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Harmonization of Partnership Regulations in the Plantation Business Sector to Achieve Legal Certainty (Case Study of the CSR Sugarcane Partnership Program of PT Sukses Mantap Sejahtera with Farmers)

Yuliana*, Elisatris Gultom
Universitas Padjadjaran, Indonesia
Email: yuliana.ndpartnership@gmail.com, elisatris68@gmail.com

Abstract:
The plantation business sector plays an important role in the national economy, especially through partnership programs as part of Corporate Social Responsibility (CSR). However, partnership arrangements in this sector remain characterized by complexities and disharmonies among laws and regulations, which create obstacles to implementation and legal uncertainty for business actors. This research aims to analyze regulations governing partnership programs in the plantation sector in line with national laws and to examine their harmonization to achieve legal certainty. The methods employed are normative-juridical and empirical-juridical approaches, with data collection via library research and field studies at PT Sukses Mantap Sejahtera. The results showed that regulations on partnerships—issued by the Ministry of Agriculture, the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency, and those on CSR in the plantation sector—are often not harmonized, thereby separating CSR obligations from facilitation of community plantation development despite their shared goal of improving farmer welfare and business sustainability. This disharmony imposes multiple administrative and investment burdens, hampering the optimization of partnership programs and creating legal uncertainty. The research recommends harmonizing and revising plantation sector partnership regulations into an integrated, overlap-free framework to foster a conducive investment climate and sustainable development. Such harmonization would facilitate CSR partnership programs, including the case of PT Sukses Mantap Sejahtera, and support national sugar self-sufficiency.
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Keywords: *Regulatory Harmonization, Plantation Partnership, Corporate Social Responsibility (CSR), Legal Certainty, Sugar Self-Sufficiency*

Corresponding: Yuliana
E-mail: yuliana.ndpartnership@gmail.com

INTRODUCTION

Food security is a top priority for the Indonesian government, given the large population and the potential of the tropical region to support agriculture. Agriculture in Indonesia has a dual role, as an economic support and part of the culture of rural communities (Kurniawan, 2021; Ngadi et al., 2023). In Q1 2024, Indonesia's economic growth reached 5.11% (yoy), the highest in recent years, fueled by consumption during Ramadan and election-related government spending. Although almost all business sectors grew, the agriculture and plantation sector recorded negative growth of 3.54% (Elena, 2024).

Sugarcane is one of the main plantation commodities, which began to be planted since the Dutch colonial period through the forced planting system. During the VOC era, farmers were exempted from land taxes on the condition that they planted export crops, including sugarcane, which was profitable due to its short harvest period (Tegegn & Dhont, 2023). Sugarcane cultivation in Java began in the 18th century, and by 1950 Indonesia had around 100 sugar factories, the majority in Batavia, the rest in Banten, Cirebon and the North Coast of Central Java. Indonesia once achieved sugar self-sufficiency, but production declined due to shifts in livelihoods to non-agricultural sectors and the conversion of sugarcane land to residential, office and other uses (Sulaiman, 2018).

Sugarcane is a vital commodity for the food, beverage, pharmaceutical and chemical industries in Indonesia as it produces sugar as the main raw material (Sulaiman et al., 2019). National sugar demand reaches around 7 million tons per year, while domestic production is only 2 million tons, resulting in a supply deficit of 6 million tons which is met through imports (Direktorat Jenderal Perkebunan, 2025). The decline in sugarcane production is caused by the reduction in the area of sugarcane plantations. The government responded to this problem by issuing “Presidential Regulation No. 40 of 2023 on the Acceleration of National Sugar Self-Sufficiency and the Provision of Bioethanol as Biofuel” which aims to ensure food security, provide industrial raw materials, improve the welfare of sugarcane farmers, and support energy security and clean energy. This policy road map includes:

1. Increasing sugarcane productivity to 93 tons/ha through improved cultivation practices.
2. Addition of 700,000 ha of sugarcane land from plantations, smallholder sugarcane, and forest areas.
3. Increased mill efficiency and capacity.
4. Improving the welfare of sugarcane farmers.
5. Increased bioethanol production.

