

The Weakness of Baitul Mal Wat-Tanwil in Build Small Business Case Study in Riau Province

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Abstract:

The goal of the research is to identify the extent of the weaknesses and to identify factors that determine the effectiveness of the relevant operations. The problem of this study some Baitul Mal wat-Tamwil in the Riau district has a strategy of strength and it has shown its success in solving some of the problems of poverty and small business capital, but some Baitul Mal wat-Tamwil in some areas have not yet implemented it, as in the Kampar , Kuansing and Bandar Pekanbaru. Often small business settlement solutions cannot be achieved as Baitul Mal wat-Tamwil is inactive and disturbed. The methodology used in this study is the case study of qualitative methods. These are three commonly used data collection methods, such as 1) open interviews in depth, 2) direct observation and 3) written documents. The findings of this study found that Baitul Mal wat-Tamwil found weaknesses in human resources, management and control systems.

Key words: Baitul Mal wat-Tamwil, Human Resource, Management, Control Systems

INTRODUCTION

The economic sector expected to be a big contribution to the Indonesian economy is small traders. Various reasons, among

them small traders have a very large market and cover 80% more than big businessmen in Indonesia. The survival rate of small traders in the economic crisis is because businesses involved in this group are businesses that are directly related to the needs of the community. Therefore, Indonesia's future economy should focus on the poor's economy, ensuring that Indonesia will not experience a prolonged economic crisis. Small businesses are proficient in producing products, entering the market, and other things that cannot be undefined be reached by big traders but small traders are stronger in crisis, because of size, business scale and capital that make small traders adapt naturally. The government also plays an important role in developing small businesses. Among the government's support are finance, technology, and management for the development of Baitul Mal wat-Tamwil capability as a Syariah micro finances institution. A unique thing for small businesses is their commitment and concern for morals. During big business, many people commit all kinds of business crimes that violate the law to increase their business or desire. Hence small businessman sticks to business ethics and morals, there is no desire to take action that can harm yourself or others. Baitul Mal wat-Tamwil is an appropriate answer as an alternative to advancing their business but Baitul Mal wat-Tamwil is a little weak in supporting credit or small business financing due to various problems that faced.

PROBLEM STATEMENT

Baitul Mal wat-Tamwil is one of the successful micro-credit institutions among lower middle societies, small businesses and low-income communities. This agency also involves middle-class people. It is often used by small societies who need capital to run a business, where it acts as a business partner with a revenue sharing system. Baitul Mal wat-Tamwil has the power to access capital from public saving's products and use them for

microcredit. In addition, the Baitul Mal wat-Tamwil facility provides financing or credit and without collateral. Although some Baitul Mal wat-Tamwil in various regions has a power strategy and has demonstrated its success in solving some of the problems of poverty and small business capital. However, it still has not been implemented by some Baitul Mal wat-Tamwil in some other areas. Often small business completion solutions cannot be achieved because Baitul Mal wat-Tamwil is problematic and inactive, because of some things such as weakness of human resources, non-functional oversight and performance. If this issue is not addressed, the effect is that Baitul Mal wat-Tamwil cannot serve low-income communities and the problem of small traders who need capital cannot be solved.

RESEARCH METHODOLOGY

This research is conducted to identify and understand the purpose of this research, data and information on this problem is very limited. Therefore, qualitative research methods are very appropriate to do (Savenye & Robinson, 2004). Therefore, *qualitative research* is defined as research devoted to developing an understanding of humansystems, be they small, such as a technology-using teacher and his or her students and classroom, or large, such as a culturalsystem. Qualitative research studies typically include ethnographies, case studies, and generally descriptive studies. They often are called *ethnographies*, but these are somewhat more specific.

Qualitative research methods typically include interviews and observations but may also include case studies, surveys, and historical and document analyses. Case study and survey research are also often considered methods on their own. Survey research and historical and document analysis are covered in other chapters in this book; therefore they are not extensively discussed in this chapter. Qualitative research has

several hallmarks. It is conducted in a natural setting, without intentionally manipulating the environment. It typically involves highly detailed rich descriptions of human behaviors and opinions. The perspective is that humans construct their own reality, and an understanding of what they do may be based on why they believe they do it. There is allowance for the “multiple realities” individuals thus might construct in an environment. The research questions often evolve as the study does, because the researcher wants to know “what is happening” and may not want to bias the study by focusing the investigation too narrowly. The researcher becomes a part of the study by interacting closely with the subjects of the study. The researcher attempts to be open to the subjects’ perceptions of “what is”; that is, researchers are bound by the values and worldviews of the subjects. In qualitative research, it is not necessarily assumed that the findings of one study may be generalized easily to other settings. There is a concern for the uniqueness of a particular setting and participants (Savenye & Robinson, 2004).

