CHAPTER I

INTRODUCTION

1.1.   Research Background

Nowadays, the industrial sector has been enlivened by the number of organizations involved in it. An organization is a group of people working together in some way to achieve a set goal. An organization is also a container or place for collaboration whose driving force is humans. The increasingly diverse and complex needs of the community result in organizations working hard to adopt every strategy, method, technology, and every other effort to ensure that the needs of the community are adequately met (Tanjung, et al., 2022)

The ability of humans to be able to interact with other humans, proves that humans are social beings so that in achieving their goals, help from others is needed. The ability to socialize is called cooperation. Socially, working together is a requirement in carrying out a good life in society. This ability makes a person have a sense of responsibility to nurture someone for the better. Being in an organization is a form of human beings as social beings. Organizations can be divided into two types, namely formal and informal. Angelo J. Gonzalez in Irawan (2013), argues that formal organization is a component of social organizational structure designed to guide and constrain the behavior of organizational members.

Meanwhile, informal organizations are any form of bond or relationship that is voluntarily established by its members to have a relationship. In informal organizations, there is no clarity in the form and structure of the organization

because it is built on the basis of togetherness, friendship, fraternity, commonality of hobbies, perceptions or relatively similar needs. In practice, informal organizations are often an effective medium for achieving goals in formal organizations, because they are considered flexible and not rigid so that members can express themselves freely and actualize themselves.

Organizations can occur on a small, medium or large scale. Small-scale organizations usually have only members with a number that does not exceed 30 people. In small-scale organizations, each member has the convenience of being able to communicate with other members. This is due to the small number of members.

As for medium-scale organizations, they have members with a maximum number of 100 people only. Similar to small-scale organizations, on this scale, each member has the convenience of communicating with other members. Unlike the case with large-scale organizations that have more than 100 members or at least 500 people, each member has difficulty being able to communicate with other members.

With a large number of members, of course, the possibility of conflict will be even greater. Conflict is a difference or conflict between individuals or social groups that occurs due to differences in interests, as well as efforts to fulfill goals by opposing parties using threats or violence (Soekanto, 2016). based on the results of simple regression analysis, conflict has a positive influence on employee performance, which is equal to 0.344. This means that an increase of one point in Conflict will result in an increase in Employee Performance at PT YKT Gear Indonesia of 0.344 and vice versa, if there is a decrease of one point in Conflict, it

will also be followed by a decrease in Employee Performance of 0.344 at PT YKT Gear Indonesia. Meanwhile, based on the results of a simple correlation analysis, the effect of conflict on performance is moderately positive because the resulting r value is 0.434. Based on the coefficient of determination, it can be concluded that conflict contributes 18.81% to the performance of PT YKT Gear Indonesia's employees, the remaining 81.91% is influenced by other factors (Purnamasari, et al., 2019).

Conflicts that occur within a group can be caused by several factors, such as differences of opinion, cultural differences, differences in interests or social changes. Conflicts can cause rifts in a group, changes in individual personalities, destruction of different property and several other things. Melita as Human Resources of PT Pengembangan Industri Logam said that in their company, conflicts can occur because of cultural differences between local workers and foreign workers, where this can affect the performance of each employee.

Conflicts in an organization can result in a decrease in work performance which of course can have an impact on not achieving company goals. According to Krisnawati and Lestari (2018) the presence of conflict in a group cannot be eliminated, but can be minimized so as not to lead to division, dispute, friction and opposition.

In achieving its goals, companies are required to be able to manage their resources well. Human resources are a very important asset for the company. Therefore, companies are required to be able to maintain and choose the survival of their employees.

Human resource management has a very important role in managing human resources or employees in a company. According to Nawawi (2011), human resources can be said to be workers, workers, employees and human potential in realizing the existence of the organization.

Not only responsible for conflicts that occur to its workforce, human resource management is also responsible for the performance of these employees. Performance is defined as something that results from one's work to achieve organizational goals within a certain period of time (Tika, 2006).

A person's performance can be influenced by several things, such as conflict or work environment. Soetjipto (2008) defines the work environment as everything or element that can affect directly or indirectly the organization or company that will have a good or bad impact on work performance and job satisfaction.

A company is said to have a good environment if its employees can make a great contribution to the company, either directly or indirectly. This is based on the performance of employees who increase when they are in an environment that suits their wishes or are in a healthy environment so as to increase effectiveness and efficiency at work.

