

Commitment and Organizational Maturity: The Case of Partnership Between Sugarcane Farmers and Sugar Mills



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ABSTRACT: Partnerships and other forms of public participation in decision-making have become central to policy-making. The phenomenon of the limitation of sugar factories in obtaining supplies of raw sugarcane, because they do not have their land or limited land, has led to a partnership relationship between sugar factories and sugarcane farmers as a solution. The focus of this article is to visualize sub-contract partnerships in the smallholder sugarcane sector from the initial process to the impact of the partnership, by adopting from the perspective of the partnership model of Boeck and Wamba, between The Lestari Sugar Factory partnership with the Sugarcane Farmers Group in Kertosono, Nganjuk Regency, Indonesia. In this analytical descriptive study, using a case survey method, data was collected with a qualitative approach to observation, semi-structured interviews, and document review. The results of the study show that organizational maturity contributes to the partnership loyalty of smallholder sugarcane farmer groups, but in the perspective of Boeck and Wamba, the results of the collaboration have not been optimal because there are still differences of opinion between the two parties in terms of profit sharing. The findings of the study suggest that to increase the loyalty of smallholder sugarcane farmer's group partnership with Lestari Sugar Factory, a commitment is needed to increase the people's sugarcane purchase price and the need to improve the cooperation agreement by completing the sanctions element for sugarcane farmers who do not provide sugarcane raw materials according to the agreement

KEYWORDS: organizational maturity, loyalty partnership, sugarcane farmers group, partnership model

I. INTRODUCTION

Globalization, market liberalization, and development of rural infrastructure are new market opportunities for high-value crops growing rapidly in various countries (Setboonsarng, 2008), over the past half-century, the advantages of agricultural production have provided a platform for rural and urban economic growth around the world (Pretty et al., 2011). In international development programs, such as European Union initiatives, local stakeholders believe that sugarcane can be a stepping stone for better access to infrastructure, jobs, and social services (Dal Belo Leite et al., 2020).

Partnerships and public participation have become a concern in many countries and are playing an important role in facilitating market access for small farmers (Bitzer & Bijman, 2014) and partnerships can be a strategy for overcoming the problems of smallscale economic exploitation and limited land tenure and simple cultivation technology, as well as limited capital so that this concept results in efficiency and energy resources owned by the partnering parties because it will provide benefits for both partnered parties (Alam & Hermawan, 2017). Many strategies are used by individual small-scale farmers, village communities, companies, and government agencies to form partnerships (Race et al., 2009). The farming partnership model between farmers and industry is expected to provide benefits in economic, technical, and social aspects (Puspitaningrum & Gayatri, 2019).

Recent years have shown great concern about the impact of contract farming on farmers in developing countries, motivated by the belief that contract farming drives the transition to modern farming (Wang et al., 2014). Contract farming is a form of vertical coordination mostly aimed at correcting market failures (Wainaina et al., 2012). Contract farming for small-scale farmers is expected to provide better access to markets, better access to production inputs, the ability to mitigate risk, ensure higher returns and offer dispute resolution to the parties involved, thereby adding more value to agricultural products (Tuan, 2012). Many farmers grow sugarcane under contract farming, which is a potential system to support the management of sugarcane products from the farm to the sugar mill. Farmers receive input support, production services, credit support, appropriate technology, transfer of skills, and guaranteed and fixed prices from the company (Tukaew et al., 2016).

Sugarcane is the main raw material for sugar in the sugar industry in Indonesia, so sugar factories need a supply of raw sugarcane. Sugarcane farmers need market guarantees, coaching, capital help, and production infrastructure, therefore partnerships are the right effort for both parties because they need each other and benefit. The policy of repealing Presidential Instruction No. 9 of 1975, which was a *glebagan* system (a system of cropping patterns that implements crop commodity rotation: rice, crops, and

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sugarcane) resulted in a decline in national sugar production, so sugar imports became a solution. This policy caused turmoil because sugarcane farmers relied on sugar factories to process their sugarcane, while sugar factories with limited land owned by sugarcane farmers relied on sugarcane supplies owned by farmers, therefore a partnership relationship between sugar factories and sugarcane farmers became established so that this partnership needed to be accommodated in government policies through State-Owned Enterprise (BUMN).

In the sugar industry managed by State-Owned Enterprise (BUMN), reality shows that the contribution of farmers controlling sugarcane land reaches 95 percent, while meeting the national sugar demand depends on sugarcane farmers as suppliers of raw materials, although it cannot be denied the role played by sugar factories in increasing investment in rural areas and employment aspects. Development efforts have been carried out in various provinces in Indonesia, including in East Java which has the highest contribution to the national sugar demand (Rozi et al., 2020). One of the areas in East Java that is geographically suitable for sugarcane farming is the Nganjuk Regency with a wider area of sugarcane plantations than other commodities (table 1).

