

The The Effect of Conflict Management on Employee Performance of PT. Ale Luwu Raya

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Abstract

Performance is a person's success in completing a task as well as possible in a certain period of time so as to achieve the expected goals. Employee performance requires proper management of human resources, so that the desired performance can be achieved as expected. This study aims to determine the effect of conflict management on the performance of PT. Ale Luwu Raya. This study, using quantitative methods, the study population was 50 people who were also respondents. The way used to analyze this research is through the use of Structural Equation Modeling (SEM) with a variation-based approach. The analysis tool used is Smart PLS 4. The results of the study stated that conflict management (X) had a significant effect, and was positive on employee performance (Y) by 67 percent, while 33 percent was influenced by other variables that were not in this study.

Keywords: Conflict Management, Employee Performance

1. Introduction

In the current era of globalization, human resources are the main problem and the main focus for businesses to survive. To achieve company goals, human resources are very important in any activity or operation. Good management is necessary to achieve this goal. Therefore, it takes a strong desire and strong skills to build staff capable of maximizing company performance. The performance of company employees does not always increase or decrease. This is caused by many variables that can cause a decrease in employee performance, including work conflicts that occur within the Company involving employees.(Wenur et al., 2018)

Performance is the result of the work of someone who carries out his duties according to the rules given, both in quantity and quality. In general, employee performance is defined as the achievement of tasks, where the conformity of the employee's work program to achieve the goal indicates the level of employee performance. High morale and expectations can be created from employees. To achieve the desired performance, the organization must always manage and emphasize superior and quality human resources. The achievement of goals based on human resource management will show how the agency should run, develop, foster, evaluate, and prosper employees.(Wasmiana, 2021)

Often, when carrying out their duties and responsibilities, employees can experience conflicts with colleagues and sometimes reach a point of burnout with their work. This condition can cause tension between fellow employees and dim enthusiasm in carrying out duties and responsibilities, which in turn can have a negative impact on their performance. Therefore, it is important to implement effective conflict management and appropriate work motivation strategies to overcome these problems, with the aim of improving employee performance in the company environment.(Ginola, 2022)

Conflict is a type of interaction between individuals or groups with different or opposite goals, so that others do not agree with those goals and are considered an obstacle to achieving them. The conflict will have two consequences: one favorable and another detrimental. (Badruddin, 2021)

PT. Ale Luwu Raya is a company located on Jl. Arwana No. 4, Balantang Village, Malili District, East Luwu Regency. PT. Ale Luwu Raya is a construction implementation company working on national projects. As a company with a workforce that comes from diverse backgrounds, such as age, education level, religion, gender, work experience, and salary. These differences can lead to internal conflicts in the company.

Based on the results of research that has been conducted previously by (Halawa & de Oliveira, 2021), (Laia et al., 2021), (Humaidi and Musliadi, 2022), (Sumampouw & Tarore, 2018), That conflict management affects employee performance, meaning that if the company can implement conflict management well, employee performance will be better. And vice versa.

Based on the description above, the researcher felt interested in conducting more in-depth research related to the title The Effect of Conflict Management on Employee Performance of PT. Ale Luwu Raya. The study was conducted in 2023. The problem studied: how the influence of conflict management on the performance of PT. Ale Luwu Raya.

2. Theoretical Foundation

2.1 Manajemen Konflik

According to (Heridiansyah, 2014) Conflict management is a series of actions and responses that occur between the actors involved and outsiders in a conflict situation. According to (Mehrad, 2015) Conflict management is an element that can be directly observed in an organization and can elicit diverse responses to the performance and attitudes of the employees who work in it.

According to (Rusdiana, 2015) Conflict management is expertise in controlling and managing conflicts that exist in an organization in order to function properly and contribute to increased productivity and organizational achievement. While according to (Wirawan, 2009) Conflict management is the process by which people involved in a conflict or third parties create and implement strategies to deal with conflicts so as to reach the desired decision.

