roles, and gender relations. Industrialization can drive vertical social mobility and transform social values, yet it may simultaneously generate social disparities and weaken traditional community bonds (Sztompka, 2013). In Ganding Village, these transformations are manifested through changes in everyday social interactions, the redistribution of household responsibilities, and evolving expectations regarding gender roles. Such shifts underscore the complex ways in which industrial employment influences not only economic conditions but also the social fabric of rural communities, requiring residents to navigate new cultural norms and social hierarchies.

Industrial development also has implications for public health and environmental sustainability. Residents in Ganding Village have reported health issues, including respiratory problems, which may be linked to exposure to factory emissions and industrial waste (Mulyono, 2025). These observations highlight the necessity of balancing economic growth with the health and well-being of the community, emphasizing that industrial expansion cannot be evaluated solely through economic metrics. Environmental considerations, such as waste management and pollution control, are critical to ensuring that industrialization contributes positively to community development without causing unintended harm.

Theoretical frameworks provide essential lenses through which to interpret these phenomena. Schumpeter's theory of economic development underscores the role of innovation and entrepreneurship in stimulating economic growth, emphasizing how new industries can generate employment, increase productivity, and enhance purchasing power (Schumpeter, 1983). Conversely, Dos Santos' dependency theory highlights the risks of over-reliance on a single industry, noting that economic dependence can inhibit the broader

diversification of local economies and render communities vulnerable to sector-specific shocks (Dos Santos, 1970). These perspectives collectively offer a nuanced understanding of how industrialization can simultaneously foster growth and introduce potential social and economic vulnerabilities, providing a theoretical foundation for analyzing the impact of PT Bahagia on Ganding Village.

While existing literature has examined the socio-economic effects of the tobacco industry in various Indonesian regions, there is a notable gap concerning the specific impact of PT Bahagia Cigarette Factory on the community of Ganding Village. Prior studies have often generalized findings across different locales or focused primarily on economic indicators, overlooking the localized interplay of social, economic, and environmental factors. This study addresses this gap by offering a detailed and integrated assessment of the factory's influence, capturing both its benefits and its challenges for the local population. By doing so, the research aims to generate actionable insights that can inform the design of industrial policies tailored to the unique conditions of rural communities.

The socio-economic impacts of industrialization in rural areas have been explored by several scholars, who emphasize both the opportunities and risks involved. Research indicates that industrial development can enhance economic growth by formalizing informal sectors and generating employment, yet the concentration of economic activity in a single industry may foster dependency and limit community resilience (Heifetz & Jaffe, 2023). In the tobacco industry specifically, scholars have highlighted its contributions to local economies in terms of employment and cultural heritage, while simultaneously noting the challenges it poses for public health and social equity (Mulyono, 2025). These findings illustrate the dual nature of industrialization: as an engine of growth and a potential source of social and environmental concern.

The study also draws on theoretical perspectives that contextualize these dynamics. Schumpeter (1983) emphasizes the transformative potential of innovation and entrepreneurship in driving industrial growth, while Dos Santos (1970) warns of the risks associated with economic over-reliance on a single sector. These frameworks allow for a comprehensive understanding of industrialization, not only as an economic phenomenon but also as a social process that reshapes local institutions, relationships, and livelihoods. Such perspectives are particularly relevant for analyzing the multifaceted impact of PT Bahagia Cigarette Factory on Ganding Village, where economic, social, and environmental dimensions are tightly interwoven.

Given the limitations of prior research, this study seeks to provide a localized and comprehensive account of industrialization's impacts on Ganding Village. By examining economic outcomes such as employment and household income, social changes including family structures and gender roles, and health and environmental implications related to factory operations, the study offers a holistic view of how the community navigates industrial transformation. Furthermore, the research aims to propose evidence-based recommendations to guide policymakers and stakeholders in promoting sustainable industrial development that balances economic growth with social well-being and environmental protection.

Through this integrated approach, the study contributes both empirical and theoretical insights. Empirically, it documents the unique experiences of a rural community undergoing industrialization, highlighting context-specific challenges and opportunities. Theoretically, it reinforces the applicability of Schumpeter's and Dos Santos' frameworks in contemporary rural industrial settings, illustrating how industrial growth can generate both progress and

dependency. Ultimately, the study seeks to inform the development of industrial policies that are sensitive to local social structures, economic conditions, and environmental constraints, fostering a more resilient and inclusive community.

Method

This study employs a qualitative descriptive approach to explore the socio-economic impacts of the PT Bahagia Cigarette Factory on Ganding Village. This methodology allows for an in-depth understanding of complex social phenomena and community dynamics by capturing the perspectives and experiences of local residents (Creswell & Poth, 2018). By focusing on the narratives and interactions of participants, the study aims to provide a comprehensive depiction of the interrelated economic, social, and environmental effects of industrialization in a rural context.

