



Available at :

<http://ojs.unik-kediri.ac.id/index.php/ekonika>

Ekonika
Jurnal Ekonomi Universitas Kediri

Business Model Canvas for Innovation of Farmer Business Institutions as a Capital Buffer for Corn Farming in Muna Regency

Gogor Arif Handiwibowo

¹Department of Business Management, Institut Teknologi Sepuluh Nopember (ITS)

Email: gogor@mmt.its.ac.id

Article History:

Submitted : 30 January 2026

Revised : 12 February 2026

Received : 29 March 2026

Keywords:

BMC; innovation; business institution; farmer; capital

ABSTRACT

Muna Regency is a regency in Southeast Sulawesi Province whose economy relies heavily on agriculture. Corn is one of the main commodities of Muna Regency. One of the phenomena faced by farmers is the lack of working capital for farming. The Muna Regency Agriculture Office initiated the formation of a business institution in the form of a cooperative that functions primarily as a savings and loan institution. Farmers throughout Muna Regency become members of the cooperative and receive priority for capital loans. This proposal is certainly an innovation from the agriculture office to improve the standard of living of farmers. Of course, this institution is expected to channel working capital to farmers in Muna Regency. To form a reliable cooperative, a BMC (Business Model Canvas) study is needed to run itself as an independent and sustainable cooperative.

INTRODUCTION

Agriculture in Muna Regency

Food is a fundamental and crucial need for society in general. With the rapid growth of the world's population, ensuring sufficient and sustainable food availability is challenging (Hermanto, 2014). Sustainable food production is closely linked to sustainable economic development. Therefore, a balance between overall production and consumption is necessary. Meeting the community's food needs is primarily driven by production from provinces that prioritize food products needed by the general public at large and nationally (Pertiwi et al., 2017).

Food crops play a vital role, given that food crops are a category of plants that produce food as a source of energy to support human life. Various types of carbohydrates are used as food ingredients worldwide, both from grains and tubers. Currently, Indonesia prioritizes

four types of crops that are of primary concern in developing the food agriculture sector: rice, soybeans, cassava, and corn (Hafsah, 2009).

Corn, as one of the world's most important foodstuffs, holds significant potential for future value. With a total global trade value twice that of rice, corn offers numerous benefits beyond its role as a food source for humans. Corn's use can be expanded beyond the food industry, including as animal feed and an environmentally friendly bioenergy source. Due to its more flexible use and projected demand that will continue to rise in line with global population growth, demand for corn is expected to increase further in the future (Pertiwi et al., 2017).

On the other hand, corn is a food commodity that frequently experiences price fluctuations in the market. These extreme and unpredictable price fluctuations make corn known as a highly volatile commodity (Aditya, 2016). For farmers, volatility is often equated with agricultural risk. High price volatility indicates uncertain profits from the sale of agricultural products. This agricultural price volatility is caused by the instability between the demand and supply dimensions. As volatility increases, future price uncertainty increases (Pertiwi, 2013).

Muna Regency, Southeast Sulawesi Province, prioritizes corn as a primary agricultural commodity to meet the community's economic needs and support the regional economy. Hybrid corn is the preferred corn variety in Muna Regency. This is due to its affordable seed price and widespread availability thanks to government assistance (Susanti et al., 2025).

Farmers and Capital

On the other hand, farmers face a complex problem. Traditional farmers in Muna Regency lack sufficient capital. Yet, in corn farming, working capital is crucial, from pre-planting to post-harvest. This means that during the approximately 90-day planting period, farmers must be prepared to spend working capital before receiving any profits from corn sales. With a relatively long planting period (approximately 90 days) between planting and harvest, traditional farmers lack sufficient working capital to cover planting activities and the upcoming planting season (Susanti et al., 2025).

This is exacerbated by the low market absorption capacity for corn agricultural products due to market readiness. A lower market readiness to absorb agricultural products will result in lower selling prices. In addition to lower selling prices, low market absorption will also impact the speed at which agricultural products are absorbed by the market. This means that

agricultural products face two market risks: low selling prices and the delay in product availability (Susanti et al., 2025).

When they lack working capital, farmers try to cover their expenses in several ways. The first common method is to sell assets they already own, such as motorcycles or livestock. By selling their assets for a certain price, they hope to quickly raise funds for working capital. However, this approach has a drawback: the assets they own will often receive funds for much less than their value due to the quick sale (Susanti et al., 2025).

The second method is to seek debt. This method is actually quite risky because not only is there no guarantee of anyone lending money, but farmers are usually required to repay the loan within a certain timeframe and with significant interest. This method is certainly a significant burden for farmers, especially during harvest time. Sometimes farmers face repayment problems, especially when the harvest they hoped would cover the debt fails. This makes it even more difficult for farmers to repay their debt (Susanti et al., 2025).

Such complex risks significantly burden farmers' working capital. Farmers face the risk of underpricing their products and the long wait for them to monetize their agricultural commodities. This risk means many farmers are unable to recoup their investment enough to start planting in the next season (Susanti et al., 2025).

