

Case of Cassava Farming Business Partnership Pattern in Sampe Cita Village

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ABSTRACT

Cassava is one of the food crops widely cultivated by farmers in Glugur Rimbun, Sampecita Village. This plant is a secondary crop with the largest harvest area in Kutalimbaru District. Partnerships between farmers and suppliers are certainly a breakthrough in developing farming businesses. This is because in addition to the uncertainty of marketing and prices, farmers will also be able to adopt the science and technology set by the supplier in an effort to increase production and quality. This study aims to analyze the partnership pattern of farmers with cassava processing companies, the influence of production factors and analysis of farmer income, and the feasibility of farming businesses. The partnership pattern implemented between farmers/landowners and UD. Kreasi Lutvi is structured in a cooperation contract, where the partner UD. Kreasi Lutvi is responsible for cultivating cassava, providing production facilities ranging from seeds, herbicides, fertilizers, agricultural tools and labor and buying cassava harvests at an agreed price. Farmers provide land and supervision in cassava cultivation activities until harvest.

Keywords: analysis, pattern, partnership, cassava

INTRODUCTION

Cassava, a widely distributed tuber crop in Indonesia, plays a crucial role in fulfilling global needs for food, animal feed, and industrial raw materials. Indonesia holds the fourth position worldwide as the largest cassava producer, trailing Nigeria, Brazil, and Thailand (Ariningsih, 2016).

Demand for cassava has steadily increased over the years for both consumption and industrial raw materials. In 2014, Indonesia produced 23.44 million tons of cassava from approximately 1 million hectares, with an average productivity of 23.35 tons/ha. This is still significantly below the potential yield of some superior cassava varieties, which can reach 40-50 tons/ha (BPS, 2016).

Based on data for the 2018_2022, the five largest cassava-producing provinces in Indonesia are Lampung, Central Java, East Java, and West Java, North Sumatera contributing about 76.37% of the total national production. According to the Directorate General of Food Crops annual report, cassava production increased in 2023 to 16.76 million tons, an increase of 1.81 million tons compared to 2022. This surge in production positions cassava as a viable alternative to rice (Saida, 2023).

To support cassava cultivation, the Indonesian government issued Kepmentan No. 03/KPTS/PD. 120/1/2015 in 2015, designating specific districts/cities as development zones for rice, corn, soybeans, and cassava. For cassava, development areas were established in 20 districts across

six provinces: North Sumatra (Toba Samosir, Deli Serdang, Serdang Bedagai), Lampung (Lampung Timur, Lampung Tengah, Tulang Bawang), West Java (Bogor, Sukabumi, Cianjur, Bandung, Tasikmalaya, Sumedang, Subang), Central Java (Banjarnegara, Purworejo, Wonosobo, Wonogiri, Pati), DI Yogyakarta (Gunung Kidul), South Sulawesi: Maros.) (Ariningsih, 2016).

Despite its importance, cassava farming faces significant challenges, particularly at the farmer level. Cassava farmers are often marginalized due to rice's prominence as the main staple food. Currently, cassava ranks third as a staple food source after rice and corn, leading to a decline in its consumption as a primary food. This directly impacts the sustainability and welfare of cassava farmers. Key challenges include: decreased production due to climate change, unfavorable selling prices, less fertile land, traditional farming management practices, minimal adoption of technology, such as proper cultivation and fertilization techniques, low farmer capability in adding value to their products through processing or marketing. These issues result in low incomes for cassava farmers, preventing their farming efforts from guaranteeing a decent living for them and their families.