The research was conducted in Ganding Village, Sumenep Regency, Madura, due to the significant presence of PT Bahagia, which has become a central economic and social institution for the community. Its location enables direct observation and interaction, facilitating a more nuanced understanding of local livelihoods, employment patterns, and social structures (Moleong, 2017). Data collection was derived from both primary and secondary sources. Primary data were obtained through semi-structured interviews with village officials and residents, supported by systematic field observations to capture on-the-ground phenomena (Patton, 2015). Secondary data included official documents, reports, and academic literature to contextualize and reinforce primary findings (Bowen, 2009).

To ensure credibility, data triangulation was applied by cross-verifying information from multiple sources and methods. This included comparing interview responses with observational data and secondary documents, which helped to mitigate bias and provide a holistic understanding of the community's socio-economic conditions (Fetters, Curry, & Creswell, 2013; Denzin, 2017). Data analysis followed an interactive process consisting of three stages: data reduction, data display, and conclusion drawing with verification. Data reduction involved focusing on the most relevant information, while data display organized these insights into coherent themes. Finally, conclusions were drawn from the organized data and verified for consistency and accuracy (Miles, Huberman, & Saldaña, 2014).

Through this methodological framework, the study systematically examines how PT Bahagia influences local employment, household income, social roles, and environmental and health conditions. By integrating qualitative methods and triangulation, the research ensures that the findings accurately reflect the lived experiences of the community, providing insights that are critical for designing sustainable rural industrial policies.

Results

The establishment of PT Bahagia Cigarette Factory in Ganding Village has instigated significant social and economic transformations within the community. These changes encompass shifts in gender roles, family structures, employment patterns, and local economic dynamics, reflecting broader trends in rural Indonesia's industrialization.

Social Transformations

One of the most profound social impacts has been the alteration of traditional gender roles. Historically, women in Ganding Village were predominantly engaged in domestic tasks and agricultural work. However, with the advent of the factory, many women have entered the formal workforce, taking up roles within the factory and related industries. This shift has

enhanced women's economic independence and social status, aligning with findings from Purba et al. (2025), who observed that industrialization in Indonesia has facilitated women's entry into the labor market, thereby improving their socio-economic positions.

The increased female workforce participation has also led to changes in family dynamics. Women now contribute financially to household income, which has altered decision-making processes within families. This economic contribution has empowered women, granting them greater autonomy and influence in household affairs.

Furthermore, the factory's operational schedules have affected traditional social interactions. With shift work becoming common, family members often have differing schedules, leading to reduced communal activities and altered social cohesion. This phenomenon reflects Ogburn's (1922) concept of cultural lag, where technological advancements outpace the corresponding social adjustments.

Economic Transformations

Economically, the presence of PT Bahagia has provided employment opportunities for over 600 residents, including housewives and young adults. This influx of income has enabled families to invest in education, healthcare, and home improvements, leading to an overall enhancement in quality of life. Additionally, the establishment of micro-enterprises, such as food stalls and transport services, has stimulated local economic activities, demonstrating the multiplier effect of industrialization in rural settings.

However, the economic benefits are not uniformly distributed. A dualistic economic structure has emerged, with a segment of the population experiencing significant improvements in living standards, while others remain marginalized. This disparity underscores the need for inclusive development policies that ensure equitable access to the opportunities created by industrialization.

The factory's corporate social responsibility (CSR) initiatives, including providing staple food packages and supporting village events, have further contributed to community welfare. These programs reflect the application of the shared value concept, where businesses create economic value in a way that also creates value for society.

Environmental Considerations

While the factory has brought economic benefits, it has also introduced environmental challenges. The increased industrial activity has led to concerns about pollution and resource depletion. Local water sources have shown signs of contamination, and waste management has become a pressing issue. These environmental concerns highlight the need for sustainable industrial practices that balance economic growth with environmental stewardship.

Discussion

The socio-economic transformations observed in Ganding Village following the establishment of PT Bahagia Cigarette Factory provide compelling insights into the multifaceted impacts of industrialization in rural Indonesian communities. The findings indicate that industrial development can serve as both an engine of economic growth and a catalyst for social change, corroborating prior studies on rural industrialization in developing economies. Specifically, the results illustrate how the factory has reshaped labor patterns, gender roles, household income structures, and local entrepreneurial activity, while simultaneously highlighting emerging inequalities and social challenges.

The increased participation of women in the labor force represents one of the most significant social changes documented in this study. Historically, rural women in Ganding

Village were primarily engaged in domestic and agricultural activities, which limited their financial independence and constrained social mobility. The factory's employment opportunities have enabled women to contribute economically to household livelihoods, reflecting the adaptability of social systems in response to industrialization (Schaner, 2016). This phenomenon aligns with the principles of structural functionalism, which emphasize the capacity of social institutions to adjust to changes in economic structures (Parsons & Smelser, 2012). Importantly, the integration of women into formal employment has implications beyond income generation; it fosters shifts in intra-household power dynamics, decision-making authority, and educational investment in children, consistent with findings from contemporary studies on gendered economic participation in rural Southeast Asia (Setyonaluri, 2020; Prasetyo et al., 2021).

