


# The role of Baitul Maal in improving community welfare through business capital assistance

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## Abstract


This research aims to examine the role of Baitul Maal in enhancing community welfare through business capital assistance, focusing on MSMEs in Aceh Singkil. Employing a descriptive qualitative research design, the study used interviews to gather relevant stakeholder insights. The findings indicate that Baitul Maal in Aceh Singkil has significantly improved community welfare by providing essential business capital assistance to MSMEs. The study identifies various disbursement processes and specific requirements that potential beneficiaries, referred to as mustahik, must meet to qualify for assistance. The findings can guide policymakers in creating a supportive environment for MSMEs, ultimately fostering economic growth and community welfare. By enhancing the operational framework of Baitul Maal, this research contributes to the broader discourse on effective community empowerment strategies through Islamic financial institutions.

## Public interest statements

The insights gained from this research have several practical implications. First, they highlight the importance of streamlining the disbursement processes to ensure timely and efficient access to capital for MSMEs. Second, the identification of specific requirements for mustahik can inform Baitul Maal and other stakeholders in developing targeted outreach and support programs to serve eligible beneficiaries better.

**Keywords:** Baitul Maal, Community Welfare, Business Capital.

**Paper type:** Case study

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## Abstrak

Penelitian ini bertujuan untuk mengkaji peran Baitul Maal dalam meningkatkan kesejahteraan masyarakat melalui bantuan modal usaha, dengan fokus pada UMKM di Aceh Singkil. Dengan menggunakan desain penelitian kualitatif deskriptif, penelitian ini menggunakan wawancara untuk mengumpulkan wawasan pemangku kepentingan yang relevan. Temuan penelitian menunjukkan bahwa Baitul Maal di Aceh Singkil telah meningkatkan kesejahteraan masyarakat secara signifikan dengan memberikan bantuan modal usaha yang penting bagi UMKM. Penelitian ini mengidentifikasi berbagai proses pencairan dan persyaratan khusus yang harus dipenuhi oleh calon penerima manfaat, yang disebut mustahik, untuk memenuhi syarat mendapatkan bantuan. Temuan tersebut dapat memandu para pembuat kebijakan dalam menciptakan lingkungan yang mendukung bagi UMKM, yang pada akhirnya mendorong pertumbuhan ekonomi dan kesejahteraan masyarakat. Dengan meningkatkan kerangka operasional Baitul Maal, penelitian ini berkontribusi pada wacana yang lebih luas tentang strategi pemberdayaan masyarakat yang efektif melalui lembaga keuangan Islam.

## Pernyataan kepentingan publik

Wawasan yang diperoleh dari penelitian ini memiliki beberapa implikasi praktis. Pertama, wawasan tersebut menyoroti pentingnya menyederhanakan proses pencairan untuk memastikan akses modal yang tepat waktu dan efisien bagi UMKM. Kedua, identifikasi persyaratan khusus bagi mustahik dapat memberikan informasi kepada Baitul Maal dan pemangku kepentingan lainnya dalam mengembangkan program penjangkauan dan dukungan yang tepat sasaran agar dapat melayani penerima manfaat yang memenuhi syarat dengan lebih baik.

**Kata kunci:** Baitul Maal, Kesejahteraan Masyarakat, Modal Usaha.

## Introduction

Baitul Mal is a non-structural government institution that serves as a facility for storing and managing the wealth of the community, including state revenues and expenditures. It plays a crucial role in overseeing these resources. Historically, the establishment of Baitul Maal was inspired by Abu Hurairah, who served as the governor of Bahrain and managed a substantial tax revenue (al-haraj) of 500,000 dirhams. Given the significant tax collected, Khalifa Umar initiated a meeting with prominent colleagues to discuss the appropriate use of these funds. It was ultimately decided to retain the treasure as a reserve rather than distributing it immediately, allowing for its use in emergencies, such as paying soldiers' salaries or benefiting the ummah (Saprianto, 2023).