AGRICULTURAL BUSINESS INSTITUTION

The Urgency of Farmer Business Institutions

Given the potentially significant risks facing farmers in Muna Regency, an institution or agency is needed to provide backup for farmers so their businesses can run smoothly and sustainably (Handiwibowo et al., 2021). This institution is expected to act as a buffer for farmers in their economic activities. The establishment of this institution is expected to mitigate some of the potential risks faced by farmers in Muna Regency. This institution is expected to increase farmers' competitiveness in the market (Pertiwi et al., 2013).

The existence of this institution primarily begins with the provision of initial working capital. This initial working capital is needed by farmers during the pre-planting period. This initial capital requirement is primarily for post-harvest land preparation (Handiwibowo, 2025). This initial capital can also be used to purchase seeds for the crops to be cultivated. This initial capital can also be used to pay farm laborers who may be hired for the planting process (Hafsah, 2009).

The Existence of Agricultural Business Institutions

The institution in question is a Regionally-Owned Enterprise (BUMD) and has been named "Sugih Patani" by the Muna Regency government. This institution aims to become a modern business entity for farmers to improve their welfare and agricultural productivity. Through this institution, it is hoped that it will be able to collaborate with various parties, from the government to the private sector, and even internationally, with its main product being corn (Handiwibowo, 2019).

Given the various problems, challenges, risk models, and other aspects, the innovation of this farmer business institution, now a Regionally-Owned Enterprise (BUMD), requires a well-thought-out organizational design concept to compete in the agricultural business world and optimally impact farmers in Muna Regency. This means that the competitiveness of this business institution needs to be enhanced to become more competitive (Handiwibowo et al., 2020).

The benefits of establishing a Regionally-Owned Enterprise include increasing local revenue (PAD) and the economy of the farming community. This objective seeks to directly provide a decent income for farmers and provide dividends to the local government from a portion of the profits. The next objective is to establish a modern and professional agricultural system. Implementing a modern and professional agricultural system is expected to improve agricultural performance, ultimately leading to increased farmer incomes. The final objective, in general, is to improve regional food security. A modern agricultural system and increased agricultural productivity will undoubtedly support food security in Muna Regency.

BUSINESS MODEL CANVAS

Key Partner

The first and primary partners are the farmers. The next crucial partners are off takers of agricultural products. Further partners are large-scale capital institutions. Other partners that can improve the performance of these institutions include the Department of Trade and Industry, the Department of Agriculture, the Indonesian Chamber of Commerce and Industry (KADIN), and traditional market traders.

Key Activities

The first and most important key activity is providing working capital for farmers. The next activity that can be undertaken is purchasing farmers' commodities at competitive prices.

The next activity is temporarily storing farmers' commodities to find a favorable price for release to off takers.

Key Resources

The institution's primary key resource is providing working capital to farmers with competitive returns. Furthermore, the institution serves as a buffer for farmers, allowing them to absorb agricultural commodities at competitive prices and store them for later release to the market when commodity prices are favorable.

Value Proposition

The most compelling value proposition of this institution is its ability to provide working capital to farmers with competitive profit sharing. Furthermore, this institution is expected to provide certainty regarding the purchase price of agricultural commodities at competitive prices for farmers. Furthermore, this institution can also provide certainty regarding competitive prices to off takers of agricultural commodity products.

Customer Relationship

The customer relationship model with farmers is based on direct marketing, as most farmers still lack IT devices and mobile phones. Furthermore, a PIC must have a network of contacts within the agriculture, trade, and industry agencies, as well as the Indonesian Chamber of Commerce and Industry (KADIN). Furthermore, a network with larger capital institutions is expected to provide access to capital for farmers' working capital.

Channel

The channels used by this institution are more traditional, with offices easily accessible to farmers and other partners. Furthermore, mobile phones and WhatsApp social media serve as channels for contacting farmers. Finally, this institution can utilize IT applications to address millennial and technology-aware farmers.

Customer Segment

The institution's target customer segment is farmers in Muna Regency who need working capital and to sell their commodities. Furthermore, the institution's customer segment includes offtakers with a scale large enough to receive agricultural commodities. In addition to the aforementioned customers, the target customer segment includes wholesalers in markets who are also expected to absorb agricultural commodities.

Cost Structure

The primary cost structure of this institution is working capital for farmers. Furthermore, the second cost structure is capital for purchasing agricultural commodities. In addition to these two cost structures, this institution also has employee and overhead costs.

Revenue Streams

This institution's primary revenue stream is a profit-sharing mechanism for capital loans provided to farmers. Furthermore, potential revenue comes from the difference between agricultural commodity purchases from farmers and sales to off takers.