From an economic perspective, the presence of PT Bahagia has stimulated both household income growth and local entrepreneurship. The employment of over 600 residents, including housewives and young adults, has increased disposable income, facilitating improved access to education, healthcare, and housing. These improvements contribute to higher human capital development, which is crucial for sustaining long-term economic growth (World Bank, 2022). Moreover, the emergence of micro-enterprises, such as food stalls, transport services, and local retail outlets, reflects the multiplier effect in rural economies, wherein the injection of wages into the local market generates additional economic activity (Damayani, 2025). Such dynamics confirm theoretical expectations that industrialization can serve as a local development catalyst by diversifying economic opportunities and reducing overreliance on traditional agricultural practices (Todaro & Smith, 2020).

However, the study also uncovers significant socio-economic disparities within the community, illustrating a dualistic economic structure. While some households have experienced marked improvements in income and living standards, others remain marginalized, often due to limited access to formal employment, skill deficits, or social constraints. This finding resonates with Lewis's (1954) dual-sector model, which posits that industrialization initially benefits a subset of the population, creating a division between modern and traditional sectors. The observed disparities underscore the importance of inclusive development policies that ensure equitable access to industrial opportunities, social support for marginalized groups, and mechanisms to prevent entrenched inequalities (Heifetz & Jaffe, 2023).

Corporate social responsibility (CSR) initiatives implemented by PT Bahagia further illustrate the interplay between industrial development and social welfare. The factory's programs, which include providing staple food packages, funding educational support, and renovating community facilities, exemplify the shared value concept, whereby businesses generate economic returns while simultaneously addressing social needs (Porter & Kramer, 2011). These interventions have not only alleviated some of the adverse effects of industrialization, such as economic exclusion and limited access to basic services, but have also strengthened social cohesion by fostering trust and collaboration between the company and local residents. Consistent with contemporary research on CSR in Indonesia, these initiatives reflect an evolving expectation for corporations to act as agents of local development beyond profit maximization (Van der Eng, 2023).

The findings further reveal complex interactions between industrialization, social norms, and cultural adaptation. The shift from agricultural labor to factory work has altered daily routines, social interactions, and community cohesion. In some cases, the introduction

of shift-based employment has reduced opportunities for collective activities and traditional practices such as *gotong royong* (mutual cooperation). This observation aligns with Ogburn's (1922) theory of cultural lag, highlighting that technological and economic changes often outpace social adaptations. Consequently, the community faces the dual challenge of maintaining social cohesion while embracing economic modernization, emphasizing the need for complementary policies that support cultural continuity alongside industrial growth.

Environmental and health implications also emerge as critical considerations. While not the central focus of this study, anecdotal reports from residents regarding respiratory issues and exposure to factory emissions suggest potential negative externalities associated with industrialization. These concerns highlight the necessity for integrated policy frameworks that balance economic expansion with public health and environmental sustainability, echoing calls from recent research on sustainable rural industrial development (Purnamawati, 2023; Mulyono, 2025).

In synthesizing these findings, it is evident that the socio-economic impacts of PT Bahagia's presence are multifaceted. On the one hand, the factory has catalyzed household economic growth, fostered entrepreneurial initiatives, and enhanced social mobility. On the other hand, it has produced challenges related to economic inequality, social adaptation, and environmental risk. These dynamics illustrate the importance of viewing industrialization not merely as an economic phenomenon but as a complex process that intersects with social structures, cultural norms, and community well-being.

In conclusion, this study underscores the necessity of an integrated, multi-dimensional approach to rural industrial development. Policy interventions should aim to enhance access to employment for marginalized groups, support female labor participation through training and empowerment programs, promote entrepreneurship, and ensure robust CSR and environmental management practices. By adopting such strategies, industrialization in rural Indonesia can achieve sustainable outcomes that balance economic growth with social equity and environmental stewardship, ultimately contributing to resilient and inclusive community development.

Conclusion

This study provides valuable insights into the socio-economic transformations resulting from the establishment of PT Bahagia Cigarette Factory in Ganding Village. The findings indicate that industrialization has significantly influenced labor patterns, household incomes, and social dynamics, particularly by facilitating women's participation in the workforce and reshaping family roles. Economically, the factory has increased employment opportunities, stimulated local entrepreneurship, and encouraged the growth of micro-enterprises, demonstrating the multiplier effect in rural economies. Corporate social responsibility initiatives by the company have further contributed to community welfare, reflecting the creation of shared value that benefits both economic and social development (Porter & Kramer, 2011; Damayani, 2025; Setyonaluri, 2020).

Despite these positive impacts, challenges remain, including economic disparities and limited access to industrial opportunities for certain community members. Social shifts and potential environmental concerns highlight the need for inclusive development policies that balance economic growth with social cohesion and sustainability (Heifetz & Jaffe, 2023; Mulyono, 2025). The study contributes to understanding the localized effects of industrialization, offering empirical evidence of how rural communities adapt to economic

change. Future research should expand the geographic scope, incorporate diverse populations, and explore long-term social, economic, and environmental outcomes to support sustainable and equitable rural development.

Authors' Declaration

As authors, we contributed to the study's conception and design, conducted data analysis, interpreted the results, and approved the final manuscript.

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