

THE ROLE OF BAITUL MAL BANDA ACEH CITY IN THE DEVELOPMENT OF MICRO BUSINESSES IN BANDA ACEH

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ABSTRACT - *Baitul Mal has four roles, including providing financing, providing various consultations and assistance to MSMEs, facilitating networks and connections between MSMEs and other business actors and providing training and education to MSMEs. However, Baitul Mal Banda Aceh City only carries out two roles, namely providing financing and providing various consultations and assistance to MSMEs. The purpose of this research is to determine the role of Baitul Mal Banda Aceh City in the development of micro businesses in Banda Aceh City, to determine the development of micro businesses after receiving financing from Baitul Mal Banda Aceh City and to find out the obstacles faced by Baitul Mal Banda Aceh City in distributing financing for micro businesses. This type of research is qualitative research with data collection techniques through interviews and documentation. The results of this research indicate that Baitul Mal Banda Aceh City has not played its role optimally. Because MSMEs still need training in running their business. Even with business capital assistance, their business has increased its income. But they also still need to increase their capacity or ability to manage their business.*

Keywords : *Role, Baitul Mal, Micro Business Development*

ABSTRAK - Baitul Mal memiliki empat peran, termasuk menyediakan pembiayaan, memberikan berbagai konsultasi dan bantuan kepada UMKM, memfasilitasi jaringan dan koneksi antara UMKM dan pelaku usaha lainnya, serta memberikan pelatihan dan pendidikan kepada UMKM. Namun, Baitul Mal Kota Banda Aceh hanya menjalankan dua peran, yaitu menyediakan pembiayaan dan memberikan berbagai konsultasi dan bantuan kepada UMKM. Tujuan penelitian ini adalah untuk mengetahui peran Baitul Mal Kota Banda Aceh dalam pengembangan usaha mikro di Kota Banda Aceh, untuk mengetahui perkembangan usaha mikro setelah menerima pembiayaan dari Baitul Mal Kota Banda Aceh, dan untuk mengetahui kendala yang dihadapi Baitul Mal Kota Banda Aceh dalam menyalurkan pembiayaan untuk usaha mikro. Jenis penelitian ini adalah penelitian kualitatif dengan teknik pengumpulan data melalui wawancara dan dokumentasi. Hasil penelitian ini menunjukkan bahwa Baitul Mal Kota Banda Aceh belum menjalankan perannya secara optimal. Karena UMKM masih membutuhkan pelatihan dalam menjalankan usahanya. Meskipun dengan bantuan modal usaha, usaha mereka telah meningkatkan pendapatan. Tetapi mereka juga masih perlu meningkatkan kapasitas atau kemampuan mereka dalam mengelola usahanya.

Kata Kunci: Peran, Baitul Mal, Pengembangan Usaha Mikro

“Transformation of Zakat and Waqf in the Digital Era: Innovations, Challenges, and Opportunities for Maqasid Shariah Development Goals”



INTRODUCTION

Zakat is an obligation for every Muslim who has financial means, to share part of his wealth with those in need, such as the poor, orphans or widows. Apart from being a form of worship, zakat also plays an important role in reducing social inequality and improving the community economy. All Muslims who meet certain criteria are required to pay zakat.

The role of zakat is as follows (Baznas, 2022): First, Economic Empowerment through Zakat. Zakat has a strategic role in improving the economic welfare of society. By giving zakat, Muslims can help reduce economic disparities between community groups. Zakat can also be directed to support micro and small businesses, create jobs, and provide capital for small business actors. Second, Poverty Alleviation. One of the purposes of zakat is to help reduce poverty among society. By donating to those who really need it, zakat plays an important role in creating economic balance. Through zakat, we can encourage economic independence for individuals who cannot afford it, so that they can achieve progress in life and improve the quality of their lives. Third, Social Development. Zakat is not only related to the economy, but also has a significant effect on social development. The use of zakat for the purposes of education, health and development of social infrastructure allows improving the quality of life of the community. Zakat can be allocated to provide access to adequate education and health facilities for underprivileged groups. Fourth, Collective Awareness. The implementation of zakat forms a shared concern among Muslims. By giving zakat collectively, they participate in efforts to create justice and equitable prosperity. This contributes to the formation of close social relations and enhances communal solidarity.