The term "Baitul Mal" is commonly used in several provinces. However, in Aceh, the institution is referred to as BMA, or Baitul Mal Aceh, reflecting the province's special status. The central Baitul Mal of Aceh is located in Banda Aceh at Jl. Teuku Nyak Arief No. 148-A, Jeulingke, Syiah Kuala Sub-district, Banda Aceh City. Baitul Mal is a government-established institution that stores and manages various assets that constitute state revenue. According to Aceh Qanun No. 10 of 2007, Article 1, Paragraph 1, Baitul Mal is classified as a Non-Structural Regional Institution authorized to manage and develop zakat, waqf, and religious treasures. Its primary aim is to promote the community's welfare and serve as a platform for addressing

the needs of orphans and managing inherited property that lacks a guardian, all by Islamic Sharia (Aceh Government, 2008).

BMA has established criteria for determining which individuals will receive a specific amount of capital to start a business. The community economic empowerment assistance program participants must be poor individuals with minimal business income, reside in Banda Aceh, and be classified as economically disadvantaged. They should also fall under micro, small, and medium enterprises (MSMEs). MSMEs produce goods and services using primary raw materials derived from natural resources, local talents, and traditional artworks. Small and medium enterprises aim to foster growth and development to build a national economy based on equitable economic democracy (Sari & Yafiz, 2022). Assistance is provided once during the program period, after which the impact of the capital assistance is assessed. The funds allocated for this program are sourced from productive zakat, infaq, and sadaqah funds, which cannot be used for consumptive needs. The primary objective of providing this capital assistance is to develop community businesses, thereby increasing income and enabling individuals to meet their needs and escape poverty.

. The poor are individuals whose average per capita expenditure falls below the poverty line, indicating that their income is insufficient to meet even the most basic needs. As the country with the world's largest Muslim population, Indonesia is responsible for contributing to poverty alleviation efforts by leveraging Islamic philanthropy as a solution to the poverty challenges faced by its communities (Hayati & Soemitra, 2022). The cycle of poverty in Indonesia is largely attributed to the lack of access to capital for the poor. The current economic system, which does not favor low-income individuals, is believed to hinder efforts to reduce poverty in the country. Financial institutions, which are meant to serve as intermediaries that channel funds from those with surplus resources to those in need, failed to fulfill their roles effectively. This is evident from the significant number of unbankable individuals who need more assets to use as collateral for credit loans. Additionally, the absence of entrepreneurial skills further complicates the ability of the poor to escape poverty (Amrizal et al., 2024).

This study focuses on a case study in Aceh Singkil District, one of the sub-districts in Aceh Province, which is notable for its numerous micro, small, and medium enterprises (MSMEs) that require assistance in both additional capital and the procurement of business equipment. The residents of Aceh Singkil are recognized for their strong desire to establish or manage businesses. Given the context and background outlined, this topic is deemed significant for research, specifically examining the role of Baitul Maal Aceh Singkil in enhancing community welfare through business capital assistance. This research aims to understand how Baitul Maal contributes to improving community welfare by providing business capital assistance, with a particular focus on MSMEs in Aceh Singkil. This investigation seeks to highlight the impact of such assistance on the local economy and the livelihoods of the community members involved in these enterprises.

## Case description

Aceh Singkil is one of the areas in Aceh Province that continues to struggle with high poverty levels, often attracting government attention aimed at poverty alleviation. In response to these

challenges, community members have sought to create employment opportunities through various types of micro, small, and medium enterprises (MSMEs). Observations reveal a diverse range of businesses in Aceh Singkil, including tire repair services, small kiosks, souvenir shops, fried meatball vendors, bicycle repair shops, laundry services, well-ring printing businesses, and grocery stores. These enterprises could contribute to reducing the poverty rate in the region.

However, a significant barrier to the growth and sustainability of these community MSMEs is the need for more capital for their operations. Some businesses have even been forced to close due to substantial financial losses. Researchers conducted interviews with five local enterprises to gain a deeper understanding of the challenges faced by MSMEs in Aceh Singkil. The findings indicated that these MSMEs struggle to survive and grow primarily due to insufficient business capital and a lack of capital assistance, which is crucial for enhancing the community's welfare. Additionally, the researchers identified an organizational structure within Baitul Maal Aceh Singkil, which plays a role in addressing these issues. This structure is essential for coordinating efforts to provide local MSMEs with the necessary support and resources, fostering economic development, and improving community welfare in Aceh Singkil.