An unpleasant work environment can certainly affect work performance that decreases and the time to achieve tasks that are not in accordance with predetermined targets.

The development of the times encourages the movement of capital and investment flows to various parts of the world. Indonesia as a country that has a lot of resources, of course, has its own allure towards foreign companies. Not only that, the existence of a large enough market needs, cheap labor costs and adequate

security stability are also the main attractions for some foreign companies that want to set up their businesses here.

Based on presidential decree No. 75 of 1995 concerning the Employment of Foreign Nationals of Immigrants, requires the priority of Indonesian workers in the fields and types of work available unless there are fields and types of work that have not been or are not fully filled by Indonesian workers, then the use of foreign workers is allowed to a certain extent.

The existence of this presidential decree, of course, has a positive impact and a negative impact on work performance. One of the negative impacts of this decision is that the possibility of conflict in an international organization will be even greater.

This can be caused by cultural differences between Indonesian workers and foreign workers. Not only that, but cultural differences can also affect the work environment within international companies. This can certainly affect the performance of the existing workforce, both foreign and local workers. Based on the background, researcher want to make a research about "**THE EFFECT OF CONFLICT MANAGEMENT AND WORK ENVIRONMENT ON WORK PERFORMANCE WITH HUMAN RESOURCE MANAGEMENT AS A MEDIATING VARIABLE".**

1.2. Problem Identification

The difficulty in communicating that occurs between foreign workers and local workers in international companies makes the possibility of conflicts even greater, so as to create an uncomfortable work environment between the two parties.

This can affect the performance of each workforce. So that the presence of human resource management is very important to be able to be a liaison between both parties in communicating and improving their performance.

1.3. Scope of Research

To avoid a fairly wide scope of research, the researcher limited the scope of this research which will focus on human resources in several foreign companies in Indonesia. The company is required to have local workers and also foreign workers with a service period of at least 1 year.

1.4. Problem Formulation

Based on the background that has been described above, the problem formulation can be made as follows:

1) Is there an influence between the work environment and work performance?
2) Is there an influence between conflict management and work performance?
3) Is there an influence between human resource management and work performance?
4) Is there any influence between the work environment and human resource management?
5) Is there an influence between conflict management and human resource management?
6) Is there an influence between conflict management and work performance mediated by human resource management?

7) Is there an influence between the work environment and work performance mediated by human resource management?

1.5. Research Objectives

Based on the formulation of the problem that has been described above, the objectives of this study are:

1) To analyze the influence between conflict management and work performance;

2) To analyze the influence between the work environment and work performance;

3) To analyze the influence between human resource management and work performance;

4) To analyze the influence between the work environment and human resources management;

5) To analyze the influence between conflict management and human resources management;

6) To analyze the influence between conflict management and work performance mediated by human resource management;

7) To analyze the influence between the work environment and work performance mediated by human resource management.

1.6. Significance of The Study

This research is expected to have a positive impact on readers, researchers, or companies being researched.

1.6.1. Theoretical Significance

This research is expected to have an impact on the company in terms of managing its workforce. With this research, researchers hope to help companies to be able to see the performance of their employees based on conflicts and the existing work environment, as well as management efforts carried out by human resource management in their companies (Abdul, 2017).

This research is also expected to be one of the reference materials for the next researcher with the selection of the same topic. In addition, this research is expected to be an interesting reading material for readers who focus on human resource management and conflict management.

1.6.2. Practical Significance

In practical terms, this research is expected to provide benefits to students and companies. This research can be used by companies to mediate conflicts within their companies and improve the existing work environment in an effort to improve the work performance of their employees.

1.6.3. Organization of The Thesis

This research consists of five chapters, where the first chapter contains the background of the implementation of this research, namely regarding conflicts in the company, work environment, human resource management and also employee work performance. This chapter also explains the purpose of research and research sources, namely foreign companies in Indonesia with the category of having foreign and local workers, as well as a minimum work period of 1 year.

In the next chapter, it will contain supporting theories regarding some of the variables used in this study. In addition, the second chapter will also explain previous research that influenced the model of this research.

In the third chapter, it will be explained about the research procedures or research methods that will be used in this research. Where in this study used quantitative research and used a questionnaire with a minimum number of respondents as many as 30 people. The respondents used must meet the research requirements so as not to provide biased results. The results of the study, will be spelled out in the fourth chapter. Furthermore, the research will be closed with the conclusions and suggestions in the fifth chapter.