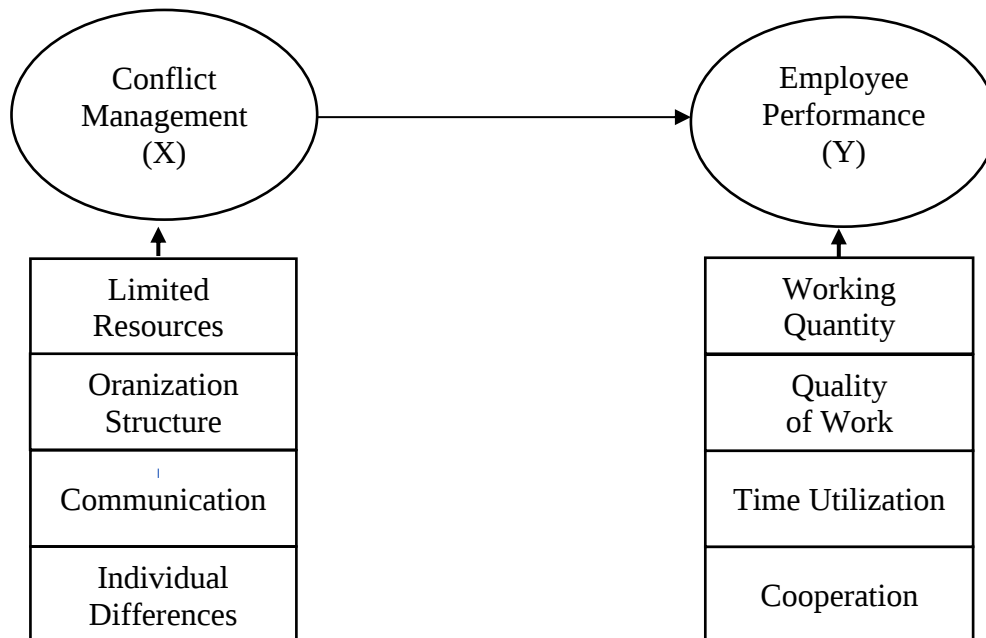
2.2 Kinerja Karyawan

According to (Hermawati, 2012) deep (Salju, 2023) Performance is the result of a person's work over a certain time compared to various possibilities, such as standards, targets, or other criteria that have been set and agreed upon by the organization. While (Fahmi, 2016) states that performance is the result produced by an organization over time, whether profit-oriented or non-profit-oriented.

According to (Hasibuan et al., 2016) Performance is the result achieved by a person in solving the tasks assigned to him, which is based on time, experience, proficiency and sincerity. According to (Sulaksono, 2015) Explain that performance is the result of work in quality and quantity that can be achieved by an employee when they perform tasks in accordance with the tasks given to them. According to (Mangkunegara, 2011) Performance is the achievement of work

results by an employee, both in terms of quality and quantity, in carrying out duties in accordance with the responsibilities that have been given.

3. Conceptual Framework



3.1 Research Hypothesis

H: It is suspected that there is an influence of conflict management on performance in employees of PT. Ale Luwu Raya

4. Research Method

This research was conducted using a quantitative approach (data in the form of numbers) with the data collection method being a questionnaire distributed to all employees. Quantitative methods are one type of research that requires a systematic, planned, and structured design from start to finish (Siyoto & Sodik, 2015). Research conducted at PT. Ale Luwu Raya in East Luwu County. By taking a sample of all employees including managers totaling 50 people. Data collection through the distribution of questionnaires to employees of the company where the study is conducted. The questionnaire instrument used in this study is the Likert scale to measure conflict management against employee performance. In determining the sample, this study uses a saturated sampling technique, meaning that the population as a whole is taken as a sample, usually this method is used when the population is relatively small. When making statements, variable indicators are described and used as benchmarks. This variable is measured using the Likert scale.

Imperential statistical analysis using Techniques *Structural Equation Modeling* (SEM), which is variance-based. The analyzer uses the Smart PLS program. SEM-PLS is an SEM statistical method design to measure multiple regression when there are special problems with variance-based data, small study samples, multicollinearity, and missing data.(Khaddapi et al., 2022)

To support this research hypothesis, a framework has been developed to provide a comprehensive overview of the research flow. This research model aims to test hypotheses related to each variable. The proposed hypothesis is that conflict management (variable x) has a positive and significant impact on employee performance (variable y).

Imperential Statistical Analysis Outer Model Test is a measurement method using a model that aims to evaluate the validity and reliability of a research model. Testing of this model is performed to determine the relationship between latent variables and their indicators. The convergent validity test is carried out by checking the value of the loading factor on the latent variable with its indicators. This testing process is carried out using the Smart PLS program with the help of the PLS Algorithm procedure. The results of this test can be seen in the figure.

Structural Test is another term for the Inner Model test. The parameters used in this test in smart PLS are determinant coefficients (R-Square) and T-Statistics. Statistical T analysis is used to determine how much influence each variable has. The effect of the result variable will be considered significant if the calculated value exceeds the Ttable value. The inner model test of *Structural Equation Modeling* (SEM) allows observation of the magnitude of the calculated value and the value of Pvalue which is also an indicator of the strength of the influence of the independent variable on the dependent variable. To get the inner value of testing the model, Smart PLS uses bootstrapping.