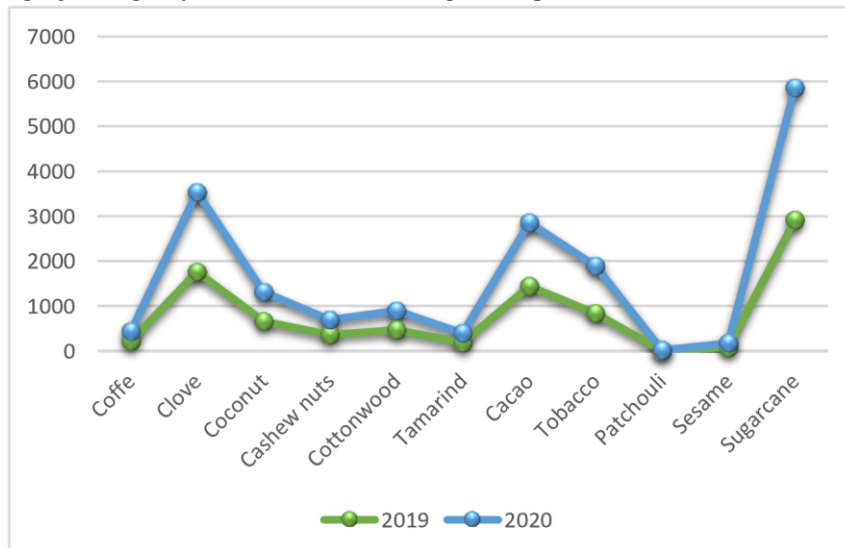


Table 1. Availability of Plantation Land in Nganjuk Regency

Source: Nganjuk Regency in Figures, 2020

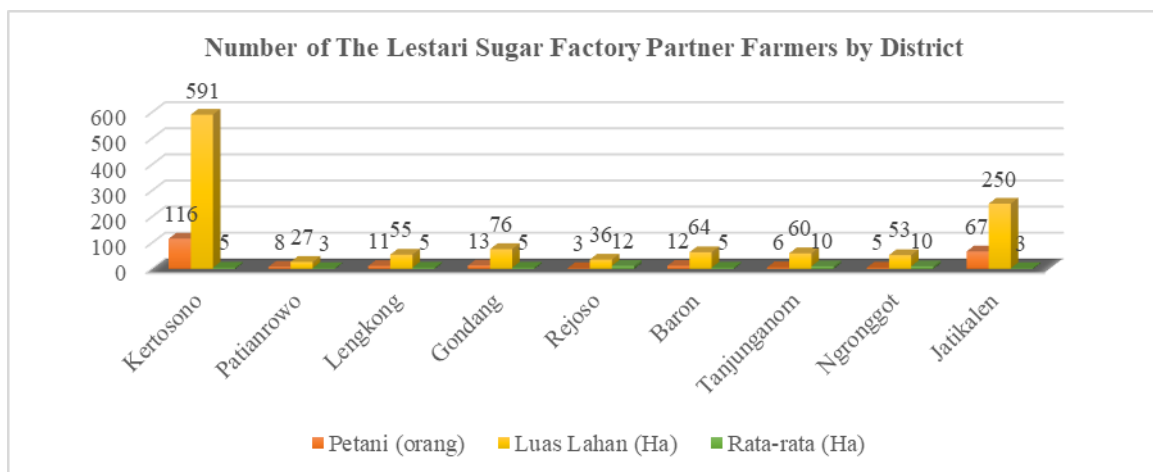


Table 2 shows that Kertosono District has the largest number of sugarcane farmers and the largest area of sugarcane land compared to other districts in the Nganjuk Regency which partner with the Lestari Sugar Factory.

Source: Processed by the author, based on data from Sinder plants in milling contracts Lestari Sugar Factory (2021).

The sugarcane farmer group partner is Lestari Sugar Factory, one of 9 sugar factories under the auspices of the Nusantara Plantation Limited Company X (PTPN X), which is the highest sugar-producing producer in a state-owned sugar company in 2022. Lestari Sugar Factory has the fifth largest milling capacity of all sugar mills under the auspices of PTPN X (table 3), in Ngrombot Village, Patianrowo, Nganjuk Regency.