Figure 1. The BMC of Agricultural Business Institutions

Key Partners	Key Activities	Value Proposition	Customer Relationship	Customer Segments
1. Farmer	1. Providing working capital for farmers	1. Providing certainty of purchase prices for agricultural commodities to farmers at competitive prices	1. By direct marketing because the average farmer still does not use IT/cellphone devices	1. Farmers in Muna Regency who need working capital and to sell their commodities
2. Off taker	2. Buying farmer commodities	2. Capitalization capability to provide working capital to farmers with competitive profit sharing	2. PIC which has a network with the Agriculture Service, Trade & Industry Service & KADIN	2. Offtaker/big middleman
3. Capital institutions	3. Saving farmers' commodities	3. Providing certainty of supply at competitive prices to large offtakers/middlemen	3. PIC that has a network to access capital (banking)	3. Market traders for the sale of commodities
4. Department of Trade & Industry	4. Selling farmer commodities to off takers			
5. Department of Agriculture	Key Resources		Channels	
6. Chamber of commerce and industry (KADIN)	1. Capital buffer for farmers		1. Office	
7. Traditional Market Traders	2. Farmer capitali		2. Handphone & Social Media 3. IT Application	
Cost Structure		Revenue Streams		
1. Working capital to farmers		1. Difference in purchases from farmers to large offtakers/middlemen		
2. Capital for purchasing agricultural commodities		2. Sharing the results of capital loans to farmers		
3. Employee costs				
4. Overhead costs				

CONCLUSION

The conclusion that can be drawn from the discussion above is that farmers desperately need working capital to be able to carry out normal agricultural activities. Therefore, this institution is urgently needed to become a capital institution that can cover farmers' working capital during the pre-planting, planting, maintenance, harvest, and post-harvest processes. In addition to being able to maintain the stability of commodity selling prices from farmers, this institution also functions as a buffer in the sales process from farmers to off takers of agricultural commodities. This buffer function can be explained by purchasing commodities from farmers at competitive prices and then selling them to off takers at competitive prices. To ensure each party receives competitive prices, this institution must have a good logistics and storage system. Assuming that when commodity prices fall, commodities will be stored temporarily and then sold to off takers when prices rise again.

ACKHNOLEDGEMENT

This article is fully supported and funded by the Ministry of Transmigration through the Ekspedisi Patriot Program 2025.

BIBLIOGRAPHY

- Aditya, T. (2016). Analisis Faktor-faktor yang Mempengaruhi Volatilitas Harga Beras di Indonesia. Skripsi. Institut Pertanian Bogor.
- Hafsah, J. (2009). Penyuluhan Pertanian di Era Otonomi Daerah. Jakarta: PT Pustaka Sinar Harapan.
- Handiwibowo, G. (2019). Do Technological Innovation Capabilities Contribute to New Product Development Performance? A Conceptual Framework. 10.4108/eai.30-7-2019.2287608
- Handiwibowo, G. A. (2025). MEASUREMENT OF ABSORPTIVE CAPACITY IMPLICATIONS IN SMALL AND MEDIUM INDUSTRIES. *JMD: Jurnal Riset Manajemen & Bisnis Dewantara*, 8(2), 53-60.
- Handiwibowo, G. A., Nadlifatin, R., Bhawika, G. W., & Noer, L. R. (2021). The Contribution of Absorptive Capacities to New Innovative Product Development Performance: A Conceptual Framework. *International Journal of Mechanical Engineering Technologies and Applications*, 2(1), 73-77.
- Handiwibowo, G., Nasution, A., Arumsari, Y. & Puji, R. (2020). Strategic fit implication of technological innovation capabilities for SMEs with new product development. *Management Science Letters*. 10. 2875-2882. 10.5267/j.msl.2020.4.020.
- Handiwibowo, G. A., Thoyib, A., Rofiq, A., & Rohman, F. (2024). How The Knowledge Management Improving the Technological Innovation Capabilities: Indonesia SMEs Context. In *2024 International Conference on Information Management and Technology (ICIMTech)* (pp. 806-810). IEEE.
- Hermanto. 2014. Harmonisasi Kebijakan Pangan Nasional dan Daerah. Litbang Pertanian. <http://www.litbang.pertanian.go.id/buku/reformasi-kebijakan-menuju/BAB-IV-2.pdf>.

- Pertiwi, VI., Anindita, R., Dwiastuti, R. (2013). Analisis Volatilitas, Transmisi Harga dan Volatilitas Spillover Bawang Merah (*Allium ascolanium* L) di Jawa Timur. *Jurnal Sosial Ekonomi*. Vol 24 No 3.
- Pertiwi, V. I., Baladina, N., & Laili, F. (2017). Volatilitas Harga Jagung Dalam Era Pembangunan Ekonomi Pertanian Berkelanjutan. In *Prosiding Seminar Nasional Pembangunan Pertanian* (pp. 9-15).
- Osterwalder, A., & Pigneur, Y. (2005). Clarifying Business Models: Origins, Present, And Future Of The Concept Clarifying Business Models: Origins, Present, And Future Of The Concept. *Commun. Assoc. Inf. Syst*, 15.
- Osterwalder, A., & Pigneur, Y. (2012). Building business models: Handbook of a strategist and innovator. *Alexander Oster-walder, Yves Pinier*.
- Susanti, S., & Iswandi, R. M. (2025). Analisis daya saing jagung di Kabupaten Muna. *Jurnal Sosio Agribisnis*, 10(1), 58-68.