

## Empowering the Amangtiwi-UMKM in Malang through Basic English Language Skill

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**Abstract** The Micro, small and medium economics community, called UMKM in Indonesia faced several problems in developing their business. The Amangtiwi, one of UMKM community-based in Malang realizes to decrease the barriers such as managerial skills, financial flow, and quality of human resources. In term of human resources quality, English skill becomes one of barrier faced by this community recently. The academics are responsible to provide English language short training related to their purpose. It is kind of empowering program that supports the UMKM in facing globalization era. At the end of the training, occurs several benefits that can be implemented for their business. The members are practically comprehending the English terms and able to practice simple conversation in their business activity. The next training, the others trainers should be conducted continuously and grouping the members by the level of knowledge.

**Keywords:** Empowering, Amangtiwi-UMKM, English language skill

### INTRODUCTION

The micro, small, medium economics community, called UMKM in Indonesia must be recognized as a strategic and important potency to accelerate regional development because the growth of UKM increases every year. History has shown that UMKM in Indonesia still exist and develop with the economic crisis that has hit the country since 1997, even as a lifeline for the nation's economic recovery because of its ability to contribute significantly to the absorption of employment. This matter due to the absorption of UMKM to a very large workforce and close to society (Kuncoro, 2008, Sripo, 2010).

Employing UMKM as the main target of regional development must be based on commitment and effective coordination between local governments, business people and non-business institutions and local communities by providing positive and tangible support for human resource development (entrepreneurship training), technology, information, access funding and marketing assistance. The expansion of the export market is an indicator of the success of building a community-based business climate,

the implication of which is increasing regional income. According to Silkhondze (1999), the orientation of community empowerment must help the community to be able to develop themselves on the basis of existing innovations, determined in a participatory manner, whose method approach is oriented to the needs of the target community and practical matters, both in the form of individual services and group.

Recently, the Ministry of Cooperatives and Small and Medium Enterprises plans to create 20 million new small and medium enterprises by 2020. The year 2020 is a time that promises so many opportunities because in that year what ASEAN leaders dream of embodied in the Bali Concord II will come true. An ASEAN economic community, whose circulation of goods and services is no longer restricted by national borders, will be realized. This situation has a positive impact on UMKM to be a motivation to improve the quality of their products into export commodities that can compete with other countries.

To support the economic activities of the community, the existence and role of small and medium enterprises is a reality in economic activities, especially in the city of Malang, seeing the potential of the existing resources is very large to be developed. This can be proven by the strengthening of small and medium scale economy which seen as one of the priorities that must be done to sustain a strong economy and the creation of strong fundamentalism in the region.

Through this article, a description one of the real forms of UMKM empowerment will be prepared to meet global competition that is not limited by distance and time. Competition with various countries began to be apparent, the increase in exports and economic development was increasingly high. The ability to penetrate the markets of other countries is expected to be one of the obstacles that need to be made to change for better progress. The UMKM face many problems, namely limited working capital, low human resources, and lack of mastery of science and technology (Sudaryanto and Hanim, 2002). It is also important to concern for academics to participate in contributing to market competition

## **LITERATURE REVIEW**

### **The Micro, Small, Medium Economics Community**

M. Tohar (2000: 11) mentioned that small business as micro-scale economic activities of people and fulfilling net wealth or annual sales and ownership as stipulated in the Law. Micro businesses as the development

of a reliable region to accelerate economic recovery through regional or regional approaches, namely by selecting regions or regions to accommodate priority programs and developing potential sectors with efforts to increase empowerment efforts society.

In Indonesia, the definition of UMKM is regulated in the Law of the Republic of Indonesia Number 20 of 2008 concerning UMKM. Here are the definitions and criteria of UMKM as detailed:

1. Micro Business

Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-businesses as stipulated in the constitution. The micro business has a maximum asset criterion of 50 million and a turnover of 300 million

2. Small Business

Small Business is a productive economic enterprise that is independent and carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part of either directly or indirectly from medium-sized businesses or large businesses that meet the criteria of small businesses as referred to in the constitution. The criteria used to define small businesses are businesses that have criteria with assets of 50 million to 500 million and a turnover of 300 million to 2.5 billion.

3. Medium Business

Medium Enterprises are independent productive economies carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with small businesses or large businesses with total assets net or annual sales proceeds as stipulated in the constitution. The criterion used to define medium business is a business that has asset criteria of 500 million to 10 billion and a turnover of 2.5 billion to 50 billion.

The advantages of micro, small and medium enterprises, according to Tohar (2000: 27), small businesses are in fact able to survive and anticipate the economic downturn caused by inflation and various other factors. Without subsidies or protection, small businesses are able to increase the value of foreign exchange of the state, especially small industries in the informal sector and are able to play a role as a buffer in the economy of small / lower layers of society.

