THE INFLUENCE OF PROJECT EXTERNAL AND INTERNAL CONFLICT CONTROL ON PROJECT PERFORMANCE

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Abstract: The data shows that many construction conflicts arise from many factors. Indonesia as a country that has social and cultural diversity is certainly very vulnerable to conflict, especially in project activities. Diversity as a necessity in the state has indeed contributed to the emergence of many social conflicts, including social conflicts in projects. This study aims to determine the control exercised by stakeholders in dealing with external and internal project conflicts that can have an impact on project performance. This study with a sample of 35 samples and using the SEM-PLS method. Based on the analysis, it shows a conclusion that conflicts that occur in projects, both internal conflicts, external conflicts and conflicts of interest, if not controlled properly, will have an impact on project performance. This is very necessary for stakeholders to be able to control conflicts that occur in the project.

Keyword : Concflict management, eksternal conflict, Internal conflict

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INTRODUCTION

Indonesia, as one of the countries with the largest GDP in the world, has its own challenges to be able to maintain and even increase its GDP in the midst of increasingly tough world economic competition. The projection of Indonesia's development needs until 2023 is still very much. In order to increase economic growth through infrastructure development in Indonesia, the Government is making efforts to accelerate projects that are considered strategic and have high urgency to be realized in a short period of time.

With so many projects in the development of this national strategy, it is necessary to make the quality and quantity of infrastructure for economic growth a greater concern for all stakeholders in creating various breakthroughs to increase resource capacity and quality of work in the construction sector. In addition, the social impact caused at the construction stage also needs to be an important note. Data shows that many construction conflicts arise from many influencing factors. Since this national strategic project is widely spread in the regions, service providers are required to improve their performance, given the level of competition from many existing competitors, both from local companies and from outside the region with their various advantages.

Some cases of social conflict due to development in recent years include the Aceh Toll road project in the Buen - Simek Village area, the construction of the Semarang - Batang Toll road and the construction of the South Jakarta West Tanjung Flyover. The problems that triggered conflict in the project were due to the disruption of residents' access, not accommodating local labor, the severe impact of flooding due to the project and other community interests that were disrupted by project activities (Marison, 2020; Putranto, 2018; Umar, 2019).

Differences in goals, views, opinions of each party will lead to conflict. The conflict must be resolved immediately in an appropriate manner to minimize adverse effects on project performance. Therefore, the right conflict handling method is very important to do. This opinion is also in accordance with Omenge et al (2020) which states that conflict

situations are essentially bargaining situations where the ability of one party to achieve its desired goals will depend on the choices or decisions made by the other party.

This confirms Richardson (2014), that one of the project manager's abilities that needs to be researched is in the ability to identify, test and manage conflict as a secondary goal, where according to him there is currently very little research that focuses on the ability of project managers in terms of conflict management. Furthermore, Richardson identifies conflict in his model that a conflict starts when the project begins to be influenced, then the opposition will create internal disputes and then after that internal conflict increases within the team.

Richardson (2014) divides conflict by type, where conflict is divided into:

1) Task-related conflict, which is conflict that occurs due to differences of opinion about task groups (functional);
2) Process-related conflict, which is conflict caused by controversy or debate about how tasks should be completed (dysfunctional);
3) Rule-related conflict, which is conflict resulting from differences about the level and type of responsibility that various people think they should have;
4) Affective conflict, which is conflict that occurs due to emotional arguments based on interpersonal compatibility;
5) Value-related conflict, is a disagreement/controversy caused by differences in systems or values.

Based on the results of previous studies, it can be understood that there is an influence relationship between internal or external conflicts of variables on the overall project performance and implementation results. The influencing factors can vary according to the context and relevance of each research. With consideration of the results of previous research and paying attention to the theory that serves as the basis for thinking in this study, the formulation of this research hypothesis is as follows:

H1: There is an influence between Internal project conflict on project performance
H2: There is an influence between external project conflicts on project performance
H3: There is an influence between project interest conflicts on project performance
H4: There is an influence between Internal conflict through conflict of project interest on project performance
H5: There is an influence between External conflict through conflict of project interests on project performance
H6: There is an influence between external conflict through internal project conflict on project performance.
H7: There is an influence between Internal and External conflicts of the project on project performance together.