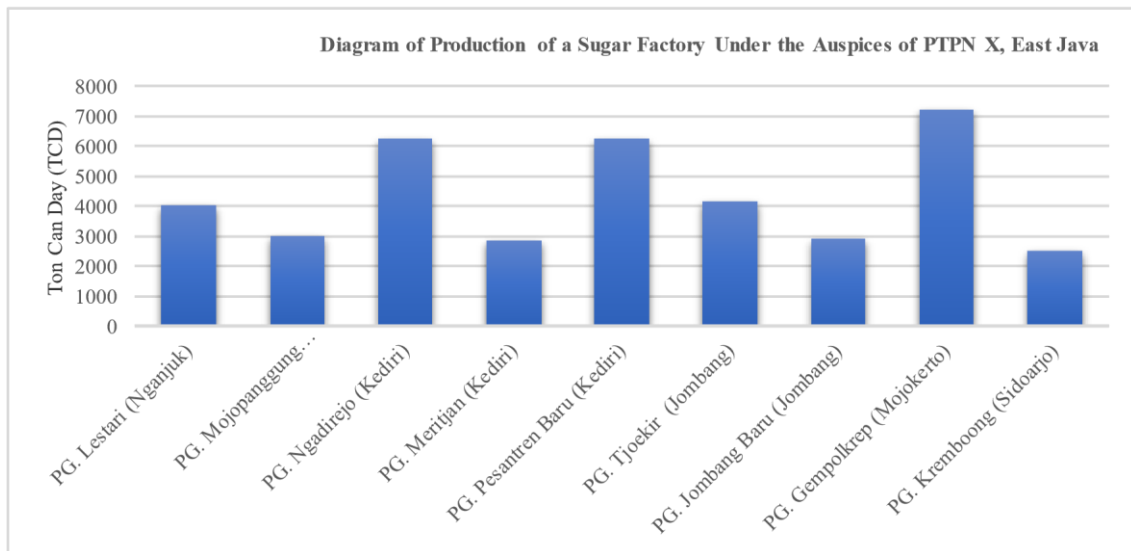


Figure 1. Sugar Factory Production Diagram

Source: <http://ptpn10.co.id/page/unit-usaha>

Note: TCD (Ton Cane Day) per week.

Sugarcane farming partnership research was conducted by Naim, Sasongko and Nurjayanti (2015); Pintakami, Primingtyas and Yulianti (2013); Nurjayanti and Naim (2014); Utami, Dinar and Sumantri (2016); Larasati and Hapsari, (2020), these studies discuss the pattern of partnerships for sugar factories and the impact of partnerships on farmers' income, while research on the level of farmer satisfaction with partnership performance by Lestari, Didi Rukmana and Munizu (2021).

In our literature review, we found studies on partnerships between Sugar Mills and Smallholder Sugarcane Farmers in Indonesia and Mozambique. Research by Fadilah and Sumardjo (2011) in the Majalengka Regency, West Java, Indonesia shows partnerships are effective and have proven to help in community empowerment. Research by Ulil Azmie, Ratna Komala Dewi, I Dewa Gede Raka (2019) in Mojokerto Regency, East Java, Indonesia revealed that the sugarcane agribusiness partnership pattern between sugar mills and sugarcane farmers is a sub-contract pattern. The partnership contributes to the economic aspect: the factory provides market guarantees, capital help, and profit sharing, while in the technical aspect, the factory provides guidance. The sugarcane farmers provide raw materials, while in the social aspect: the partners try to carry out the cooperation according to the agreement, environmental aspects: the partners limit the use of chemicals. Research by JGDB Leite, FM Langa, G von Maltitz, et al. (2020) in Maputo Province, Mozambique, shows that sugarcane does not meet the benefits expected by farmers. Frustration is rooted in information asymmetries between farmers and sugar mills, causing the implementation of policies that ensure farmers receive reliable information at all stages of sugarcane value (from field to market) and buffer strategies to address market volatility and social vulnerability. Alam and Hermawan's research (2017) in the Cianjur Regency, West Java, Indonesia, revealed that the relationship pattern established between smallholders and companies is the nucleus-plasma partnership pattern. Factors such as communication, cooperation, and trust affect partnerships, especially the commitment factor.

The difference with this research is the focus on the role of the parties in the partnership that has been going on since 1975 until now, between PTPN X Lestari Sugar Factory and the Sugarcane Farmers Group (PTR) in Nganjuk Regency, so the role of the sugar factory organization becomes an important factor in the partnership. This is an interesting lesson as a partnership model between sugarcane farming communities and sustainable state plantation companies. Interesting findings from this study prove the application of partnerships in the farming sector, which have been implemented for over four decades.

This study aims to investigate the role played by PTPN X Lestari Sugar Factory and the PTR Group in partnership. To visualize that there are two related processes: first, the development of partnerships in the plantation sector between the sugar mills and the PTR Group; second, the partnership process between PTPN X Lestari Sugar Factory with the PTR Group starting from the initial process to the impact of the partnership. The important finding of this study is to prove the role of the dominant actor in a partnership by using the partnership model from Harold Boeck and Samuel Fosso Wamba (2008).