In the other hand, the weaknesses in processing small businesses according to Tohar (2009: 29) weaknesses and barriers to managing small businesses are generally related to internal factors of the small business itself. The disadvantages and obstacles are as follows:

1. The source of capital is limited to the ability of the owner.
2. Too much spending money, debt that is not useful, does not meet with standard accounting.
3. Disproportionate division of labour and employees often work outside the work agreement procedure.
4. Less information about working capital needs is due to the absence of cash planning.
5. Low inventory.
6. Failure management often occurs and managers are indifferent to managerial principles.
7. Planning and control programs often do not exist or have never been formulated.

Besides, the external factors, as detailed:

1. Risks and debts to third parties borne by the owner's personal.
2. Often lack of business information only refers to intuition and managerial ambitions, as well as in proportion.
3. Never conduct feasibility studies, market research and cash screening analysis

Sukesti (2011), mentioned another weakness of UMKM is the low quality of human resources, including competence, enthusiasm and entrepreneurial spirit. It will become a crucial weakness recently and need to improve by society itself or collaboration with government and academics.

### **Stakeholder Relationship**

In order to empower the community for UMKM stakeholder involvement is crucial to its success. All roles and involvement of UMKM stakeholders develop according to their perspective on UMKM. The involvement of stakeholders is in fulfilling the needs of community empowerment for UMKM that have occurred and have been carried out so far.

Karsidi dan Irianto (2005), argued the relationship between UMKM and stakeholders are able to increase the advancement of UMKM itself

1. UMKM

UMKM as the subject holds a very important role (key holders) in order to empower themselves. In empowering UMKM need to be given motivation and benefits from various opportunities and facilities provided by various parties (other stakeholders) because without the participation of UMKM individually or in groups, it will result in the failure of the empowerment effort undertaken. However, it must be realized that each empowerment program must go on to fulfil the needs of assistance as well.

## 2. Group / Cooperative

The variety of business model and scale of business does require a variety of different treatments. For this reason, it is necessary to look at the problem after problem, whether there are problems that need to be handled in groups or done individually. Capital problems, for example, will be easier to handle with a group system because it can reduce risk and can facilitate the development. If the micro business group then becomes bigger and properly administered, then it can be developed into a cooperative. Through cooperatives, it is expected to strengthen market bargaining power both in obtaining raw materials, production processes and product sales. Similarly, the various facilities available to cooperative institutions will be enjoyed by its members.

## 3. Business Association

Business associations can assist UMKM in various aspects for their members, especially in this case the relation to the market will strengthen the bargaining position in trade, both in pricing and payment systems and creating fair business competition.

## 4. Financial Company (Bank dan Non-Bank)

One of the classic problems of empowering UMKM is the problem of lack of capital, but UMKM is reluctant to come to banks especially because it is related to the many requirements needed to obtain credit facilities from banks. Conversely, often financial institutions face the problem of how to market "capital" collected from the community can be channelled to UMKM entrepreneurs safely. This means that both parties can actually form mutually beneficial relationships. For this reason, a new banking approach to UMKM should be pursued, one of which is through an approach through savings and credit agency and business groups (cooperatives) in providing credit services to UMKM. The existence of a group approach

will not be effective if the Bank's views on UMKM still use the old paradigm that credit to UMKM is not economical and risky.

## **Empowerment**

According to Carlzon and Macauley as quoted by Wasistiono (1998: 46) argues that what is meant by empowerment is to free someone from rigid control and give people the freedom to be responsible for their ideas, decisions and actions. He also added that empowerment is an effort to give courage and opportunity to individuals to take individual responsibility to improve and contribute to organizational goals. It can be concluded that empowerment can be interpreted as an effort to give or improve the ability of someone, group or society, not only in the political sphere but also in the social and economic fields, with the aim of enabling and maintaining the community primarily from poverty, underdevelopment, inequality and powerlessness. In the context of the development of the term, empowerment is basically not a new term but has often been raised since the awareness that human factors play an important role in development.

The empowerment strategy that has been pursued so far can be classified in:

1. Managerial aspects, which include: increased productivity/turnover/level utilization/occupancy rate, increase marketing capabilities, and development of Human Resources.
2. Capital aspects, which include: capital assistance (1-5% allowance for BUMN profits and the obligation to extend credit to small businesses is a minimum of 20% of the portfolio bank credit) and credit
3. Develop partnerships with large business programs through the adoptive child father system, PIR, forward linkage, downstream upstream linkages (backward linkage), venture capital, or subcontracting.
4. Development of small industrial centres
5. Guidance for business sectors and certain regions