According to Law Number 23 of 2011, specifically in Article 25, it is stated that the allocation of zakat must be given to mustahik in accordance with Islamic law. Apart from that, Article 26 explains that the distribution of zakat must be prioritized based on the level of need, by prioritizing balance, justice and local factors. Zakat can be distributed in two ways, namely directly as consumptive zakat and indirectly as productive zakat.

Productive zakat is a type of zakat allocated to strengthen the capacity of zakat recipients (mustahik) by increasing their productivity or by investing zakat funds in sectors that have potential economic benefits. Based on Law no. 23 of 2011, this productive zakat regulation is implemented after mustahik's basic needs are met through consumptive zakat. The advantage of productive zakat lies in its empowerment aspect, which not only helps financially but also supports the mustahik's independence, so that the proceeds can be used to fulfill consumptive zakat.

In Banda Aceh City, there is a non-structural institution called Baitul Mal. This institution functions as a mediator between muzakki and mustahik. The main task is to collect, distribute, manage, supervise and utilize zakat to improve the welfare of

mustahik. The existence of professional zakat managers is able to minimize economic and spiritual disparities among mustahik. Baitul Mal in Banda Aceh City has initiated various steps to overcome economic problems through effective zakat management and distribution (Wirdatul Jannah et al, 2023).

Baitul Mal is a special institution tasked with managing all the wealth of the people, including state income and expenditure. All types of property, such as land, buildings, mining assets, money and merchandise which according to Sharia law are owned by Muslims and whose ownership is not specifically limited by individuals, are considered as acceptance for Baitul Mal. Legally, these assets belong to Baitul Mal, whether they have been stored in Baitul Mal's storage area or not (Sukma Ade Lina, 2021).

Baitul Mal in Banda Aceh City is running an empowerment program through productive zakat given as working capital. Those who are in the poor category and have small businesses will receive support in the form of grant capital. The concept of productive zakat aims to ensure that zakat recipients can generate sustainable income from the capital provided. The hope is that these zakat funds can help them increase their income and set aside money for the future. (Wiratul Jannah et al, 2023).

Based on the results of research conducted by Ritonga (2019), Amin (2019), and Adrian (2019) regarding the role of Baitul Mal in empowering MSMEs, it can be concluded that Baitul Mal has actively played a role in efforts to empower MSMEs. However, research conducted by Hanifa (2019) regarding BMT Fajar shows that the implementation of member empowerment is still not optimal. In this context, the empowerment carried out by Baitul Mal involves providing capital financing and training to MSME players.

Baitul Mal's role in developing MSMEs includes providing financing, providing various consultations and assistance to MSMEs, facilitating networks and connections between MSMEs and other business actors, and providing training and education to MSMEs. However, Baitul Mal Banda Aceh City only carries out one role, namely providing business capital financing to MSMEs.

LITERATURE REVIEW

Understanding the Role of Baitul Mal, Following are some of the roles of Baitul Mal according to experts:

- a. Dr. M. Ali Hasan

“Transformation of Zakat and Waqf in the Digital Era: Innovations, Challenges, and Opportunities for Maqasid Shariah Development Goals”



States that Baitul Mal functions as an Islamic financial institution that manages zakat, infaq, alms and other assets for the welfare of society (Hasan, 2015).

b. Prof. Dr. Nasaruddin Umar Suggesting that Baitul Mal has a role in redistributing wealth to achieve social justice and empower the people's economy (Umar, 2017).

c. Dr. Nurdin Syaifullah

Explains that Baitul Mal plays a role in managing and distributing zakat to overcome the problem of poverty and improve the quality of life of the community (Syaifullah, 2018).

d. Prof. Dr. Muhammad Quraish Shihab

States that Baitul Mal functions as an institution that safeguards and distributes the people's assets for the common good, so that it can contribute to social development (Shihab, 2010).

e. Dr. Asep Saefuddin

Says that Baitul Mal plays an important role in organizing and facilitating the management of people's assets, including zakat, for the welfare of the community (Saefuddin, 2019).

Baitul Mal plays an important role in managing the people's resources to achieve prosperity and social justice. Nasrullah (2015) explains that the role of Baitul Mal, some experts say, is that Baitul Mal plays a more passive role in managing zakat assets, namely functioning as a party to collect funds and distribute them to mustahiq. Meanwhile, the Qanun has stated that the role of Baitul Mal is not only as manager, but also to participate in developing zakat. The development of zakat is important because zakat is not only for consumptive purposes but also for productive matters, such as being used as business capital to make it more useful.