II. LITERATURE REVIEW

Partnerships with a nucleus-plasma pattern often experience difficulties and leave problems for both parties involved in the collaboration, and on a large scale can threaten the sustainability of partnership cooperation (Perwitasari et al., 2021). Partnership according to Hafsa (2000) is a business strategy that involves two or more parties within a certain period to get mutual benefits or benefits based on the principle of mutual need and mutual complementarity according to the agreement. In Government Regulation (PP) Number 17/2013 concerning the Implementation of Law Number 20 of 2008 concerning Micro, Small, and Medium

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Enterprises, that Partnership is cooperation in business relations based on the principle of mutual need, trust, strengthening, and profitability involving Micro, Small and Medium Enterprises and Large Enterprises. The partnership includes transferring skills in the fields of production and processing, marketing, capital, human resources, and technology according to the partnership pattern. The partnership patterns are nucleus-plasma, sub-contract, franchising, general trading, distribution and agency, profit sharing, operational cooperation, joint ventures, outsourcing, and other forms of partnership

(<https://peraturan.bpk.go.id/Home/Details/5349/pp-no-17-Tahun-2013>). Sub-contract farming is defined as an agreement between farmers and processors and/or marketing companies for the production and supply of agricultural products based on an agreement, often at predetermined prices (Eaton & Shepherd, 2001; Tuan, 2012).

According to Harold Boeck and Samuel Fosso Wamba (2008), a partnership is a series of activities in a business relationship that can generate benefits for all actors involved in the partnering process (chart 1). Partnership success is determined by eight dimensions: (1) Communication and information sharing, partnerships must have effective communication in sharing information and the quality of information flow between partners in achieving goals and planning; (2) Cooperation, that in partnership it is necessary to contribute in taking action for common goals; (3) Trust that, in partnership will carry out obligations and do the best for the interests of partners; (4) Commitment, refers to the level of loyalty/loyalty where partners will work for the common good; (5) The value of the relationship, the value that has been agreed upon for the common good; (6) Imbalance of power and interdependence, companies entering a relationship must recognize that they depend on each other for the success of the relationship. This realization occurs when both parties realize they are benefiting from the partnership; (7) Adaptation, behavioral and organizational adjustments are made to meet the specific needs of others; (8) Conflict, a difference of opinion between two or more group members within the organization.

III. RESEARCH METHODS

This study investigates in depth from a qualitative perspective, whereas the qualitative research in this study is a case study of the role of each party in partnering between Lestari Sugar Factory under the auspices of the Nusantara Plantation Limited Liability Company X (Persero) (PTPN X) with the Sugarcane Farmers Group, in Nganjuk Regency. The study aims to understand the complexity of social phenomena related to partnerships at PTPN X Lestari Sugar Factory in Ngrombot Village, Patianrowo District, Nganjuk Regency. Primary data and secondary data were collected through unstructured in-depth interviews, focus group discussions (FGD), and observation, for six months (January to July 2022), accompanied by field notes, archives, websites, and the findings stem from the author's interpretation. The determination of informants used the snowball sampling technique, meaning that statements from key informants were developed to select those who were experts in their fields (Creswell & Poth, 2016).

The data collected comprises structured, semi-structured, and unstructured. Starting in January 2022, we interviewed 12 informants who were selected based on their experience, role, and influence in partnerships between sugarcane farmers and sugar mills: Assistant Manager of Crops Lestari Sugar Factory, also as plant Sinder, Chairperson, Secretary, and Treasurer of the Sugarcane Farmers Group, as well as supporting informants from several group member farmers who took part in the partnership scheme with Lestari Sugar Factory. Observations through visits to factory locations, milled sugarcane preparation areas, and smallholder sugarcane plantations. The conceptual framework is:

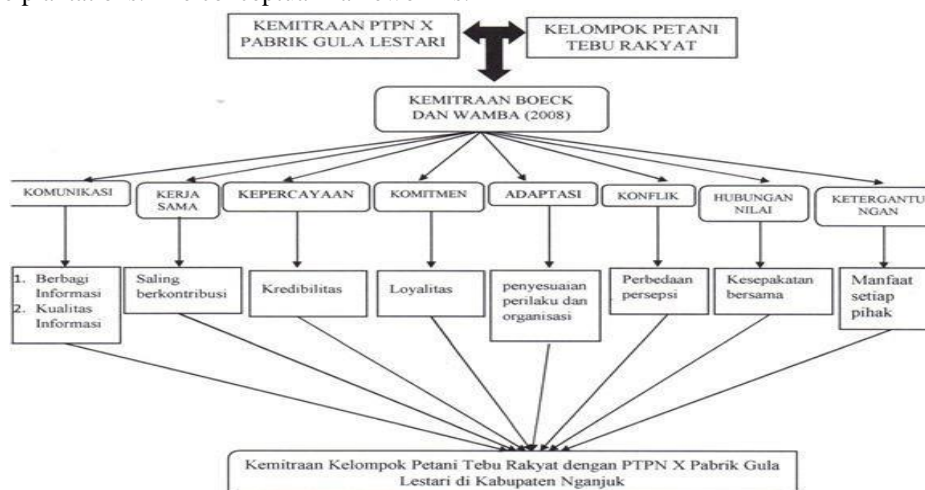


Chart 1. conceptual framework based on partnership theory from H Boeck, SF Wamba (2008)

IV. RESULTS AND DISCUSSION

A. Profile of Nganjuk Regency and Patianrowo District

Nganjuk Regency has at coordinates 111°05'-112°13' East Longitude and 7°20'-7°50' South Latitude with an area of 1,224.331 km², where land use is dominated by the agricultural sector. The population of the Nganjuk Regency in 2021 will reach 1,109,683 people,

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along with rapid population growth and regional development increasing the need for land so that the development of rural areas has developed into urban areas. Kediri and Trenggalek, while the East and West: Jombang and Kediri Regencies, as well as Ponorogo and Madiun Regencies. the Nganjuk Regency comprises 20 sub-districts, 264 villages, and 20 sub-districts (Nganjuk Regency in Figures 2022) (Figure 2).

Patianrowo District is one of 20 sub-districts in the Nganjuk Regency, geographically at an average altitude of 46 - 95 meters above sea level (meters above sea level) with a flat topography. The area of the district is 3,559.3 hectares which are divided into 14 villages. Boundaries: North: Jaticalen District; West: Baron District and Lengkong District; South: Kertosono District; To the east, it is bordered by the Brantas River. The area around the Lestari Sugar Factory is affected by its operations, Ngrombot Village with an area of 102.16 Ha and Patianrowo Village with an area of 93.31 Ha.



Figure 2. Map of Nganjuk Regency.

Source: <https://www.indonesia-tourism.com/east-java/tourism/nganjuk/ina/map.html>

B. PTPN X Lestari Sugar Factory and the Sugarcane Farmers Group

From 1973 to the present, based on Government Regulation (PP) No. 23 of 1973, articles 1 and 2, the State Plantation Company (PNP) XXI-XXII was changed to "Company (Persero)". Based on PP of the Republic of Indonesia No. 15 of 1996, the Limited Liability Companies (Persero) PTPN XXI-XXII and PT. XXVII Plantations, each of which was established under PP No. 13/1990, PP No. 25/1973, and PP No. 7/ 1972 merged into a new limited liability company (Persero), under the name "Perseroan Tbk (Persero) PTPN X, which includes several sugar factory companies (table 2). PTPN X is a subsidiary of PTPN III, which is engaged in the sugarcane and tobacco agro-industry. This company has several subsidiaries engaged in the production of sacks, edamame, and ethanol. PTPN X was established in 1996 because of the merger of PTP XIX, PTP XXI-XXII, and PTP XXVII. In 2014, the Government of Indonesia handed over most of the company's shares to PTPN III to form a State-Owned Enterprise (BUMN) holding in the plantation sector. So until now, Lestari Sugar Factory is in Ngrombot Village, Patianrowo District, Nganjuk Regency, under the auspices of PTPN X (Persero) domiciled in Surabaya, East Java (PTPN X).

PTR is a sugarcane farmer who partners with a sugar factory in terms of working costs/capital, sugarcane cultivation techniques, and processing of sugarcane products into sugar, based on the proposed area and estimation of sugarcane production, will later receive business capital, namely the Food and Energy Security Credit Program (KKPE), while sugarcane farmers who form partnerships are farmers who have their land. Sugarcane farmers are the major supplier of raw materials for the cane sugar industry. The PTR Group in Kertosono District in 2021 numbered 241 people, with the PTR organizational structure shown in Figure 3.