Yusuf Qardhawi emphasizes that optimizing the implementation of zakat can significantly reduce or even eliminate poverty, as zakat represents a sustainable source of funds. It serves as a vital instrument for long-term development, providing social and economic support to those in need, thereby enhancing their living standards (Putri et al., 2023). In Indonesia, zakat has substantial potential to alleviate poverty and improve the welfare of the underprivileged, provided it is channeled effectively through various distribution programs managed by government and private zakat institutions. These programs focus on multiple sectors, including the economy, education, health, and community empowerment. The distribution of zakat assistance can vary significantly based on location, timing, the nature of the business, and the characteristics of the zakat recipients. This variability reflects the principles of equity and justice in zakat distribution. However, the amount of assistance may differ according to the recipient's attributes (Sulistri et al., 2024).

It is crucial to regard zakat as a serious tool for combating poverty in Indonesia. While professional zakat management has the potential to reduce poverty annually, issues such as scams and a lack of transparency in zakat distribution have led to diminished public trust in zakat management systems. To address these challenges, Islamic researchers are encouraged to explore ways to supervise zakat in alignment with Islamic teachings, which could help restore confidence in zakat practices and mitigate concerns regarding corruption (Harianto & Dharma, 2022).

Based on the existing phenomena, it is necessary to review the role of bait maal in improving community welfare through business capital assistance to MSMEs in Aceh Singkil. As has been studied by previous researchers, one of the platforms that can assist the government in empowering the community is Baitul Mal's programs, namely collecting and distributing Zakat, Infaq, and Sadaqah funds to the community. *Community empowerment* is a strategy that focuses on providing the role of bait maal in society. Baitul Mal Aceh Singkil's role will help MSMEs improve community welfare through business capital.

### **Welfare Theory (Grand Theory)**

*Welfare* is defined as the ability to expand choices in life by, among other things, including an assessment of "participation in public decision-making." The Welfare State theory promotes the idea that governments are responsible for ensuring the greatest happiness (or welfare) of the greatest number of their citizens. Bentham used the term 'utility' to explain the concept of happiness or welfare. Based on the principle of utilitarianism that he developed, Bentham argued that something that can cause extra happiness is good. Conversely, something that causes pain is bad. *Community welfare* is a situation that tells about the community's life, which can be seen from the community's standard of living, which has a life order where all life needs have been met, especially food, clothing, education, and health. Many concepts of welfare can be formulated as the equivalent meaning of human dignity, which can be seen from four indicators: Security, Welfare, Freedom, and Identity (Sutoyo et al., 2022). Social welfare is the fulfillment of citizens' material, spiritual, and social needs so that they can live and develop better and carry out their social functions. Welfare covers various aspects of life and cannot be fully measured. A person is said to be prosperous if he can fulfill his basic needs, such as clothing, food, shelter, drinking water, educational opportunities, and the ability to get enough work to fulfill his life's needs.

### **Baitul Maal**

The term al-mal from the word bait means building or house, while al-mal means property or wealth. So baitu al-mal means the house of property or wealth. However, bail mal is also interpreted as a treasury (general or state). Meanwhile, bail mal, seen from fiqh terms, is an institution managing state assets, especially finance, income, and management, and those related to spending (Saripudin et al., 2021). The management of zakat in Indonesia is divided into two ways: consumptively and productively. Consumptively, that is, zakat assistance will be given to be used directly by zakat recipients, namely mustahik. Productively, mustahik is given zakat assistance to be able to run so that mustahik can manage zakat funds, such as providing business capital for the smooth running of the business or channeled in the field of entrepreneurship education (Sardini & Imsar, 2022).