FINDINGS

The objective of this study is to identify and understand the weakness of Baitul Mal wat-Tamwil in Riau Province. The sources of this study show that Baitul Mal wat-Tamwil in the Riau District still has weaknesses in carrying out its operations is the weakness of Human Resources. The human resource meant in this study was the power of Baitul Mal wat-Tamwil. Human resource undefined issues that experienced by Baitul Mal wat-Tamwil is: Still the lack of knowledge or understanding of Baitul Mal wat-Tamwil staff on sharia economy and finance, especially about the intricacies of Baitul Mal wat-Tamwil. Actually, this problem is generally also occurring or experienced by other Baitul Mal wat-Tamwil in the Riau Region, as most of Baitul Mal wat-Tamwil's managers

have no basic knowledge of shariah economy and finance. Whereas Baitul Mal wat-Tamwil is one of the forefront of sharia economic development, especially in terms of socialization to people who are still incomprehensible, about operating systems from banking or shariah micro-credit agencies, such as Baitul Mal wat-Tamwil. In the banking sector, human resource is one of the most influential factors for profitable and proficient banking operations, creation of new banking products, and provision of better services to clients (Haines & St-Onge, 2011; Vemic'-Đurkovic', Jotic', & Maric', 2013). According to Kumar (2016) human resource is a series of organized activities, conducted within a specialized time and designed to produce behavioral changes. The people become a human resource only when they are competent to perform organizational activities.

Therefore human resources ensures that the organization has such a competent human resource to achieve its desired goals and objectives. The source of this study identified the existence of some internal and external aspects that may directly or indirectly affect the course of business, namely: 1) Training and development Falola et al (2014); Madan & Bajwa (2016); Mustafi et al (2016); Khan et al (2017). 2) Competency from human resources organizations Mufti et al, (2016). From this study, it is found that Baitul Mal wat-Tamwil in three areas of study in the effort to improve human resources as follows: Baitul Mal wat-Tamwil worker is set by the meeting shareholder. They are chosen based on their experience, not based on their educational backgrounds, but are appointed according to their respective experiences. In improving the human resources of Baitul Mal wat-Tamwil, internal and external training is conducted continuously. The findings reveal that solutions can be made to address the source of the man is; 1) send staff to follow the training on sharia economy and the intricacies of Baitul Mal wat-Tamwil to the incubation center of small entrepreneurial business Riau District , 2)

sent staff to absorb knowledge in the more developed Baitul Mal wat-Tamwil. This is to better understand the operational practices of the shariah economy or finance in Baitul Mal wat-Tamwil, 3) the leaders should be quickly access the latest information or news about sharia economy through the media, especially information on the fatwa and the guidance of the national syariah council (DSN) on the implementation and operation of the shariah economy in micro credit agencies, 4) buy books on sharia economy for read by all Baitul Mal wat-Tamwil staff.

Human resource Weaknesses

The source of man intended in the discussion of this study is the power of the board of Baitul Mal wat-Tamwil. The human resource problem experienced by Baitul Mal wat-Tamwil is: There is still a lack of knowledge or understanding of the staff of Baitul mal wat-Tamwil about economy and Islamic finance especially about the Baitul Mal wat-Tamwil streets. Actually this problem is generally applicable or experienced by other Baitul Mal wat-Tamwil in the Riau Region, because most of the board of Baitul Mal wat-Tamwil does not have the science of economic and sharia principles. Whereas Baitul Mal wat-Tamwil is one of the front rows in sharia economic development, especially in terms of socialization to people who are less understood, about the operating system than banks or sharia microcredit agencies, such as Baitul Mal wat-Tamwil. In the banking sector, the creation of new banking products, and the provision of better services to clients (Haines & St-Onge, 2011; Vemic'-Đurkovic', Jotic ', & Maric', 2013). According to Kumar (2016) human resource is a series of organizational activities, which is designed to produce behavioural changes. The people become human organizational activities. Therefore, human resources ensures that the organization has its goals and objectives. The source of this study identifies that there are several internal and external aspects that may directly affect

the indirect or indirect travel rankings, ie 1) Training and development of Falola et al (2014); Madan & Bajwa (2016); Mustafi et al (2016) and Khan et al (2017). 2) and competence of the human resources organization Mufti et al, (2016).