The role of Baitul Mal in developing MSMEs

Suryadi, A. (2019) explained, Baitul Mal is a sharia-based financial institution that plays a vital role in advancing Micro, Small and Medium Enterprises (MSMEs). Its function is more than just providing funds, Baitul Mal also plays an active role in supporting the overall development and progress of the MSME sector.

Baitul Mal's main role in supporting the growth of MSMEs lies in providing financing based on sharia principles. Baitul Mal distances itself from all forms of financing that involve interest or other methods that are contrary to Islamic norms. For this, Baitul Mal offers various financing models such as mudharabah (profit sharing system), murabahah (purchase transactions plus margin), and musyarakah (capital

collaboration), all rooted in sharia principles. This provides an opportunity for MSMEs who want to develop to obtain financing that is in accordance with their religious values (Saleh, H. M. A., 2019).

Apart from financing, Istiqomah, N., & Muis, I. (2020) revealed that Baitul Mal also provides various consulting and assistance services to MSMEs. Baitul Mal has a team of financial and business experts who can provide valuable advice on financial management and business strategy. They help MSMEs in preparing business plans, managing finances efficiently, and providing direction to overcome the challenges faced by MSMEs. With this support, MSMEs can improve the quality and competitiveness of their business.

Apart from that, Wulandari, F., & Nurahmad, A. (2019) explained that Baitul Mal also plays a role in facilitating networks and connections between MSMEs and other business actors. Baitul Mal can organize various events and business meetings aimed at expanding networks and increasing collaboration between MSMEs. Through these meetings, MSMEs can build relationships with potential business partners, access a wider market, and learn from the experiences and successes of other businesses. Baitul Mal not only provides financial support, but also offers consultations and expands the network. More than that, they also hold various educational programs such as workshops to train MSMEs to hone their skills in the business sector including financial management, marketing, as well as product innovation and production. These programs are designed to provide MSMEs with essential knowledge so they can grow their businesses effectively.

Understanding Micro Business Development

According to the Big Indonesian Dictionary (KBBI), micro business development can be defined as an effort to increase the capacity, quality and productivity of micro businesses, which are small businesses that are owned and managed independently. Micro business development includes aspects such as training, access to capital, and marketing to strengthen the foreign power and sustainability of the business.

Micro business development is the process of increasing the capacity and performance of small businesses, especially those managed by individuals or groups with limited resources. Mardikanto (2013) stated that micro business development includes various activities aimed at increasing business productivity and competitiveness through training, access to capital and marketing.

Sukirno (2010) states that micro business development focuses on improving managerial skills, access to technology, and market understanding to achieve business

“Transformation of Zakat and Waqf in the Digital Era: Innovations, Challenges, and Opportunities for Maqasid Shariah Development Goals”



sustainability. Government regulation no. 29 of 1995 defines micro businesses as businesses owned and run by individuals or business entities who have certain net assets, with development aimed at improving community welfare.

Stiglitz and Weiss (1981) in a financial context, they highlight the importance of access to credit for the development of micro-enterprises, which can increase production capacity and business sustainability. Micro enterprise development has a significant impact on the local and national economy, as well as contributing to poverty alleviation and community empowerment. So, the development of micro businesses is an important aspect in the economy, because it can help create jobs and reduce poverty.

Definition of Micro Business

Microbusiness is a type of business that requires small capital, making it easier to adapt to changes in the market. The definition of micro business varies in each region, and more specifically in each country, because each country has its own criteria for classifying a business as a micro business. These criteria usually include the number of employees, total assets, and business income.

Law Number 20 of 2008 explains that micro businesses are a type of productive business, owned by individuals or individual business entities, which have assets of no more than IDR 50,000,000 and annual income of a maximum of IDR 300,000,000. Meanwhile, small businesses are defined as independent productive economic activities, carried out by individuals or business entities that are not affiliated as subsidiaries or branches of medium or large businesses, either directly or indirectly (Prasetya & Herianingrum, 2016).

METHODOLOGY

This type of research method uses a qualitative approach. The qualitative approach positions a researcher as the main tool, with integrative data collection and analysis based on inductive methods (Sugiono, 2016). The reason for using qualitative methods is because this approach pays attention to dynamic social realities, and strengthens the interactive relationship between researchers and subjects. This approach allows researchers to dig deeper through direct interaction with informants, and is more adaptive to the context being studied. The data in this research was obtained from interviews, observation notes, personal documents and other official sources, not through statistical figures.