### **Methods**

This research employs a descriptive qualitative approach, grounded in post-positivism philosophy, which is particularly suited for studying natural conditions rather than experimental settings. The study was conducted in Aceh Singkil, in Aceh province, and focused on local micro, small, and medium enterprises (MSMEs). The research subjects include all MSMEs in Aceh Singkil, specifically focusing on two MSMEs on the brink of bankruptcy and requiring business capital assistance. Additionally, the study involves interviews with the general chairman of the Aceh Singkil Baitul Mal, providing insights into the organization's role in supporting these businesses.

Data collection for this study involves two types: primary data, which is gathered through interviews, and secondary data, which is sourced from relevant agencies and online resources. The analysis of the collected data will utilize descriptive analysis to provide a detailed account of the current conditions and challenges faced by the MSMEs. An inductive mindset will allow for the development of generalizations and theories based on the specific observations made during the research. Qualitative descriptive analysis will facilitate a

comprehensive understanding of the qualitative data collected, focusing on the experiences and perspectives of the participants.

## Results and discussion

The discussion on business capital and the law of diminishing returns highlights the complex relationship between capital investment and productivity in the context of micro, small, and medium enterprises (MSMEs). According to this theory, while capital is essential for increasing productivity and output, there comes a point where additional capital does not yield proportional increases in output. Instead, after reaching an optimal level of capital utilization, further investment may lead to diminishing returns, where the increase in income becomes less significant or even negative. In the context of MSMEs, the findings suggest that continuously increasing capital does not guarantee success; rather, it may lead to decreased income if the capital is not effectively utilized. Conversely, a decrease in capital could lead to increased income, indicating that the management and allocation of capital are crucial for the success of these enterprises. This aligns with the notion that effective capital management is more important than merely increasing capital amounts.

Moreover, microcredit and financial institutions, such as Baitul Maal Wa Tanwil (BMT) and Microfinance Institutions (MFIs), are significant in providing the necessary capital for MSMEs. These institutions aim to alleviate poverty by offering loans that enable productive enterprises to thrive. However, the study notes that despite government efforts to support productive businesses, many still need access to these programs, highlighting a gap in support that needs to be addressed. Additionally, the concept of productive zakat is presented as a means to support the poor and needy while benefiting the zakat payer. This approach emphasizes the importance of investing zakat in productive ventures, which can generate ongoing benefits without depleting the original wealth. The teachings of Islam regarding zakat encourage the use of these funds to foster economic growth and support those in need, reinforcing the idea that financial resources should be utilized to promote sustainability and community welfare.

In conclusion, business capital is a vital component for the success of MSMEs. However, its effectiveness is contingent upon proper management and strategic investment. The interplay between capital, productivity, and welfare underscores the need for targeted financial support mechanisms, such as microcredit and zakat, to enhance the economic prospects of MSMEs and contribute to poverty alleviation.

Based on interviews conducted with Mr. Muhammad Syarifuddin M.A., the Head of Baitul Mal in Aceh Singkil, several key insights were gathered regarding the organization's role in supporting local micro, small, and medium enterprises (MSMEs). Informant 1 highlighted that Baitul Mal has programs designed to assist MSMEs, which the secretary organizes with a predetermined budget. He emphasized that many MSMEs have benefited from the assistance provided by Baitul Mal, which aims to support small businesses and contribute to community prosperity. According to him, the support has led to healthier and more developed businesses within the community. Despite their budget limitations, Baitul Mal strives to assist all MSMEs, ensuring that welfare is more evenly distributed and that the

organization plays a significant role in the local economy. Baitul Mal has successfully assisted 54 MSMEs, which are still developing. Informant 1 underscored the importance of MSMEs as a pillar of economic strength, indicating that their survival and growth are crucial for the community's overall economic health.

Researchers also conducted interviews with 2 MSMEs that had been in difficulty and almost experienced bankruptcy. In the results of the interview with informant 2, the researcher can conclude as follows: "I am a small fisherman who participates in marketing my catch. My work tools were damaged then and had to be replaced to keep this business running. At that time, I heard that we could receive various kinds of assistance, one of which was from Baitulmal. The assistance provided is in the form of cash ranging from Rp 1,500,000 to Rp 4,000,000, depending on the needs of MSMEs in terms of how big the business is with the terms and conditions that have been applied participated in the program and feel very helped until now" explained informant 2.