Two focuses relevant to Corporate Social Responsibility (CSR) are partnerships and improving the welfare of sugarcane farmers, which are key to the success of the sustainability of sugarcane plantations integrated with sugar factories and the achievement of national sugar self-sufficiency (Mayangsari et al., 2020). PT Sukses Mantap Sejahtera implements a partnership program with surrounding farmers to ensure the availability of raw materials, while empowering the community, improving social welfare, and protecting the environment through sugarcane cultivation on abandoned land. Although the objectives of CSR implementation, community garden development, and environmental social responsibility are the same, namely improving community welfare and equalizing development, in practice these three things often experience disharmony or overlapping arrangements.

Previous studies have highlighted various issues regarding CSR implementation and partnership models. For instance, Maulida (2018) examined PT Pindad's partnership program, focusing on community empowerment aspects within the manufacturing sector. Similarly, Roissudin (2018) analyzed PT Krakatau Steel's partnership program in Cilegon, emphasizing the legal framework of CSR in the industrial sector. Meanwhile, Mayangsari et al. (2020) evaluated partnership-based CSR management in the plantation sector, identifying challenges in aligning corporate and community interests. However, these studies have not specifically addressed the regulatory disharmony affecting CSR and partnership programs in the plantation sector, particularly in the context of sugarcane agribusiness.

The present study seeks to fill this gap by investigating the legal inconsistencies in partnership regulations governing the plantation sector. In contrast to earlier research, this paper focuses explicitly on the harmonization of regulations from multiple ministries—such as the Ministry of Agriculture and the Ministry of Agrarian Affairs and Spatial Planning—that often create dual administrative and investment burdens for companies like PT Sukses Mantap Sejahtera. This research therefore introduces novelty by examining how regulatory misalignment impedes the integration of CSR obligations and community plantation facilitation, despite their shared goal of sustainable rural development.

According to Carroll, the modern definition of CSR is based on Carroll's Pyramid of Corporate Social Responsibility, which includes four main corporate responsibilities: economic (making profits), legal (complying with regulations), ethical (acting according to moral norms), and philanthropic (making social contributions) (Dewi et al., 2024). To be considered socially responsible, companies must fulfill all four expectations at the same time.

Regulations related to the implementation of partnerships in the plantation sector have been regulated through Government Regulation No. 26 of 2021 which has been amended by Government Regulation No. 52 of 2023 concerning the Implementation of the Agricultural Sector, Minister of Agriculture Regulation No. 98/Permentan/OT.140/9/2013 concerning Guidelines for Plantation Business Licensing, Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency Regulation No. 18 of 2021 concerning Procedures for Granting Management Rights and Land Rights, and other derivative provisions that require plantation businesses to carry out CSR.

In support of the sugar self-sufficiency program, PT Sukses Mantap Sejahtera invested in sugarcane plantations integrated with a sugar factory in Pekat District, Dompu Regency. At the beginning of its operation, PT Sukses Mantap Sejahtera's investment in Dompu Regency was often rejected by local communities, despite its investment goal of equitable development to Indonesia's outermost regions. Regulations from the Ministry of Agriculture and the Ministry of ATR/BPN RI require plantation businesses to implement CSR and facilitate the development of community gardens. However, the implementation is constrained by over-regulation, regulatory disharmony, and overlapping authority between institutions.

One of the disharmonies is the obligation to carry out CSR together with the facilitation of community plantation development, even though both can be carried out through the same activities such as providing free sugarcane seeds, cultivation counseling, access to bank credit, and empowerment of local business entities (cooperatives, BUMDes). Ironically, the provisions of the Minister of Agriculture do not recognize all of these activities as CSR.