In this study, several interaction model simulations will be tested in determining the effect of conflict control on the project to see the magnitude of the influence of the composition of the independent variables on the dependent variable and on the moderating variable. The interaction model is determined as follows
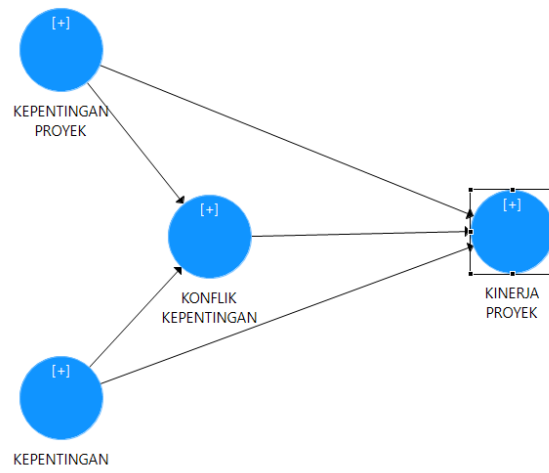
Figure 1 . Conflict Management on performance

RESEARCH METHODS

Research on the analysis of internal project conflicts, external projects and differences in conflicts of interest is designed based on its objectives, including explanatory research. Explanatory research according to Sudaryono (2017) is research that aims to describe generalizations or explain the relationship between one variable and another. When viewed from the characteristics of the problem being discussed, this research is included in the type of causal-comparative research, namely research that shows the direction of the relationship between the independent variable and the dependent variable, in addition to measuring the strength of the relationship (Sudaryono, 2017: 89).

Based on the method and measurement and data analysis, this research is classified as survey research, because it uses questionnaires as its main source, and also as quantitative research, namely research that aims to describe social phenomena or symptoms quantitatively or analyze how social phenomena or symptoms that occur in society are related to each other (Sudaryono, 2017: 90). Population according to Kurniawan (in Sudaryono, 2017: 166) is a generalization area consisting of objects or subjects that have certain qualities and characteristics set by researchers to study and then draw conclusions. Meanwhile, according to Sugiyono (2012: 81), the sample is part of the number and characteristics of the population. This study uses a population of 4 development projects with a total sample of 35 samples.

This research will use Partial Least Square (PLS) as an analysis tool. The software applied in this study uses SmartPLS 3.0. Project conditions, contractor capabilities, application of new technology and the tender process, are treated as latent variables with their respective indicators. According to Ghozali (2014: 30), the PLS approach is distribution free (does not assume certain distributed data, can be nominal, categorical, ordinal, interval and ratio). In PLS, all variance measures will be assumed to be useful variance to explain.

RESULTS AND DISCUSSION

Based on the results of the research profile of respondents who participated in this study can be explained by the number of male gender totaling 30 samples and female 5 samples. With a job position is a contractor of 57% with a total of 20 samples and service users / owners, consultants and sub-contractors each 14% with 5 samples. With an average work experience of over 10 years.

Covergent Validity is the degree to which the measurement results of a concept show a positive correlation with the measurement results of other concepts which theoretically must be positively correlated (Bambang & Lina, 2005: 103-104). Covergent Validity of the

measurement model with reflexive indicators is assessed based on the correlation between item score / component score and construct score calculated by PLS. Indicator reflection is assessed based on crossloading between the indicator and the construct. f the correlation of the construct with the measurement item (indicator) is greater than that of other constructs, then it can be said that the latent construct predicts the measure in its block better than the measure in other blocks. Another method for assessing discriminant validity is to compare the square root of average variance extracted (AVE) for each construct with the correlation between the construct and other constructs in the model. If the square value of the AVE of each construct is greater than the correlation value between the construct and other constructs in the model, it is said to have good discriminant validity value.

Composite reliability is used to measure construct reliability. This measurement can be evaluated with two types of measures, namely internal consistency and Cronbach's alpha..