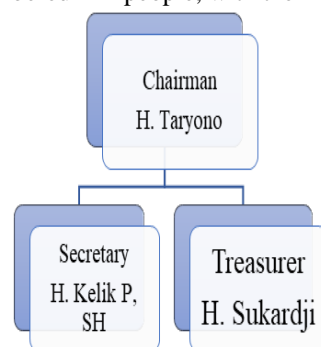


Figure 3. PTR Group Organizational Structure

Source: Organization management accountability report PTR Group (2021)

C. The development of the Sugar Factory partnership with the Sugarcane Farmers Group

The production of sugarcane farming by farmers cannot be sold to end consumers, while farmers do not have market guarantees and need further processing to make sugarcane more valuable, so farmers need the stages of processing sugarcane into sugar. The milling

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facility for processing sugar cane into consumption and industrial sugar is facilitated by the sugar factory. Sugar mills lack the supply of sugarcane raw materials and grind sugarcane below milling capacity, so sugarcane farmers form partnerships with sugar mills. Thus, there is a relationship between a mutual need for sugar mills and smallholder sugarcane farmers. The partnership has its own impact on sugarcane farmers, including providing easy access to both credit and production facilities as an effort to increase sugarcane farmers' income through the productivity of sugarcane farming. The partnership between the Sustainable Sugar Factory and smallholder sugarcane farmers has been going on since 1975 and is partnering with farmers in 9 districts. The partnership between PTR and the Lestari Sugar Factory is a sub-contract partnership with six partnership dimensions.

The partnership that exists between the Lestari Sugar Factory and PTR in Kertosono District (table 2) is bound by a written contract agreement that the farmer or landowner gives the obligation to plant sugarcane, which is managed with a sugarcane cultivation system that meets the technical standards implemented in paddy fields and dry fields with the target of increasing income. Meanwhile, Sugarcane Farmers are PTRs who are willing and able to apply the correct cultivation technology according to the guidance of sugar factory officials. The Lestari Sugar Factory produces sugar cane into sugar under the provisions and distributes credit to PTR, which must provide technical guidance on planting sugarcane to process the result. The partnership relationship between the Lestari Sugar Factory and PTR is shown in the Food and Energy Security Loan Application Flow (KKPE) (figure 4).

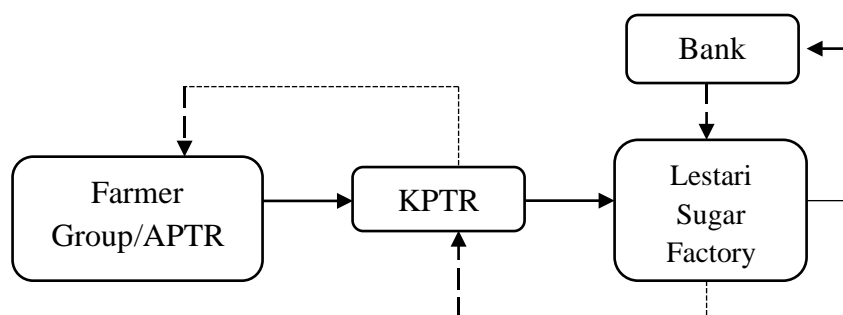


Figure 4. Partnership Relationship between Lestari Sugar Factory and PTR. Source: Processed by researchers, based on plant sinder interviews (2022)

Figure 4 shows that the stages of the partnership that have been established are related to several parties: Farmer Groups, Lestari Sugar Factory, Sugarcane Farmers Crowd (KPTR), and Bank. PTPN X Lestari Sugar Factory as a partner company plays a role in helping sugarcane farmers as capital/credit help for production costs. The organization that embodies sugarcane farmer groups and plays an important role in determining the fate of the farmers is APTR (Sugarcane Farmers Association). The sugar factory acts as a guarantee (avalist), guaranteeing that KKPE funds provided to farmers can be right on target and guaranteeing that KKPE funds can be returned to the bank concerned on time. The partnership program that is implemented includes the Food and Energy Security Credit (KKPE) program, with the mechanism for providing KKPE funds by the Bank to the Sugar Factory through Cooperatives the Sugar Cane Farmers Cooperative (KPTR) and the Cooperative handles the Lestari Sugar Factory in submitting KKPE loan applications by sugarcane farmer. In the acceptance of farmers' profit sharing by considering the Yield content (the level of sugar content in the sugarcane stems expressed in percent) of sugarcane (table 3). Price competition and yield values can also result in violations of partner farmer compliance in carrying out partnership agreements.

Table 3. Provisions for PTR Sugarcane Yield Sharing with Sugar Mills

No.	YIELD	PROFIT SHARING	
		PTR	PG
1	Yield up to 6,00 %	66%	34%
2	Yield 6,01 up to 8,00 % :		
	*Yield up to 6,00 % *Deviation	66% 70%	34% 30%
3	Yield > up to 8,00% :		
	*Yield up to 6,00%	66%	34%
	*Deviation 6,01%-8,00%	70%	30%
	* Deviation > 8,00%	75%	25%

Source: Cooperation Agreement Document Lestari Sugar Factory, PTR (Sugarcane Farmers) (2021)

Based on table 3, shows that the profit-sharing provisions are following the percentage of farmers' income with the Lestari Sugar Factory under the yield set by the sugar factory, but per 10% of the sugar received by the sugarcane farmers is in kind and the farmers also get a share of molasses of 3 kg per quintal milled sugarcane, the partnership pattern is beneficial for both the factory and the farmer.