Maintaining cassava as an economically valuable farming commodity is crucial for supporting sustainable food security. Preserving cassava cultivation is a strategic step to reduce the risk of hunger and decrease poverty, especially among small-scale farmers. This aligns with the United Nations Sustainable Development Goals (SDGs), specifically Goal 1: No Poverty, and Goal 2: Zero Hunger, both of which emphasize eradicating hunger and poverty through a food-centric approach (UNDP, 2023)

One proposed solution for improving the livelihood of cassava farmers is to boost agricultural income. This approach not only stimulates the economy but also addresses fundamental community needs. Cassava, a long-standing staple in many regions, holds

significant potential as an alternative food source. Therefore, focusing on increasing the productivity and economic value of cassava farming is crucial. This will enable farmers to earn better incomes and elevate their overall standard of living. This aligns with the government's "Visi Bersama Indonesia Maju Asta Cita" program, which aims to achieve food self-sufficiency, foster creative industries, and enhance the downstream processing and industrialization of natural resources to create greater economic value. This strategy is expected to drive sustainable economic growth and enhance the competitiveness of products like "opak" (a cassava-based snack) produced by local partners, enabling them to penetrate global markets (Prabowo & Gibran, 2024)

Cassava farming in Deli Serdang Regency, North Sumatra, faces several significant hurdles. These include a long distribution chain, low selling prices for cassava, and suboptimal product quality. The fluctuating price of cassava also heavily impacts production cost analysis and farmer income, ultimately determining the viability of developing cassava farming.

Cassava is a versatile agricultural commodity, serving as a raw material for food, feed, fuel, and various industrial products. However, cassava farmers generally do not earn a decent income. This necessitates research into different farming patterns that could increase farmer income. Cassava farming can be carried out through partnerships with processing industries or independently (non-partnership). (Lin Andriani *et al.*, 2018).

Maintaining cassava as an economically valuable agricultural commodity is crucial for sustainable food security. Preserving cassava cultivation is a strategic move to reduce the risk of hunger and lower poverty rates, especially among small-scale farmers. This issue directly aligns with the United Nations Sustainable Development Goals (SDGs), specifically Goal 1: No Poverty and Goal 2: Zero Hunger. Both goals underscore the importance of eradicating

hunger and poverty through a food-centric approach (Salsiah & Alisjahbana, 2018).

In Deli Serdang Regency, cassava farming faces significant challenges that hinder farmer profitability and the overall viability of the crop. Cassava farmers in Deli Serdang are currently dealing with several key issues: Long and Complex Distribution Chains: The extended path from farm to consumer often involves multiple intermediaries, which can drive up costs and reduce the farmer's share of the final price; Low Selling Prices and Price Fluctuations: Farmers frequently receive inadequate prices for their cassava. Additionally, volatile market prices make it difficult to predict production costs and income, directly impacting the economic feasibility of cassava farming; Suboptimal product quality: The quality of the cassava produced may not always meet market demands or industrial standards, further limiting its value (Nainggolan & Aritonang, 2017)

Despite these challenges, cassava is a highly versatile crop, useful as food, animal feed, biofuel, and raw material for various industries. However, most cassava farmers in Deli Serdang struggle to earn a decent income. This highlights the need to research different farming models that could improve their financial standing. One promising approach is partnership (*kemitraan*), where farmers collaborate with processing industries, as opposed to operating independently (*non-partnership*). In the current traditional marketing system, farmers often sell their produce to collectors or middlemen (*tengkulak* or *penebas*), who then supply it to processing companies, leaving the downstream activities to dominate the market and capture most of the profit. The core question is whether entering into partnerships can significantly increase farmer income. This requires a comparative study between partnership and non-partnership farming models (Sirappa *et al.*, 2023)

A partnership is defined as a business strategy between two or more parties for a specific period, aiming for mutual benefit

based on the principle of win-win solutions. While partners may not have equal capabilities or power, the emphasis is on achieving equal bargaining positions based on each party's role and contribution. For a partnership to succeed as a business strategy, all parties must adhere to ethical business practices. Glyver and Kusteter (1990) define Contract Farming or partnership programs as farming ventures based on a contract between an institution or company (acting as a processor or marketer of agricultural produce) and the farmers themselves (Apriyani, 2010)

Based on these challenges and opportunities, the key research questions are: 1). How are partnership patterns established between farmers/landowners and cassava processing companies? 2). What is the economic viability of cassava farming based on the land area cultivated by farmers?

MATERIALS & METHODS

Research Location and Time

This research was conducted from January 2025 to March 2025. The research was conducted in two main locations in Deli Serdang Regency, namely Glugur Rimbun: A 15-hectare land in Glugur Rimbun, Sampe Cita Village, Kutalimbaru District, which functions as a cassava production location and Tuntungan 1 Village: The location of UD. Kreasi Lutvi, a cassava chips processing company.