5. Results and Discussion

5.1 Outer Model

The Outer Model Test is a measurement method with a model that aims to evaluate the validity and reliability of a research model. This model test is used to determine the relationship between latent variables and their indicators. The Convergent Validity Test is carried out by observing the value of the loading factor on the latent variable with the indicator. This test is carried out using the Smart PLS program with the support of the PLS Algorithm procedure, the results will be seen in the image

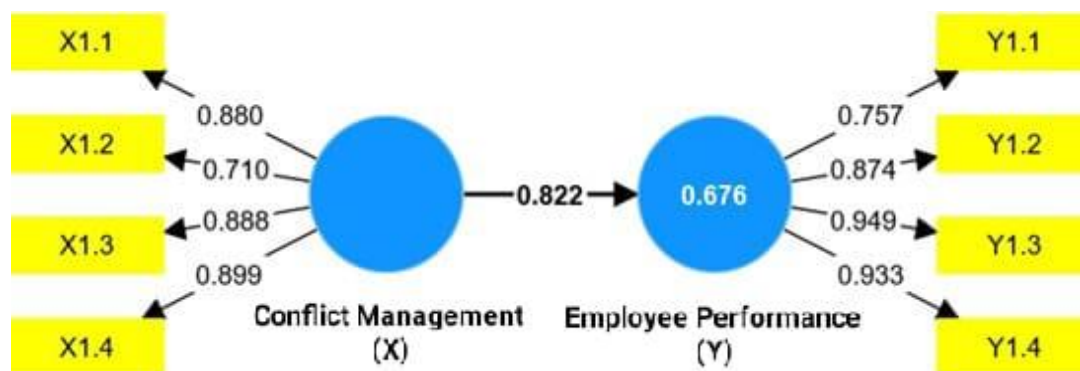


Figure 2 Outer Model SEM

The outer model is an SEM model that shows the amount of load factor (*Loading Factor*) of each observed variable indicator against its latent variable. At the same time it also shows the value of the coefficient of influence of the independent variable (X) on the dependent variable (Y).

a. Convergent Validity (Loading Factor)

The value of the loading factor on the latent variable along with its indicator is assessed through the test *convergent validity*.

Tabel 1. *Outer loading (convergent Validity)*

Indicator	Conflict Management (x)	Employee Performance (y)
Resource Limitations (X1.1)	0.880	
Oranization Structure (X1.2)	0.710	
Communication (X1.3)	0.888	
Individual Differences (X1.4)	0.899	
Working Quantity (Y1.1)		0.757
Quality of Work (Y1.2)		0.874
Time Utilization (Y1.3)		0.949
Collaboration (Y1.4)		0.933

From the analysis of the results intended to evaluate *outer loading*, which is used as an indicator of the level of validity of variables, can be seen in the table above. The results show that no indicator has an outer loading value less than 0.7, which is the minimum value that signifies the level of validity of the indicator. Therefore, it can be concluded that the SEM model is considered valid because all indicators show an outer loading value greater than 0.7.

b. Discriminant Validity

The discriminant validity of the model aims to find out how valid the reflective model indicators are. The standard value is *Average Variance Extracted (AVE)* with a standard value of >0.5.

Table 2. *Average Vriance Extracted (AVE)*

Variable	AverageVariance Extracted(AVE)
Conflict Management (x)	0.718
Employee Performance (y)	0.777

From the table, it can be observed that the AVE value of each variable in the study exceeds 0.5, so it can be concluded that each variable in the evaluated SEM model is considered valid.

c. Model Reliability

Composite Reliability and *Cronbach Alpha* are used as values to measure the reliability level of the SEM model. This type of reliability is used to assess the level of internal reliability of variable indicators.

Table 3. *Composite Reliability and Cronbach Alpha Values on Each Variable*

Variable	Cronbach's Alpha	Composite Reliability
Conflict Management (x)	0.867	0.887
Employee Performance (y)	0.903	0.925

The standard value to be considered reliable on a variable is >0.6 for *Cronbach's Alpha* >0.7 for *Composite Reliability*. Therefore, from the table above, it can be seen that all variables have a *Cronbach's Alpha* value of >0.6 and a *Composite Reliability* value of >0.7 , indicating that the analyzed SEM model can be considered reliable.

5.2 Inner Model

The inner model is a Structural Equation Modeling (SEM) model that aims to determine the calculated T value, which plays a role in evaluating the significance of the influence of the independent variable (X) on the dependent variable (Y). This model is used as a test tool to test research hypotheses.