Rather than this study it was found that Baitul Mal wat-Tamwil in three study areas in an effort to improve human resources as follows: Worker Baitul Mal wat-Tamwil is determined based on shareholder's mood. They are chosen based on their experience, not based on their educational background, but inaugurated according to their own experience. In improving the human resources of Baitul Mal wat-Tamwil workers, both internal and external exercises are carried out in a continuous manner. This study may reveal that a possible solution to address human resource issues is; 1) sending staff to follow the training on sharia economy and the Baitul Mal wat-Tamwil sideboard to the incubation center of small business entrepreneurs of Riau Region, 2) to deliver the staff to absorb knowledge in the more advanced Baitul Mal wat-Tamwil. This is to know more about the operational practices than the economy or the sharia in Baitul Mal wat-Tamwil; 3) the staff especially the leader of Baitul Mal wat-Tamwil must quickly access the latest news or news about sharia economy through the media, especially in the fatwas and the guidance of the council national sharia (DSN) on the implementation and operation of sharia economy in micro-credit agencies, 4) buying books on sharia economy to be read by all the staff of Baitul Mal wat-Tamwil.

Management Weaknesses

In this study it is revealed that the factor affecting the weakness & Baitul Mal wat-Tamwil indicates no seriousness in managing operations, Baitul Mal wat-Tamwil is only managed by two active individuals. Some researchers visit the office, always closed, means it does not operate, so the researcher visits his home (directors). In this study it is also revealed that

the Director does not wholeheartedly manage the business of Baitul mal wat-Tamwil, it is working as a director only as a part-time job, his main job is as entrepreneurial rubber entrepreneurs other than that the director only once a month went to the office, to make a report. Baitul Mal wat-Tamwil office will be opened while recording customer repayment money and serving when customers dealing with Baitul Mal wat-Tamwil. Thus, the weakness of management has greatly influenced the success of a business of Baitul Mal wat-Tamwil, this success is largely determined by the role of a leader who will direct the workers to reach the level of business the better one. According Haq & Kuchinke (2016) the leadership styles will be impact on employee performance outcomes. Leader's role is decisive in achieving the success of a syndicate. It runs the task of giving all employees directions in order to work hard. The following leadership models have been created: classic leadership model, directive, supportive, participative, visionary, organic or intergroup leadership models (Hogg et al., 2012); Avolio and Gardner (2005) ; Blach (2016) has identified the common components to these forms of leadership: (1) a positive moral outlook, (2) the leader's self-knowledge (3) positive modeling of the followers & behavior, (4) personal and social identification of followers with the leader and the group, and (5) positive social exchanges between the leader and the employees.

Weakness Control Systems

The sources of this study show that one Baitul Mal wat-Tamwil in the Riau District, is seen from the non-functioning aspects of the control, both from the aspect of credit control and control of the aspects of the worker's activities. All worker activities are in line with their respective occupations. Only controlled by the trust given by management. The sources of this study show that employees carry out the task of managing Baitul Mal wat-Tamwil with honesty and responsibility, as the task given is

trust. Therefore, management never exercises strict control over the activities of the employee, he believes that this control has been carried out by "The Angel". The activity to achieve a goal from such a business requires control so that the planned arrangement can be done well. This is very important because in principle human beings as control objects have the wrong nature and wrong. The purpose of this control system is consistent with the theory presented Witono (2013), that control is an effort to monitor all occupational activities undertaken by employees to keep the company in order to achieve its goals and to make corrections if necessary. Control generally means handling of plans that have been implemented according to the goals or deviations from the desired goals.

In the event of irregularities, the relevant management of the controls should provide guidance in the improvement of the work, so that the standard of planning is not far apart from the results obtained at the time of execution. Basically bank controlling means there is good harmony among profitability, growth and risktaking factors. It embraces the fields of management, planning, balance-income analysis, bank calculation, control, coordination and organization (Zeman, 2013). Based on the above view, control is a process in regulatory activities, the conduct of company activities to ensure the achievement of plan-based goals and corrections to errors. Effective control will support the company to direct the work in order to work well. and control function is a key role in management.

CONCLUSION

Based on the above discussion, it can be concluded that: Baitul Mal wat-Tamwil in the Riau District is still a lot of weaknesses in its operations such as: human resources weakness, management weaknesses and weaknesses in control systems. To enhance the role of Baitul Mal wat-Tamwil in building a

small business is needed improvements in the three weaknesses.

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