Data Collection Techniques

This study employed both qualitative and quantitative descriptive analysis. Qualitative descriptive analysis was used to analyze the partnership patterns between farmers/landowners and UD. Kreasi Lutvi. This study also explored the benefits and challenges faced by farmers and the company during their partnership.

Secondary data was collected from literature and other relevant sources, including: the North Sumatra Central Statistics Agency, the North Sumatra Provincial Agriculture Office, the Deli Serdang Regency

Agriculture Office, research results, journals, and other relevant literature, as well as other relevant institutions relevant to this study. Documentation, such as photographs, drawings, and data on cassava farming activities in the Glugur Rimbun area, was used to strengthen the research findings.

Quantitative data analysis primarily involved direct field observations and interviews with farmers and partners. A structured questionnaire was used to collect information on cultivation techniques, production cost analysis, income, and the feasibility of cassava farming in the Glugur Rimbun area. This comprehensive approach aims to provide a solid understanding of the current state of cassava farming and the potential for partnerships in Deli Serdang.

RESULT

Respondent Farmer Characteristics

The respondent in this research is a farmer/landowner from Yayasan UNPAB, who owns a 10-hectare plot of land and is in a partnership with UD. Kreasi Lutvi. This farmer faces common issues such as a long distribution process, very low selling prices for cassava, and poor cassava quality. To boost income from cassava farming, strategies and innovations are needed, and the partnership with UD. Kreasi Lutvi is seen as a key solution for this farmer.

Overview of the Partner

UD. Kreasi Lutvi is a home industry specializing in the production of cassava chips and "opak" (a traditional cassava snack). This business utilizes locally sourced cassava as its primary raw material, transforming it into various appealing shapes and unique flavors. Their products cater to the public's demand for light snacks, enjoyed by all age groups.

Located at Jalan Tunas Mekar No. 285, Tuntungan II Village, Pancur Batu District, Deli Serdang Regency, North Sumatra, UD. Kreasi Lutvi is owned by Mr. Muhdi, S.Ag, and operates with full legal legitimacy. Their business logo is officially registered

with the Directorate General of Intellectual Property, Ministry of Law and Human Rights of the Republic of Indonesia (registration number D00-2006034754, dated October 18, 2006). Furthermore, their products hold a halal certification (number 09100000801105), demonstrating their commitment to ensuring product quality and adherence to Islamic dietary laws for consumers

UD. Kreasi Lutvi's growth has been remarkable. Starting with processing only 50 kg of cassava per day into chips, the business has rapidly expanded to now require 7,000-8,000 tons of fresh cassava daily, yielding 3-4 tons of cassava chips. Beyond domestic demand, UD. Kreasi Lutvi also exports its cassava chips to South Korea and Malaysia. Initially, family members were crucial in processing and marketing, proving effective despite the simple approach. By directly marketing products to elementary schools around Tuntungan II Village, the business established strong community ties. Through hard work and family support, "Kreasi Lutvi" has not only increased its production capacity but also contributed to community empowerment by providing employment for 60 people. This impressive growth serves as an inspiration for other small businesses to continuously innovate and adapt.

To meet increasing market demand, "Kreasi Lutvi" embraces various innovations. These likely include developing new flavor variants, appealing packaging, and more modern production methods. Investing in adequate machinery and equipment is a strategic move to boost production efficiency. Modern equipment can lead to faster and more consistent production processes, potentially reducing costs and enhancing market competitiveness.

UD. Kreasi Lutvi's vision is to build an independent and prosperous business. and mission are to establish a business founded on principles of independence, to create employment opportunities to improve the living standards of the surrounding community, to optimize the utilization of

agricultural raw materials into valuable industrial processed products, to enhance skills and mastery of production technology to meet quality standards and strengthen product competitiveness in the market.