In addition to the insights from Mr. Muhammad Syarifuddin M.A., researchers also conducted interviews with an informant from a local clothing laundry MSME called Informant 3. This interview focused on the process of disbursing assistance and the conditions required to receive support from Baitul Mal in Aceh Singkil.

Informant 3 explained that the primary requirement for receiving assistance is that the business must possess a business certificate issued by the village and a certificate of poverty. Additionally, applicants must submit various documents, including photocopies of their family card (KK), identity card (KTP), savings book, and business photographs.

Once the data collection is complete, the process moves to the data filing stage, followed by verification of the submitted files. This verification ensures that the applications meet the predetermined criteria. Suppose the business is deemed feasible and meets all the requirements. In that case, it then proceeds to the distribution stage, assisting eligible recipients (must). This structured process highlights Baitul Mal's thoroughness in ensuring that assistance is directed to those who truly need it and meet the necessary criteria.

The research findings indicate that Baitul Mal in Aceh Singkil has significantly contributed to improving community welfare through its business capital assistance programs. This is supported by the insights shared by Informant 1, who noted that many micro, small, and medium enterprises (MSMEs) have benefited from the support provided by Baitul Mal. The primary goal of this assistance is to enhance the viability of small businesses, ultimately leading to greater prosperity within the community.

Informant 1 emphasized that many businesses have become healthier and continued to develop following the assistance. Despite facing budgetary limitations, Baitul Mal remains committed to helping all MSMEs, striving to ensure that welfare is distributed more evenly across the community. Baitul Mal has successfully assisted 54 MSMEs, which are still in the process of development. Informant 1 highlighted the critical role of MSMEs as a pillar of economic strength, underscoring their importance for the sustainability and growth of the local economy. This reflects Baitul Mal's instrumental role in fostering economic resilience and community welfare in Aceh Singkil.

The capital assistance provided to business actors by Baitul Mal has enabled them to expand their operations and improve the quality of their culinary products through training and skill development. This assistance leads to economic benefits, such as business expansion.

It fosters social engagement as recipients become more active in their communities and share their experiences with others in the business sector (Harahap et al., 2022).

However, implementing MSME business capital assistance through Baitul Mal faces several challenges. One significant challenge is ensuring that small and medium enterprises can continue to exist and be a viable alternative for sustaining the national economy. This is particularly important given the current economic climate, where the growth of the national economy and the creation of employment opportunities are critical.

Despite their potential to contribute to economic stability, MSMEs encounter various obstacles, including constraints in accessing capital. In response to these challenges, the government is actively addressing these issues by ensuring that the distribution of assistance is appropriate and effective. Continuous improvements are being made to the MSME programs facilitated by Baitul Mal, aiming to enhance the support provided to these businesses and ultimately strengthen their role in the economy.

Implementing Baitul Mal's role in enhancing welfare through business capital assistance has shown effectiveness for business people in need. However, the current application of this assistance is limited to a small number of businesses, reflecting the constraints of the annual budget allocation. There is hope that the number of beneficiaries and the budget for various business ventures will increase in the coming year, allowing for broader support across different sectors. In Aceh Singkil, the strategy for empowering MSMEs has its challenges. To assess the success of this empowerment initiative, researchers utilize the strategic management theory proposed by Fred R. David, which involves several key stages: strategy formulation, implementation, and evaluation.

In the strategy formulation stage, a clear vision and mission for the MSME empowerment program are developed, external opportunities and threats are identified, internal strengths and weaknesses are assessed, long-term goals are set, alternative strategies are generated, and a specific strategy for implementation is selected. The strategy implementation phase requires setting annual goals, designing relevant policies, motivating employees, and allocating resources effectively to ensure that the formulated strategy is implemented. It also includes fostering a supportive organizational culture, creating an effective structure, directing marketing efforts, preparing budgets, developing information systems, and linking employee compensation to organizational performance.