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D. PTPN X Lestari Sugar Factory Partnership Process with Community Sugar cane Farmers Group Communication between partners and dissemination of information

The PTR group of the PTPN X Lestari Sugar Factory area unit builds communication and disseminates it through meetings every month, and certain situations and conditions can be held. Meetings in the Partnership Gathering Forum during the milling season, with a frequency of once a week, but when not milling, the frequency of meetings is once every month, especially to discuss costs and logging and hauling mechanisms. In addition, farmers also attend logging meetings held by the Lestari Sugar Factory during the milling season, which discuss costs and logging and transport mechanisms. These meetings were attended by sugarcane farmers who were always active in the Sugarcane Farmers Association.

Cooperation

In a partnership, the partner parties contribute to each other, where PTR contributes as a supplier of sugar cane for raw materials for the sugar factory, while the Lestari Sugar Factory contributes as materials/funds and actions, as in the purchase price of sugarcane for the Lestari Sugar Factory (table 4).

Table 4. Yield for Sugarcane Purchases at the Lestari Sugar Factory

No.	Range of Yield	Price (Ton)
1.	</= 7,00	Rp. 630.000
2.	7,01-7,25	Rp. 640.000
3.	7,26-7,50	Rp. 660.000
4.	7,51-7,75	Rp. 675.000
5.	7,76-8,00	Rp. 690.000
6.	8,01-8,25	Rp. 705.000
7.	8,26-8,50	Rp. 720.000
8.	>/= 8,51	Rp. 735.000

Source: Processed by the author, based on Price Data for Lestari Sugar Factory SPT Prices, 2022

Table 4 shows that the yield is less than 7, so the purchase price for cane at the Lestari Sugar Factory is Rp. 630,000 per ton, while the yield is over 8.51 the purchase price for sugarcane is Rp. 735,000., so the income of sugar cane farmers is as shown in table 5.

Table 5. Income from sugarcane farming for one season with an area of 1 Ha In 2021 and 2022

No.	Year	Yield (ton)	Price per-ton	Total	Percentage
1	2021	56	Rp. 600.000	Rp. 33.600.000	8,3 %
2	2022	56	Rp. 650.000	Rp. 36.400.000	8,3 %

Source: Processed by the author based on interviews with the Assistant Plant Manager

Trust

The partnering parties between PTPN X Lestari Sugar Factory and PTR Group each carry out their obligations and get their rights according to the cooperation agreement (PKS) Between Farmer Groups, Lestari Sugar Factory, and Lestari Cooperative regarding Financing and Implementation of People's Sugar Cane, Planting Season 2020/2021. PJ TAN Number: 20,493, August 22, 2020. The PKS is the basis for building credibility in realizing the benefits for both parties.

Commitment

The partnership's loyalty is based on the agreement in the PKS. However, developments in market competition often impact the level of loyalty of the parties who have built partnerships, where 30 PTR (12%) of the 241 PTR members do not comply with the commitments in the agreement (Source: Report on the Evaluation Results of the Lestari Sugar Factory, 2021). Disloyal PTR provides or sells sugarcane raw materials to private factories at a higher price than the price of the Lestari Sugar Factory as a partner of PTR. The comparison of the purchase price of sugarcane from the Lestari Sugar Mills and Private Sugar Mills is shown in table 6.

Table 6. Purchase Prices of Sugarcane from Lestari Sugar Factory and Private Factories

No	Range of Yield	Lestari Sugar Fact. Price (ton)	Private Factory Price (ton)	Percentage
1.	</= 7,00	Rp. 630.000	Rp. 650.000	3%
2.	7,01-7,25	Rp. 640.000	Rp. 670.000	5%
3.	7,26-7,50	Rp. 660.000	Rp. 690.000	5%

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4.	7,51-7,75	Rp. 675.000	Rp. 710.000	5%
5.	7,76-8,00	Rp. 690.000	Rp. 730.000	6%
6.	8,01-8,25	Rp. 705.000	Rp. 750.000	6%
7.	8,26-8,50	Rp. 720.000	Rp. 790.000	10%
8.	>= 8,51	Rp. 735.000	Rp. 1.000.000	36%

Source: Processed by the Author, Based on the 2022 Plant Assistant Manager interview and Private factory price data

Table 6 shows that there is a difference in the purchase price of raw sugar cane between the Lestari Sugar Factory and the Private Sugar Factory, at the lowest yield of less than 7.00 the purchase price of cane for the Lestari Sugar Factory is Rp. 630,000 per ton, while the price for a Private Sugar Factory is Rp. 650,000 per ton with a percentage of 3%. At the highest yield of over 8.51, the purchase price of sugar cane from the Sustainable Sugar Factory was Rp. 735,000 per ton, while the purchase price of cane from the Private Sugar Factory is Rp. 1,000,000 per ton with a percentage of 36%.