Partnership regulations that allow CSR programs to be realized through partnerships are important so that investment is not hampered. Harmonization of regulations is needed to harmonize legal norms for certainty of implementation in the field. The case of this research takes the example of PT Sukses Mantap Sejahtera's CSR program realized through partnerships with sugarcane farmers in Dompu, West Nusa Tenggara or areas categorized as underdeveloped areas in 2015-2019 according to Presidential Regulation No. 131 of 2015 (Humas, 2015). Since the beginning of the business, the company has faced resistance and challenges, so CSR has become crucial to demonstrate the benefits of investment for the community. However, the disharmony of regulations related to CSR, socio-environmental responsibility and community plantation facilitation makes it difficult for companies to understand, comply with and implement these interrelated obligations.

The obligation to implement CSR in the plantation sector is separate from other obligations, making investment burdensome. So far, CSR has been implemented based on company awareness and commitment. This provision emphasizes the commitment of companies to participate in sustainable economic development to improve the quality of life and the environment, both for the company, the local community, and the general public.

PT Sukses Mantap Sejahtera's sugarcane plantation investment created jobs for the surrounding community by involving them in planting sugarcane as the main raw material for the sugar factory. The initial challenge was that the people of Dompu, especially in Pekat sub-district, are not sugarcane farmers and sugarcane is not a local commodity. The company had to introduce this commodity from cultivation, maintenance, to harvesting. The community empowerment partnership program includes: a) provision of sugarcane seeds, b) guaranteed purchase of crops, c) counseling and mentoring on sugarcane cultivation, d) community empowerment through BUMDes.

This partnership pattern is in accordance with the mandate of the legislation. However, according to Regulation of the Minister of Agriculture No. 18 of 2021, these activities are not counted as the implementation of social and environmental responsibilities of plantation companies. This adds to the investment burden because there are multiple regulations with the same purpose, but they are regulated separately and have their own fulfillment criteria. Based on this background, it is necessary to conduct a study to overcome the disharmonization of regulations regarding partnerships in the plantation sector.

Based on a search conducted by the author at Padjadjaran University, several scientific works (theses) were found that have discussed similar topics regarding the implementation of CSR, including a thesis written by Fitri Maulida in 2018 regarding PT Pindad's partnership program, as well as Akhmad Roissudin's thesis in the same year which examined PT Krakatau Steel's partnership program in Cilegon, Banten. Although they have similar themes, the author's research is different in terms of the object of research, location, and focus of legal issues. Therefore, this study aims to understand the regulation of partnership programs in the plantation business sector in accordance with the provisions of the current national legislation, as well as to examine the harmonization of these partnership provisions in order to create legal certainty for business actors in the plantation sector. This research takes PT Sukses Mantap Sejahtera's sugarcane partnership CSR program with farmers as the object of research.

The author hopes that this research can provide maximum benefits, both theoretically and practically. Theoretically, the results of the research are expected to contribute to the development of legal science, especially regarding partnership arrangements as part of the implementation of corporate CSR programs in the plantation business sector, as well as being useful for legal practitioners and researchers interested in similar topics. Practically, this research is expected to be a consideration for companies in designing CSR programs that are in accordance with applicable regulations, as well as assisting policy makers in drafting partnership regulations in the plantation sector in order to produce harmonious legal products and provide legal certainty.

RESEARCH METHOD

This research used normative-juridical and empirical-juridical approaches. Data were collected through observation of PT Sukses Mantap Sejahtera's partnership program as a case study, interviews with stakeholders, and analysis of relevant documents, such as laws, regulations, and company records.

The research employed descriptive analysis to detail the phenomenon studied. It was also explanatory in nature, aiming to guide companies in implementing *CSR* partnership programs in accordance with statutory provisions and to harmonize partnership regulations for legal certainty in the plantation sector.

Data collection involved desk research and field studies. Desk research gathered primary and secondary legal materials, while field studies included direct and indirect interviews with relevant parties.