## **English for Entrepreneurship**

In this globalization era, where everything is full of competition, demand very fast. It may happen also in terms of business. The ability to master and win the competition is very important. An entrepreneur must be careful about his own weaknesses and strengths as well as the weaknesses

and strengths of the competitors. In this case, an entrepreneur must be able to fix the weaknesses to produce excellence which is a strength for himself. The weaknesses and strengths of oneself and competitors are opportunities that must be explored, for example, service, price, quality, promotion and marketing, distribution, and human resource capabilities

At present, English is absolutely necessary to compete in the era of globalization. Knowledge of English for the development of an individual in the country of Indonesia becomes an inevitable matter. Like it or not, this one subject becomes something that needs to be learned by every Indonesian. Even if you are not sure you will get the opportunity to go abroad, this knowledge is still needed too. At a minimum, you understand simple vocabulary and information in the field of entrepreneurship. Related to this, English is a very potential capital in developing a business. If most people start a business without mastering English at all, but in this competitive era, mastering English is very crucial.

## **DISCUSSION**

One of the UMKM based in Malang, called Amangtiwi has about 75 members and each member produce their product and service are realizing the importance of English for their society and business practice. This organization already has a legal entity so that all activities are legal. In addition, this organization is a fairly well-developed organization for almost 5 years. Dedication in the UMKM field has been recognized both in Malang City and in East Java Province.

Recent problem of this community is the ability to use English for their business. About 80% of the member is a lack of using English for several purposes. English in this opportunity used for communication between seller and buyer. It was also the impact of Malang as tourism city invited many tourists from other countries, a challenge for the UMKM to communicate to foreigner. Besides, they also need this skill for understanding the term related to business or entrepreneurship in English.

It is become our responsibility to empower this society through short English training. This training conducted on a whole day about 8 hours during their gathering schedule. Providing the module and training session, including the term used in business, practice using the phrase, and making simple conversation.

This training was held on 16<sup>th</sup> and 17<sup>th</sup> January 2019, distribute into 2 sessions, starting at 08.00 – 16.00 pm with about 15 participants. The first

session, the topic focus on the presentation by the trainers. It kinds of methods of brain storming for the participant including building the vocabulary, technical terms used, and simple phrase for conversation in business activities. Eagerly, the participant understands the session and take the notes. By next day, on the second session, the participant is invited to practice in simple conversation used in business activities. Starting by grouping the participants, giving the topics, and practice the dialogue. Besides, the other participant also gives their comment to the presenter. In sum up, this 2 days training was interesting to build the human resources quality, in term of English language skill. This short training really helps them to break one of barriers faced recently. In addition, fun learning style is one of method that appropriate for this training.

Here, several advantages of this short training for this society:

1. Become a successful businessman

Understanding English can bring many benefits to anyone who intends to become a businessman. As a businessman who wants to start a business, of course, we must equip ourselves with communication skills. By mastering English, we will find it easier to communicate with anyone. Especially on the internet, there are lots of creative ideas written in English. If we master English, of course, we will understand this creative idea clearly. In the end, they are able to apply those unique ideas, improve their business and attract many people.

2. Develop the business

Besides helping you to find creative ideas, English will also help you to develop your business. As we know, people certainly want to have a growing business. When the business has really developed, it needs further promotion to introduce our business to the international market. By mastering English, we can do promotions without having the lacks of communication. That means we can use English to promote our business.

Thus, introducing our business to anyone will not experience obstacles when we master English. Not only that, but we can also work with international business. By mastering English we don't need to be confused when meeting foreign business people. Even though we can employ translators, mastering English is more



important that using the third party or other tools because it makes avoiding the fraud.

### 3. Understand the technology

Surely we already know that there are so many technological tools that use English as a language to show how the tool works. Of course, understanding English is very important to understand how to use the tool. Even this will have an impact on our business. When we start a business, of course, we will need a variety of technological tools to support our business. If we understand English, we will understand how the tool works and can use the tool properly and correctly. When it happens, of course, our business will be running smoothly. And when our business is smooth, of course, we will have many opportunities to get benefit from the business that we are pioneering.

## **CONCLUSION AND SUGGESTION**

It is clear that English is very potential for the development of business in the era of globalization, an entrepreneur is required to inevitably compete globally. In addition, in the era of peoples' demanding on quick response and inviting the entrepreneurs compete on this business society. So, creativity and innovation are needed in this era. An entrepreneur must be creative and innovative and maximize existing opportunities to fight and able to compete on the modern-global business. In developing the business, an entrepreneur must have sufficient skills and English is one of the potential skills to be developed. By mastering English, it will have a good impact on business pioneered. Thus, mastering English will increase a great opportunity for the business practitioner to develop their business. A short quote said that the entrepreneurship without mastering English is outdated.

It is hoped that this kind of empowerment activity can be developed better. Grouping trainees become an important issue before conducting training. The variant of the participant may become one of the barriers to conducting this training. In addition, ongoing training is needed to further maximize English language skills both for communication and other aspects of business development.

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