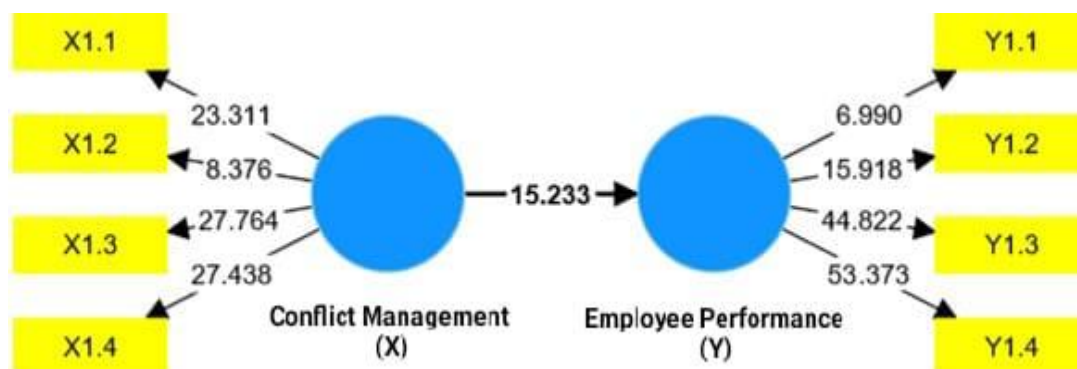


Figure 3 Inner Model SEM

a. Statistical T Analysis

Statistical T Analysis aims to determine the significance of the influence between variables under test. Significant influence is characterized by a calculated T value that exceeds the Table T value. In the inner model analysis of *Structural Equation Modeling* (SEM), attention is focused on the magnitude of the Calculated T value and P Value, which serve as indicators of the strength of the influence of the independent variable on the dependent variable.

Table 4. The value of T of the variable is Independent of the dependent variable

Influence Between Variables	T Statistics	T table	P Values	Cut off P Value
Conflict Management (x1)-> Employee Performance(y1)	15,233	2,011	0.000	0,05

By referring to the results of the T Statistical analysis contained in the table above, the results of the hypothesis test on the dependent variable can be described as follows:

Hypothesis: It is suspected that conflict management has a significant effect on employee performance. The results of statistical T analysis obtained calculated t value: $15.233 > t$ table: 2.011 with P Value value of 0.000 or smaller than *Cut off Value* of 0.05. This shows that conflict management has a very significant effect on employee performance. So it can be stated that the hypothesis is accepted.

b. Determinant Analysis (R Square)

Determinant analysis aims to measure the extent to which the independent variable impacts collectively on the dependent variable. The results of determinant analysis on the *Structural Equation Modeling* (SEM) model can be found in the table presented below.

Table 5. Results of *determinant* analysis of dependent variables

Influence of Variables	R Square	R Square Adjusted
Employee Performance (Y)	0.676	0.670

Based on the table above, it is known that the conflict management variable (X) affects employee performance (Y) by 67 percent, while 33 percent is influenced by other variables that were not observed in this study.

6. Discussion

Based on the results of the analysis, conflict management has a positive and significant effect on employee performance by 67 percent. This means that conflict management determines the performance of employees at PT. Ale Luwu Raya. Employees of PT. Ale Luwu Raya performs well when they implement conflict management in carrying out work. The results of this study are in line with research submitted by Humaidi & Musliadi (2022), which explained that conflict management has a significant effect on the work performance of LPP TVRI employees of South Kalimantan stations.

The results of the SEM analysis also explain that the indicator that contributes the most to employee performance is individual differences. While the indicator that describes the smallest contribution among variable indicators of conflict management is organizational structure.

Employee performance in this case includes the quantity of work, quality of work, time utilization, and cooperation. Conflict management includes limited resources, organizational structure, communication, individual differences.

7. Conclusions and Suggestion

7.1 Conclusion

Based on the results and discussion, the following conclusions can be made: Conflict management (X) had a very significant effect and was positive on the performance of aryan (Y) by 67 percent, while 33 percent was influenced by other variables that were not in this study. The results of statistical T analysis obtained calculated t value: $15.233 > t \text{ table: } 2.011$ with P Value value of 0.000 or smaller than *Cut off Value* of 0.05. Individual differences are the highest contributing indicator of conflict management, at 89.9 percent. While the indicator that contributed the smallest among the variable indicators of conflict management was organizational structure, which was 71 percent.

7.2 Suggestion

It is recommended to the next researcher to develop research by adding other variables related to employee performance that have not been studied in this study.

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