Data analysis applied a descriptive-normative method, which emphasized understanding legal materials like laws, regulations, and other documents to integrate findings into a comprehensive discussion of the issues studied.

RESULTS AND DISCUSSION

Harmonizing partnership regulations in the plantation sector plays a strategic role in establishing sustainable legal certainty for all parties involved. This legal certainty depends not only on the existence of formal regulations but also on their consistent implementation in the field. In the context of PT Sukses Mantap Sejahtera's CSR partnership program, although regulations related to partnerships and CSR are in place, challenges arise when these regulations are not fully understood or implemented according to local farmer conditions. This demonstrates the need for legal regulations to be supported by clear operational guidelines so that all parties understand their rights and obligations, as well as mechanisms for resolving potential conflicts.

Furthermore, regulatory harmonization serves as a foundation for fair and sustainable partnerships between companies and farmers. Legal certainty minimizes the potential for disputes, as each party is transparently aware of their boundaries, rights, and obligations. This is crucial for maintaining farmers' trust in companies, increasing their participation in partnership programs, and ensuring equitable distribution of benefits. Regulatory harmonization serves not only as a formal legal instrument but also as a social and economic mechanism that supports sustainable partnerships in the plantation sector.

Referring to Presidential Regulation of the Republic of Indonesia Number 71 of 2015, the responsibility for providing white crystal sugar in sufficient quantities and at affordable prices is a joint obligation of the Central Government and Regional Governments. White crystal sugar is not merely an agricultural commodity, but has become an important part of the national economic strategy. Its role is crucial in ensuring the availability of basic necessities and the supply of calories, both for household consumption and to support industrial activities that require sugar as a raw material in a sustainable manner (Sinuraya et al., 2024). However, Indonesia still faces significant challenges in meeting domestic sugar needs. According to Afandi (2024), with the current sugarcane yield level of only 7–7.5%, the lowest among the five major sugar-producing countries, an additional 500,000 hectares of plantation area is needed to meet the national sugar supply. This low yield indicates that the amount of sugar produced from each ton of milled sugarcane is less than that of competing countries such as Australia (13–14.7%), Brazil (12.3–13%), and India (9.5–12%). In terms of productivity, Indonesia is able to produce an average of 75 tons of sugarcane per hectare, slightly higher than Thailand (74 tons/ha) and India (70 tons/ha), but still lagging behind Brazil (76–80 tons/ha) and far below Australia (95 tons/ha). The combination of moderate productivity and low yields indicates that increasing sugar supply cannot rely solely on productivity improvements, but also requires land expansion, improved sugarcane variety quality, and improved processing technology.

Through the issuance of Presidential Regulation No. 40 of 2023 concerning the acceleration of national sugar self-sufficiency and the provision of bioethanol as a biofuel, the government has taken strategic steps to strengthen the independence of the sugar sector while supporting the transition to renewable energy. This policy is aimed not only at increasing sugar production capacity to meet domestic demand but also at encouraging the diversification of sugarcane products into high-value-added bioethanol. Therefore, this regulation provides a positive impetus for improving the governance of the sugar industry in Indonesia, through strengthening upstream and downstream links, increasing efficiency, and integrating the agricultural and sustainable energy sectors (Jamaludin et al., 2024).

Government Regulation Number 26 of 2021 concerning the Implementation of the Agricultural Sector, along with Minister of Agriculture Regulation Number 18 of 2021 concerning Facilitation of the Development of Community Gardens, serve as the legal basis for comprehensively managing and developing the agricultural sector. Both regulations stipulate government support in providing facilities, infrastructure, and services to communities surrounding plantation areas, with the aim of increasing productivity, farmer welfare, and the sustainability of agricultural businesses. Through the implementation of these policies, it is hoped that synergy between the government, businesses, and communities can be realized, thereby encouraging regional economic growth while strengthening agricultural commodity-based food and energy security (Pulungan, 2024).