The final stage, strategy evaluation, involves assessing the effectiveness of the implemented strategies and making necessary adjustments to improve outcomes. By following these strategic management principles, Baitul Mal can enhance its MSME empowerment efforts, ensuring that the assistance provided leads to sustainable growth and development for business actors in Aceh Singkil (Sumaryono & Rony, 2024). Strategy evaluation is the final stage in strategic management, and managers must identify when a particular strategy is not working. This evaluation serves as the primary means of obtaining information about the effectiveness of strategies, which are always subject to modification due to the constant changes in external and internal factors. The three fundamental activities involved in strategy evaluation include reviewing the external and internal factors on which the current strategy is based, measuring performance, and taking corrective action. This

process is essential because today's success does not guarantee tomorrow's success; new challenges often arise, and complacent organizations risk failure (Sumaryono & Rony, 2024).

## Discussion

The results of this study highlight that according to Fred R. David and Forest R. David, one of the most important stages in strategy formulation is determining which alternative strategies are the most profitable. This determination is critical as it influences selecting the most suitable strategy for empowering MSMEs that receive business assistance from Baitul Mal Aceh Singkil. Data collection plays a vital role in this process, as it ensures that the activities are targeted and aligned with the needs of business actors. The data collection process for Baitul Mal Aceh Singkil's MSMEs requires gathering personal information from business owners, such as photocopies of Family Cards, ID cards, and other relevant personal data. This information is essential for registration and will be used to gather data from various businesses according to their specific needs. By doing so, Baitul Mal can effectively assess and distribute business capital assistance to MSME actors in Aceh Singkil.

Strategy implementation involves formulating annual goals, creating policies that motivate employees, and allocating company resources to ensure the formulated strategies can be effectively executed. In the context of empowering MSMEs in Aceh Singkil, the agency's role is crucial as it acts as an implementing element of government affairs and supports the empowerment of MSME actors. This strategy implementation stage is often referred to as the action stage of strategic management, and it is essential for improving community welfare through the business capital provided to MSMEs in Aceh Singkil.

After completing the data collection process and tailoring assistance to meet the specific needs of MSMEs, the next step is to apply this assistance as business capital. The success of the welfare goal will be evaluated based on the impact of the assistance provided to businesses that require capital, which is submitted to Baitul Mal in Aceh Singkil.

The evaluation of MSME empowerment in Aceh Singkil is conducted through a system established by the Ministry of Cooperatives and SMEs. The Office of Cooperatives, SMEs, Trade, and Industry is responsible for filling out the evaluation questions provided by the Ministry. This evaluation process measures whether the programs and activities achieve the predetermined targets.

The importance of this evaluation program is underscored by the findings of the study, which indicate that the data collection for evaluation by MSME actors has been carried out effectively. Business capital from Baitul Mal has been successfully channeled to those entitled to receive it, namely MSMEs. However, the distribution has yet to reach all business actors due to budget constraints faced by Baitul Mal. In the future, the number of beneficiaries will increase, particularly in Aceh Singkil. This is further supported by data from Baitul Mal regarding MSMEs that have received assistance, highlighting the ongoing efforts to enhance support for local businesses.

In Table 1, the distribution of beneficiaries and the corresponding amounts of assistance received are categorized by the type of business, reflecting the specific needs of each MSME. This targeted approach to assistance is crucial for enhancing welfare, as it ensures that the business capital provided by Baitul Mal Aceh Singkil aligns with the operational

requirements of different types of MSMEs. For instance, the data indicates that small industrial businesses received assistance from Rp. 1,500,000, benefiting 33 recipients. Traders received Rp–2,000,000, benefiting 15 businesses. Service businesses were allocated Rp. 2,500,000, benefiting two recipients, while the fish management business received Rp. 3,500,000, benefiting one recipient. Additionally, entrepreneur businesses received the highest amount of Rp–4,000,000, benefiting three recipients.

In total, 54 businesses have received assistance from Baitul Mal, with a clear goal of increasing the number of beneficiaries each year to promote equity among business actors. The varying amounts of assistance provided indicate the tailored support aimed at meeting the distinct needs of each type of business. This strategic allocation of resources has contributed to increased welfare, as the assistance is designed to enhance the operational capacity and sustainability of MSMEs in Aceh Singkil.