The data used in this research are primary data and secondary data. Primary data is data that the author obtained in the field when conducting research. Meanwhile,

secondary data is data obtained through the process of reading and understanding sources such as literature, books and official company documents (Sugiyono, 2021).

The data collection techniques in the field use interview and documentation techniques. Data analysis used in this research is data collection, data reduction, data presentation and conclusion drawing.

RESULT AND DISCUSSION

Based on interviews with research informants, Mrs. Desi explained that Baitul Mal's role in developing micro businesses is by providing business capital assistance to micro business actors. Distribution of business capital assistance given to mustahik in the form of cash. The capital given to each mustahik varies depending on the type of business, family situation and their daily income. These funds are collected from the zakat, infaq and shadaqah funds of the muzakki, then distributed to poor communities who need business capital assistance to run their businesses.

The general stages in the process of providing business capital assistance are as follows:

- a) Submission of proposals and registration. People who need business capital assistance can submit a proposal or register through the Banda Aceh City Baitul Mal office or take part in the registration program being held. This application involves filling out a form and attaching the required documents such as:
 - a. KTP and KK
 - b. Poor certificate from the village
 - c. Business plan or proposal
 - d. Business photo
- b) Field verification and survey. After the application is made, Baitul Mal will carry out a verification process for the data provided by the prospective recipient. Officers from Baitul Mal will conduct a field survey to see the condition of potential aid recipients, including checking the authenticity of the business, business potential, and ensuring that potential recipients truly meet the criteria as mustahik (zakat recipients) according to sharia provisions.
- c) Determination of aid recipients. Based on the survey and verification results, the Baitul Mal team will evaluate the submitted proposals. They will consider business feasibility, business development potential, and capital requirements. If prospective recipients meet the criteria, they will be designated as recipients of business capital assistance.

“Transformation of Zakat and Waqf in the Digital Era: Innovations, Challenges, and Opportunities for Maqasid Shariah Development Goals”



- d) Distribution of capital assistance funds. Business capital assistance funds will be distributed to recipients via bank accounts or in cash, depending on Baitul Mal Banda Aceh City policy. This assistance can be in the form of cash business capital given to develop the business. Assistance with production equipment, for example sewing machines, carts, or other equipment that supports the business. The handover of funds is usually done symbolically at an event, which is also attended by the local government to ensure transparency.
- e) Monitoring and evaluation. After the aid was distributed, Baitul Mal carried out monitoring on a scale to evaluate business development. The purpose of this monitoring is to ensure that the zakat funds distributed are actually used for productive purposes and in accordance with the proposed plan.
- f) Reporting and accountability. Baitul Mal Banda Aceh City usually asks aid recipients to report on the progress of their businesses, including profits, obstacles and use of the funds received. This is done to maintain accountability and ensure that aid is used as intended.

Baitul Mal Banda Aceh City has implemented a productive zakat program well. However, there needs to be adequate training and assistance for business actors so that mustahik can manage their business well. Without training, micro business actors often do not have sufficient knowledge in business management, marketing and technology, which has a negative impact on operations and growth (Badrun, 2018). Lack of training can make MSMEs unable to innovate, so they fall behind more adaptive competitors. According to the results of interviews with Mustahik, they only get financing from Baitul Mal Banda Aceh City. They also need to improve their abilities in business management, such as providing training, skills and other support so that they can manage their business well.

1. Development of Micro Businesses After Receiving Financing from Baitul Mal Banda Aceh City

Based on interviews with informants from MSME actors who received business capital assistance from Baitul Mal Banda Aceh City, the following information can be obtained:

- a) Ibu NB, a micro entrepreneur, who runs a business selling noodles and gas. This lady has been selling for 20 years. According to him, the business capital assistance from Baitul Mal Banda Aceh City had a positive impact on his business. After receiving business capital assistance from Baitul Mal for additional capital, his business experienced improvements. Previously the profit was around Rp. 80,000 per day is now Rp. 100,000 per day.
- b) Ibu MY, an SME entrepreneur who operates in the kiosk sector, she has been selling for 2 years. According to him, with the additional capital from Baitul Mal his business has increased. He admitted that the capital assistance really

helped the development of his business. The profit he previously obtained was around Rp. 70,000 per day but now it has increased by around Rp. 90,000 per day.