The importance of harmonizing partnership regulations in the plantation business sector lies in its efforts to create legal certainty that serves as the foundation for relationships between companies and farmers. With harmonized and non-overlapping regulations, partnership mechanisms can operate fairly, transparently, and sustainably. Law Number 11 of 2020, Paragraph (2), also emphasizes that facilitation of community plantation development can be carried out through various schemes, such as credit patterns, profit sharing, other forms of partnership, or other funding agreed upon in accordance with statutory regulations. This provision demonstrates flexibility in building cooperative relationships between companies and farmers, while also providing space for innovation in partnership models that are appropriate to field conditions (Shevy, 2024).

This study found that the active involvement of officials from the West Nusa Tenggara Plantation Service and the Legal Division of PT Sukses Mantap Sejahtera played a crucial role in aligning field practices with applicable regulations. This finding aligns with research by Syafi'i et al. (2025), which emphasized that law functions not only as written norms but also as social practices that must be relevant to the local context. Without effective coordination and communication, formal rules can lose their operational power, creating legal uncertainty for the parties involved in the partnership.

Furthermore, regulatory harmonization directly impacts farmers' trust in companies. Unclear regulations often lead to doubt or dissatisfaction, which in turn can impact farmer participation and productivity. This research shows that with clear legal certainty, farmers are more motivated to actively participate, comply with partnership provisions, and improve the quality of their produce. This is reinforced by Yunika (2024), who stated that legal certainty and an understanding of farmers' rights and obligations within partnerships increase their commitment and productivity, enabling partnership programs to provide significant economic benefits to local communities.

Regulatory harmonization also has implications for companies' CSR management strategies. Companies that are able to properly align partnership programs with legal provisions can implement CSR more effectively and sustainably. Silvera et al. (2024) emphasize that legally certainty-based partnership governance not only strengthens corporate social responsibility but also creates fair, transparent, and accountable business practices. Thus, regulatory harmonization is not only a formal legal matter but also a managerial strategy to enhance a company's reputation and the sustainability of partnership relationships.

Comprehensively, this study shows that harmonization of partnership regulations encompasses three main aspects: first, alignment of formal rules with field practices; second, active stakeholder engagement through communication, coordination, and transparency; and third, the provision of detailed and regulatory-compliant internal company guidelines. The combination of these three aspects can increase legal certainty, strengthen farmer trust, and maximize the socio-economic benefits of CSR partnership programs. These findings also support the view of Rubi et al., (2024) who stated that the successful implementation of laws in the community is highly dependent on the integration between written regulations and empirical practices relevant to local socio-economic conditions.

Thus, harmonizing partnership regulations in the plantation sector not only plays a role in ensuring legal compliance but also contributes to sustainable local economic development and improving farmer welfare. Companies must view regulations not merely as legal obligations, but as strategic guidance for implementing fair, effective, and sustainable partnership programs. This research emphasizes the importance of synergy between written law, field practices, and company strategies in achieving regulatory harmonization that can provide legal certainty and optimal benefits for all parties involved.

CONCLUSION

The study demonstrates that harmonizing partnership regulations in Indonesia's plantation sector fosters fair, transparent, and sustainable legal certainty for companies and farmers, as evidenced in PT Sukses Mantap Sejahtera's CSR sugarcane partnership program, where alignment of formal regulations, field practices, internal guidelines, and stakeholder coordination boosted farmer trust, participation, crop quality, and productivity—transforming regulations into effective socio-economic tools for CSR sustainability and inclusive local development. Recommendations include revising overlapping partnership and CSR rules for integration, with government developing clear operational guidelines and enhancing inter-ministry coordination, while companies create compliant internal policies emphasizing participatory implementation. For future research, comparative analyses across other plantation crops (e.g., palm oil) or quantitative models assessing economic impacts of harmonization could expand insights into scalable sustainable development strategies.

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