Table 1.

*Number of Business Assistance Recipients from Baitulmal Aceh Singkil*

<b>Amount of Assistance</b>	<b>Number of Recipients</b>	<b>Welfare</b>
<b>Rp. 1,500,000,-</b>	33 People	Increased
<b>Rp. 2,000,000,-</b>	15 People	Increased
<b>Rp. 2,500,000,-</b>	2 People	Increased
<b>Rp. 3,500,000,-</b>	1 Person	Increased
<b>Rp. 4,000,000,-</b>	3 People	Increased

The statement regarding the effectiveness of the assistance provided to MSMEs is further supported by the testimony of Informant 2, a recipient of business assistance from Baitul Mal. Informant 2 stated, "... The assistance provided is in the form of cash ranging from Rp. 1,500,000 to Rp. 4,000,000, depending on the needs of MSMEs in terms of how big the business is and the terms and conditions that have been applied. I have participated in the program and feel very helped until now." This testimony highlights the tailored nature of the assistance, which is aligned with the specific needs of each MSME based on their business size and requirements.

This aligns with role theory, which posits that individuals perform their rights and obligations according to their positions. In this context, the MSMEs fulfill their role as business actors by utilizing the assistance provided to enhance their operations and contribute to their communities. The effective implementation of this assistance not only supports the individual businesses but also reinforces the broader goal of improving welfare within the community. The acknowledgment of the support received by MSMEs underscores the importance of such programs in fostering economic growth and stability in Aceh Singkil.

Informant 3 provided insights into the disbursement process and requirements set by Baitul Mal for MSMEs seeking assistance. The primary requirements include having a business

certificate issued by the village and a certificate of poverty. Additionally, applicants must submit documents such as photocopies of their family card (KK), identity card (KTP), savings book, and business photos. Once the data collection is complete, the process moves to data filing, followed by verification of the submitted files. If the applicants meet the predetermined criteria, they proceed to the distribution stage, where assistance is allocated to the eligible mustahik (beneficiaries).

The implementation of the MSME assistance program has been shown to have a positive impact on income and business improvement for the recipients. Therefore, it is recommended that the government continue to support the MSME assistance program through Baitul Mal to address capital challenges faced by these businesses. However, evaluating the program based on input, process, and output variable indicators is crucial. This evaluation is necessary to prevent misuse of benefits and ensure that the program effectively meets its targets and objectives in providing business capital to MSMEs from Baitul Mal. Such evaluations will help maintain the integrity and effectiveness of the assistance program, ensuring that it continues to support the growth and sustainability of MSMEs in the region.

## Conclusion

The research indicates that Baitul Mal in Aceh Singkil has significantly contributed to improving community welfare through its business capital assistance programs. Baitul Mal's strategic management involves several critical stages: strategy formulation, strategy implementation, and strategy evaluation. Among these stages, strategy evaluation is particularly influential in enhancing welfare, as it allows for the assessment of the effectiveness of the assistance provided and identifies areas for improvement in the following year. The disbursement process for MSMEs seeking assistance is structured with specific requirements to ensure that only eligible mustahik (beneficiaries) receive support. These requirements and processes are designed to ensure that the assistance aligns with the needs of the businesses, which are categorized based on their type and operational requirements. The study's findings show that the number of beneficiaries and the amount of assistance received are directly related to the type of business, demonstrating a tailored approach that meets the specific needs of each MSME.

The increase in welfare can be attributed to the fact that the business capital provided by Baitul Mal appropriately matches the type of MSME business. This alignment ensures that the assistance effectively fosters business growth and sustainability. Consequently, it can be concluded that the distribution of Baitul Mal's assistance is effective, as it follows well-defined procedures and stages, ensuring that the support reaches those who are entitled to it. Furthermore, Baitul Mal's commitment to continuously improving the welfare of the MSME community reflects its responsiveness to the needs of the community it serves. This strategic approach enhances the operational capacity of MSMEs and contributes to the region's overall economic development.

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