Table 1 : *Factor loadings, Cronbach's Alpha, Composite, Reliability and AVE All sample*

	Items	Factor Loadings	CA	CR	AVE
KIP	KIP-1	0,930	0.957	0.966	0.852
	KIP-2	0,606			
	KIP-3	0,914			
	KIP-4	0,885			
	KIP-5	0,876			
KEP	KEP-1	0,962	0.990	0.992	0.960
	KEP-2	0,689			
	KEP-3	0,970			
	KEP-4	0,943			
	KEP-5	0,775			
KP	KP-1	0,815	0.896	0.924	0.709
	KP-2	0,754			
	KP-3	0,937			
	KP-4	0,935			
	KP-5	0,818			
KP	KP-1	0,735	0.917	0.938	0.671
	KP-2	0,739			
	KP-3	0,854			
	KP-4	0,801			
	KP-5	0,874			
	KP-6	0,823			
	KP-7	0,887			

Hypothesis testing is used to see the direction of the relationship between the independent variable and the dependent variable. Testing in this study was carried out by means of path analysis of the planned model.

Hypothesis testing in this study will be assisted by SmartPLS 3.0 software which will simultaneously test complex structural models, so that path analysis results will be obtained in one regression analysis. The results of the correlation between constructs are measured by looking at the path coefficient and its significance level.

And in this study there is a possibility of error in decision making is 5%, which is based on:

p-value ≥ 0.05, then Ho is accepted and Ha is rejected
p-value < 0.05, then Ho is rejected and Ha is accepted.

This measurement uses assumptions in the bootstrapping process with a number of sub-samples of 300 and a significance level of 0.05, so the t-table used according to SmartPLS 3 standards is 1.960. Partial hypotheses of significance values and t-statistics of this model measurement are presented in table 3.

Table 2 : *Path coefficient, t-statistics and partial hypothesis*

Path	Path Coefficient	t-stat.	Sign.	Hip. (H_a)
ALL SAMPLES				
KP → KP	**0.075**	**0.740**	**0.460**	**Rejected**
KEP → KP	0.173	2.798	0.005	Accepted
KIP → KP	0.818	10.410	0.000	Accepted

From the model estimation results, on sample measurements, it can be concluded that the hypothesis stating that there is a significant relationship between conflict and project performance (H1) cannot be proven. For external project conflicts on project performance (H3) can be proven. While the significant influence between internal conflict on project performance (H2) can be proven in this study. In addition to testing the partial or individual significance relationship of each predictor variable on its criterion variable, hypothesis testing was also carried out on the significance of the mediating variable. This hypothesis testing uses a comparison between the t-count value and the t-table and its significance value.

And in this study there is a possibility of error in decision making is 5%, which is based on :

p-value ≥ 0.05, then Ho is accepted and Ha is rejected
p-value < 0.05, then Ho is rejected and Ha is accepted.

Table 3 : *Indirect effects*
(value of path coefficient, t-statistics and model significance in mediation hypothesis testing)

Path	Path coefficient	t-stat.	Sign.	Hypn (H_a)
ALL SAMPLES				
KP → KIP → KP	0.600	9.905	0.000	Accepted
KEP →KIP → KP	0.160	2.994	0.003	Accepted
KEP → KP → KP	**0.029**	**0.741**	**0.459**	**Rejected**

This measurement model estimation is able to prove the significant effect of stakeholder interest conflict as a mediating variable between internal conflict and project performance (H5) and interest conflict as a mediating variable between external conflict and project performance (H6). However, it is not able to prove the significant effect of Interpersonal external conflict as a mediating variable between internal conflict and Project Performance.