UD. Kreasi Lutvi faces a significant challenge in the availability of raw materials, specifically the "ubi kayu roti" (bread cassava) variety, which is essential for its production process. To overcome this, the company has forged partnerships with landowners in the Tuntungan District, encouraging them to utilize their land for cassava cultivation. Yayasan Perguruan Panca Budi (UNPAB) is one such partner, possessing a 15 hectare in Glugur Rimbun, Sampe Cita Village. While UNPAB's land is used for cassava cultivation, they face the hurdle of low selling prices at harvest, leading to profits that often do not cover production costs. To enhance cassava quality and selling value, strategies and innovations are crucial, including strengthening partnerships with processing industries. The collaboration between UNPAB's land management and UD. Kreasi Lutvi, a food processing company producing cassava-based chips and "opak," is a testament to this collaborative effort.

Partnership Model Between Farmers and UD. Kreasi Lutvi

The partnership between farmers and UD. Kreasi Lutvi represents a strategic breakthrough in agricultural development, aiming to address classic problems like price uncertainty and marketing difficulties. This collaboration is expected to provide UD. Kreasi Lutvi with a stable supply of raw materials from the farmers, while the farmers will gain guaranteed prices (neither too low nor too high) as agreed upon with UD. Kreasi Lutvi, creating a mutually beneficial arrangement. With a guaranteed raw material supply, UD. Kreasi Lutvi hopes to increase its production of cassava chips and "opak" to meet existing market demand.

The partnership between the farmers and UD. Kreasi Lutvi is governed by specific

rules and agreements, including the cultivated land area is adjusted to match the factory's annual operational capacity, specific type or variety of cassava to be planted is stipulated, coordinated schedule for planting and harvesting is implemented to ensure a consistent supply. Regarding rights and obligations: **Farmers' Rights:** Farmers are entitled to a fair price for every kilogram of cassava sold to UD. Kreasi Lutvi. **Factory's Obligation:** The factory is obligated to purchase cassava according to the agreed-upon price and volume. The agreed price for fresh cassava is Rp. 1,450/kg.

The agreement also includes sanctions for each participant in case of violations. Operational oversight of the partnership is jointly conducted by the landowners/farmers and UD. Kreasi Lutvi. Further arrangements include cassava planting schedules to ensure raw material supply to the factory, an agreed-upon minimum price for cassava across seasons, the implementation of Good Agricultural Practices (GAP), and transparency in weighing during harvest.

Partnership Implementation

The partnership between farmers and UD. Kreasi Lutvi is a structured collaboration designed to ensure mutual benefit and stabilize the cassava farming business. Its implementation covers the specific form of partnership, the process of establishing it, the terms and conditions, and the formal contract agreement.

The process begins with an in-depth discussion between both parties. This initial dialogue covers crucial aspects such as:

- The form of the partnership: Defining how the collaboration will operate.
- Price agreement: Setting the agreed-upon price for cassava.
- Product terms and conditions: Specifying quality standards and other product-related requirements.
- Rights and obligations: Clearly outlining the responsibilities and entitlements of both farmers and UD. Kreasi Lutvi.

- Partnership requirements: Detailing any prerequisites for involvement.
- Permitted and prohibited actions: Clarifying what is allowed and disallowed throughout the contract period.

Once a mutual understanding and agreement are reached on these points, a formal partnership contract is signed.

This partnership acts as a coordination mechanism for suppliers (farmers) and the company (UD. Kreasi Lutvi) within a value-creation business network. As defined (Permana *et al.*, 2023), a partnership is a collaboration between two parties for a specific duration, aiming for mutual profit based on principles of mutual need and mutual growth.

The primary motivation for farmers to engage in this partnership program is the need for market certainty regarding the distribution of their harvest. By partnering with UD. Kreasi Lutvi, farmers gain:

- Market certainty: They avoid losses that often occur when harvest arrives without a clear buyer.
- Guaranteed price: The agreed-upon price provides financial stability.
- Clear distribution of harvest: Farmers know exactly where their produce will go.

These assurances mean that the income obtained by farmers through this partnership is expected to be more profitable compared to operating without a partner, significantly reducing market risks and increasing their economic stability.