- c) Ibu NI, a business actor who operates in the kiosk sector, this mother has been selling for 4 years. Before receiving business capital assistance from Baitul Mal, he admitted that he lacked capital to run his business. After receiving business capital from Baitul Mal, his business experienced an increase. The daily profit he now earns is around Rp. 100,000, where previously you only made a profit of Rp. 70,000 per day.
- d) Ibu NJ, a micro entrepreneur who sells coconut water and sugar cane juice, she has been selling for 5 years. According to him, with the additional capital his business experienced a significant increase. The increase in income allows him to increase the stock of goods at his kiosk. Currently, sales profits have increased to Rp. 100,000 per day. Previously, they only made a profit of around Rp. 70,000 per day.
- e) Ibu AY, a business actor who operates in the field of selling credit. He has been selling for 3 years. He said that with business capital assistance from Baitul Mal Banda Aceh City, Alhamdulillah, his business has increased. Where with this additional capital he can stock the goods needed at his place of business. The profit he earns per day is around Rp. 110,000 per day. Where previously you only made a profit of around Rp. 80,000 per day.
- f) Ibu HY, a micro entrepreneur who operates in the business of selling fried foods. He has been selling for 5 years. Stating that with the help of this business capital, Alhamdulillah, his business has increased. However, his income tends to be unstable and depends on the number of fried foods sold. On average, this income ranges between Rp. 70,000 to Rp. 80,000 per day.

The increase they have obtained so far has only increased the amount of profit. However, they have limited knowledge about business management, marketing and finance, so their business development is not optimal. According to interviews with several of the mustahik above, they admitted that they needed adequate training and assistance so that their businesses could develop further.

2. Obstacles faced by Baitul Mal Banda Aceh City in Disbursing Financing to Micro Enterprises

In the process of distributing capital funds to micro businesses, Baitul Mal Banda Aceh City faces several challenges. The results of interviews with Baitul Mal showed several obstacles, namely: first, the lack of adequate assistance for business

“Transformation of Zakat and Waqf in the Digital Era: Innovations, Challenges, and Opportunities for Maqasid Shariah Development Goals”



development; second, supervision of business development which is not yet comprehensive; third, shortage of official vehicles and transportation costs for surveys carried out by supervisors on mustahik businesses; fourth, lack of the number of employees or labor required; and fifth, the absence of experts in business management.

Supporting mustahik's business growth with assistance is very crucial to minimize problems that may arise in their business. The team from the distribution and utilization sector provided direct assistance with the mustahik. The aim of this assistance is to monitor the development of mustahik businesses and provide alternative solutions if they face obstacles in managing their business (Alfaizin et al., 2018).

Some of the challenges that mustahik often face in managing their businesses include: first, lack of knowledge about business management; second, inability to develop its business further; and third, limited zakat funds which are insufficient to support all business needs.

To advance a business, effective entrepreneurial management is needed. Management that is systematically structured, assessable, precise and comprehensive will produce a program that is productive, effective and efficient. Entrepreneurship itself is the behavior, enthusiasm and ability to create something innovative and different by using creativity and innovation to create opportunities to overcome challenges. Therefore, entrepreneurial management involves utilizing economic potential creatively, innovatively, and with the courage to take risks in order to gain profits (Wirdatul Jannah et al, 2023).

CONCLUSIONS

Baitul Mal Banda Aceh City as a financial institution has apparently not fully carried out its role optimally. They should not only provide financing, but they should also provide assistance to MSMEs, facilitate networks and connections between MSMEs and other business actors, and provide training and education to MSMEs. So that MSMEs not only increase their income but also improve their business management capabilities.

After receiving capital funds from Baitul Mal Banda Aceh City, mustahik micro businesses experienced an increase in profits, but they still had limited knowledge about business management, marketing and finance, making it difficult to develop their business. This happens because they have not been able to optimize business development, there is no adequate guidance, and there is minimal supervision in the process of developing the business.

In the process of distributing funds by Baitul Mal in Banda Aceh City, there were several obstacles faced, including: first, lack of assistance for business development; second, insufficient supervision of business development; third, shortage of official vehicles and unavailability of transportation funds for supervisors who carry out

surveys on mustahik businesses; fourth, shortage of assigned employees; and fifth, the absence of experts in the field of business management.

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