To determine the effect of independent variables simultaneously on the dependent variable, calculations are carried out using the following formula:

Definition 4 : *F-$_{statistic}$ formula for simultant hypothesis testing*
Particulars :
n   = Sample Total
k   = Number of Independent Variables
R2   = Influence Value

$$F = \frac{(n - k - 1)R^2}{k(1 - R^2)}$$

Criteria of this hypothesis testing is as follows:
Hypothesis   :
Accept H_0 and reject H_a, if:
F-stat < F-tab
Accept H_a and reject H_0, if:
F-stat > F-tab
F-table is obtained from table F using DF1 base as denominator and DF2 as numerator obtained from the following calculation (5):
DF1 = Total independent variable
DF2 = n – k – 1

Table 4: *Simultaneous hypothesis testing table based on F-statistic and F table*

Path	F-	F-	Hypothesis
ALL SAMPLES			
KP, KEP and KIP →	90.169	2.69	Accepted

Based on the results of hypothesis testing on the conflict influence model for all sample data, it can be seen that hypothesis H2 which states that there is a significant relationship between project internal conflict and project performance can be proven. The hypothesis finds that there is a significant influence of the Stakeholders' internal project conflict on project performance, which shows that if there is an internal project conflict, the overall project performance will be disrupted, especially since the project team must have good cooperation to avoid a conflict.

Similarly, hypothesis H3 which states that there is a significant influence between Stakeholder Interpersonal Skills on project performance found a significant influence of Social Interaction on project performance. This hypothesis is also in line with the results of Rathenam's research (2017) which measures the effect of community ties on projects. Indeed, no one has specifically placed stakeholder skills as a research variable in a pattern of stakeholder interaction on project performance. However, the research approach can be used as a useful reference in placing Interpersonal Skills as one of the measurement variables of the stakeholder interaction model.

In contrast to hypotheses H2 and H3, the measurement model for all sample areas rejects any significant influence between stakeholder interest conflicts and project performance. The results of this hypothesis are very different from the results of Safrial's (2017) research which found no significant effect of Competence on project performance. Chandra's (2011) research found that stakeholder interests have no significant influence on project performance along with internal project conflicts and stakeholder engagement.

While Safrial (2017) measured Competency as a single factor in his research model on project Performance. In general, this measurement model assesses that the influence of internal project conflicts is still quite strong in the interaction pattern in construction projects while the ability of stakeholders does not have a direct effect on project implementation. This shows that the strong cultural patterns and culture that are rooted in community life in the two regions still create internal project conflicts. This indicates that the legacy of feudalism still has an impact on the Implementation of Infrastructure Projects. When viewed from the mediation test, the role of conflict of interest significantly affects the relationship between internal conflict and project performance (H5 proven). This indicates that stakeholder interests are able to contribute to project performance when coupled with internal conflicts that occur.

Meanwhile, external conflict is not able to influence the relationship between project internal conflict and project performance (H4 is rejected). However, project internal conflict

as a mediating variable is able to explain well and provide a significant influence between competence and project performance (H6 accepted). Simultaneously, project internal conflict, conflict of interest and external conflict, have a significant influence on project performance. This conclusion shows that Hypothesis H7 can be proven in the estimation of this measurement model.

CONCLUSIONS AND SUGGESTIONS

The results of this study provide an overview of the conflict interaction process in construction on projects as measured by the variables of project conflict, conflict from outside the project and stakeholder interest conflicts on project performance. From all samples processed in this study, internal project conflicts consistently have a significant effect on the results of project performance in both high-rise building projects and industrial estate development. Thus, the better the resolution of internal project conflicts owned by Stakeholders, under any modeling conditions, is able to contribute positively to project performance directly.

Stakeholder conflicts of interest do not have a significant effect on project performance outcomes in either high-rise building projects or industrial estate development. Thus, if there is only a conflict of interest for a person or Stakeholder, it will not have an impact on project performance. But if someone has a conflict of interest, it can have an impact on the occurrence of internal conflicts and conflicts. Impact until internal and external conflicts occur, there will be a possibility of decreased performance.

External conflicts consistently have a significant effect on performance outcomes in both high-rise building projects and industrial estate developments. Thus, the better control of the impact of external conflicts owned by Stakeholders, under any modeling conditions, is able to contribute positively to project performance outcomes directly. Project internal conflicts and external conflicts occurring together will add significant influence to determine the outcome of the project performance.

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