Farmer Marketing Channels

The exploration of cassava commodity marketing channels for farmers involved in partnerships begins from the producer to the end consumer. Cassava marketing by partner farmers in Sampe Cita Village only has two marketing channel patterns: from farmers directly to chip processing factories and opak processing factories. This is because UD. Kreasi Lutvi has established cooperation with these cassava farmers. Farmers sell their harvest directly to the

cassava chip processing factory and the opak processing factory located in Tuntungan 1 Village, Pancur Batu District. The cassava harvest time is determined by UD Kreasi Lutvi, depending on the maturity level of the cassava and the amount of raw material needed for processing activities.

The cassava farming partnership between farmers and partners is based on mutual understanding and trust, which serves as a guide in running the partnership. This system uses a written agreement detailing the quantity of cassava harvest from partner farmers that will be purchased with a cash and carry payment system. The fresh cassava price agreement is an agreement between farmers and partners written in an agreement document, so that when the harvest time comes, the price of cassava no longer experiences market fluctuations, making it profitable for farmers and also profitable for partners because there is a supply of cassava raw materials needed according to the needs of the chip and opak processing factory.

DISCUSSION

In this partnership model for cassava farming, several operational costs typically borne by farmers are instead covered by UD. Kreasi Lutvi. UD. Kreasi Lutvi finances all production factors and all production results are directly collected by Kreasi Lutvi at the price of fresh cassava that has been agreed upon in the agreement document. After deducting production costs, the sales revenue is then split 50:50 between the farmer and the partner. This profit-sharing arrangement is based on the understanding that UD. Kreasi Lutvi bears the risk of cultivation failure. The farmer's primary contributions are providing the land and overseeing the cultivation activities (Sari & Astili, 2019).

Joint supervision, documented through official minutes work execution, is carried out by both the farmer and UD. Kreasi Lutvi for every activity, including land preparation, seed provision, planting, and fertilization. This joint oversight aims to

foster mutual commitment and trust between the partners.

Despite the benefits of the partnership, several challenges were observed in the field: 1). Perishability of cassava: Agricultural products, especially cassava, are highly perishable, necessitating quick marketing and efficient transportation. 2). Low selling price at harvest: The often-low selling price of cassava during harvest season presents a significant problem, leading to disproportionately low income compared to the production costs incurred. 3). Scarcity of production inputs: The availability of essential inputs like chemical fertilizers and herbicides can be scarce. 4). Limited access to information: Farmers lack adequate access to information regarding selling prices and the specific raw material characteristics required by industries. This highlights the need for better information dissemination to support cultivation decisions. Considering these challenges and the risks involved, farmers feel more secure with a partner, even if it means a somewhat smaller income. Farmers benefit from guaranteed cassava selling prices, no need to incur costs for production inputs, and no expenses for harvesting and transportation (Arisca, 2020)

A partnership is a collaboration between two or more individuals or entities to share costs, risks, and benefits by combining their respective competencies. To foster and maintain a strong partnership, the following principles should be upheld: a). Common Goal: Both parties must share the same objective. b). Mutual benefit: Each party should derive something mutually beneficial from the collaboration. c). Mutual trust: Trust is essential, not only in the honesty and good faith of each party but also in their capability to fulfill agreements and shared commitments, particularly regarding production costs and product/service pricing. d). Long-Term Relationship: When both parties feel mutually trusting, beneficial, and share common interests, they are more likely to engage in long-term cooperation, often extending beyond 5 or 10

years, sometimes even exceeding 20 years. e). Continuous improvement in quality and cost: A crucial principle in a partnership is the continuous effort from both sides to improve the quality of goods or services and enhance efficiency or reduce the cost/price of the goods/services. (Zakaria et al., 2022) stated that adhering to these principles enables a business to endure in an increasingly competitive global market. Resilience in competition ensures business survival and continuous improvement in product quality and price, which serves the interests of both parties.

CONCLUSION

The partnership pattern was implemented between farmers/landowners and UD. Kreasi Lutvi is structured in a cooperation contract where the partner UD. Kreasi Lutvi is responsible for cultivating cassava, providing production facilities ranging from seeds, herbicides, fertilizers, agricultural tools, and labor, and buying cassava harvests at an agreed price. Farmers provide land and supervisors for cassava cultivation activities until harvest.

Declaration by Authors

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