Conflict, Adaptation, and Interdependence

In implementing the MoU between PTPN X Lestari Sugar Factory and PTR, there are still differences of opinion, regarding selling sugar under the old profit-sharing scheme, meaning that there is still value that needs to be perfected in its implementation so that both parties get optimal mutual benefits. The partnership continues and PTR continues to carry out activities in sugarcane plantations by adjusting the development of agricultural systems following the sugar factory. As for the benefits received by each party, both PTPN X Lestari Sugar Factory and PTR receive fixed profits and income by the agreement in the MoU, as table 7.

Table 7. Benefits and Impacts of Partnership between Lestari Sugar Factory and PTR Group

No.	Partnering Parties	Benefit	Impact
1	PTPN X Lestari Sugar Factory	Obtain quality sugarcane raw materials according to standards in MoU	The sustainability of sugar production is guaranteed with quality according to standards
		The efficiency of production costs, because the raw material for sugarcane comes from PTR sugar factory partners	The sugar factory gains profits, so it can improve the people's future purchase price of sugarcane
2	Sugarcane Farmers Group	Get access to loans for sugarcane farming business capital	Guaranteed people's sugarcane planting activities and social economic activities of the community are sustainable
		The sugarcane is directly purchased by the sugar factory according to the MoU	Farmers get certainty of sugarcane sales and sustainable income
		Increase farmer's knowledge in carrying out farming innovations from sugar factories	PTR capability increases along with the development of sugarcane innovation from sugar mills

Source: Processed by the author, 2022

As this research has implications for further research, it is necessary to develop research on institutional aspects. Especially the capacity aspect of the institutional partnership which has lasted over four decades. Other researchers are encouraged to validate these findings through replication with other case studies and future research on this topic at other companies.

Analysis of Research Results with Other Studies

The success of the partnership between the Community Sugar Cane Farmers Group and the Sugar Factory using the partnership model from Harold Boeck and Samuel Fosso Wamba (2008), is supported by factors of communication, cooperation, trust, power imbalance, interdependence, and adaptation. However, there are still factors that have not supported the success of the partnership, the commitment factor of PTR members in interpreting the value of the partnership relationship that has been agreed upon in the Cooperation Agreement. The findings of this study support the research results of Fadilah and Sumardjo (2011), Ulil Azmie, Ratna Komala Dewi, I Dewa Gede Raka (2019) using the partnership theory from Hafsah (2000), that partnerships are effective for empowering farmers and contributing to economic aspects, technical, social and environmental; and Alam's research, Hermawan (2017) uses the partnership theory from Boeck and Wamba (2008) that partnerships are influenced by communication, cooperation, and trust factors, especially the commitment factor. However, the results differ from the findings of JGDB Leite, FM Langa, G von Maltitz, et al. (2020), which show that partnerships cannot be a buffer strategy to address market volatility and social vulnerability.

CONCLUSIONS

This study uses an eight-dimensional analysis of partnerships, revealing that sub-contract partnerships between groups of smallholder sugarcane farmers and sugar mills have been successful, as shown by the commitment to the role of sugar mills in developing beneficial partnerships. The factors that support the success of the partnership are communication, cooperation, trust, power imbalance and interdependence, and adaptation. Besides that, it is also supported by a pattern of partnership cooperation between PTPN X Lestari Sugar Factory and PTR, which has lasted over four decades.

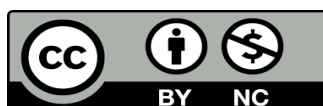
The partnership that has been established between PTPN X Lestari Sugar Factory and PTR, although it has been successful, is not yet optimal. This is because some sugarcane farmers have differences in the purchase price of sugar cane, so not all PTR members are committed and loyal to the value of the cooperative partnership relationship that has been agreed upon in the MoU. We suggest that to increase the benefits for both parties in a sustainable partnership; it is necessary to consider the development of the sugarcane purchase price component so that all smallholder sugarcane farmers are loyal to the agreement by selling all of their sugarcane output to the partner sugar mills.

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