CONFLICT MANAGEMENT OF BUSINESS ACTIVITIES IN ISLAMIC PERSPECTIVE: STUDIED ON PUSPA AGRO CENTRAL MARKET IN EAST JAVA

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ABSTRACT

Conflict is something that can not be separated in the process of management of the company. Conflict that managed well will be able to make a positive contribution to the business activities and the achievement of corporate goals. This study used a qualitative research methodology with a case study approach. The selection of a qualitative methodology based on the problem formulation used in this study.

The results of this study indicate that the conflicts that happened in management Central Market Puspa Agro caused by internal and external factor. Internal factor is derived from obscurity powers, functions and roles, monitoring and evaluation weakness, slowness of responds to the problems, the competence of individual differences, the target and task interdependence . External factors consist of the presence of government policies and industry demands. The effect of conflicts are functional and dysfunctional. Conflict management is applied by stimulation , reduction of conflict and conflict resolution methods.

Keywords : Conflict, Conflict Management Method , Stimulation Of Conflict , Conflict Reduction , Conflict Resolution

INTRODUCTION

Conflict has become a field of study since ancient civilizations, and it has always been quite a topic of discussion on whether it is a constructive process or a destructive one. Conflict follows the creation of human being on earth. It cannot be separated from the creation of Adam the Prophet (peace be upon him) and Eve on earth. Moreover, the very first event of murder was committed by Habil and Qabil, which then was caused by their conflict of interests.

Nowadays we encounter many conflicts in the industry world or in the realm of organizations. A conflict itself is defined as a psychological and behavioral reaction toward the perception of people standing in your way of reaching a goal, taking your rights to behave in a particular manner, or destroying your hopes for a relationship (in Aamodt, 2007). Another opinion states that a conflict is a process started when one party sees the frustration felt by the other parties, or when one party knows that the other party will experience frustration their interest (in Dunnette , 1988).

Like other terms, conflict generates considerable ambivalence and leaves many scholars' and administrators quite uncertain about (1) its meaning and relevance; and (2) how best to cope with it. Conflict situations are inevitable in one's personal life, in organizations or even between nations. Conflict is a process in which one party suggests that its interests are being

opposed by another party. As a rule, people see only the observable aspect of conflict – angry words, actions of opposition, etc. But this is only a small part of the conflict process (Mashanne and Glinow, 2008)

Conflict management is a series of action and reaction between both the doer and external party in a dispute. Conflict management is included as an approach of which the orientation is the process of directing forms of communication (including behavior) from the doer and external party, and how they affect each others' interests and intrepretations. Conflict management aims to set a safe level of conflict and to prevent conflict to transpire incontrolably. (Jones, 2001:420-422). Stoner and Freeman (1989:391) state that both an excessive amount of conflicts and an insignificant amount of conflicts may inhibit the organization's creativity (contraproductive). On the other hand, if a conflict can be managed appropriately and the dispute can be resolved effectively, it may spark innovative ideas from the staff of the organization. Daft (2011) states that a smooth conflict can actually be transformed into something beneficial for a workteam. A safe level of confiuct can help to prevent the *groupthink* situation, where people are too committed to the cohesiveness of the team that it makes them reluctant to express any opposing opinions.

A conflict management model in an organization can really affect the performance of the staff. Robbins (2006:151) states that a certain level of conflict affects the output or outcome of the organization performance. The ability to perceive and to manage conflicts may contribute something significant to the learning process that would later help the organization to mature through the positive changes in the staff's behavior.

Table 1. Relationship between Conflict Levels and Organization Performance

Conflict Level	Type of Conflict	Effect to the Organization	Performance Level
Low or zero	Dysfunctional	1. Apathetic 2. Boring 3. Not responding to change 4. Lack of ideas and innovations	Poor
Optimum	Functional	1. Full of energy 2. Self-criticism 3. Innovative	Excellent
High	Dysfunctional	1. Breaking apart 2. Unable to work together 3. High level of stres	Poor

(Robbins,2006)

Efforts to manage conflicts and the understanding that conflicts are bound to happen in the human life have been explained briefly in the Al Quran. In Islam, a conflict is not at all the objective, but it is rather the vehicle to fuse opposite qualities to free human from individualistic interests and from vice, and to prevent the differences from causing animosity. Because, people truly come from the same origin. As contained in Surah An Nisaa' verse 1:

> *1. O mankind, fear your Lord, who created you from one soul and created*
> *from it its mate and dispersed from both of them many men and women. And*
> *fear Allah, through whom you ask for one another, and (do not cut the*

relations of) the wombs (kinship). Surely Allah is Ever and All-Watcher over you. (QS: An Nisaa': 1)

The development of ideas on conflict management have shifted the paradigm on conflicts and its effects on the performance and sustainability of an organization. Robbin (1996: 431) names an organization's conflict *The Conflict Paradoks*, an idea saying a conflict can improve a group's performance, but on the other hand many groups and organizations strive to minimize conflicts. This idea is divided into three parts. Traditional view explains that a conflict is bad, negative, and destructive and must be prevented. It is synonymous with violence, destruction, and irrationality. It is considered a dysfunctional outcome from terrible communication, lack of trust, openness, and managerial failure to respond to the needs and aspiration of the staff.

Puspa Agro Modern Central Market is located in a land of 50 hectares, projected as the biggest central whole market in Indonesia, and managed by integrating varied kinds of agro products in one well-arranged place. There are four factors influencing the arrangement for this place. First, the abundant production of food and horticultural products in East Java. It is indicated by the percentage of East Java's portion of food and horticulture products to national supply, which is 35%. Second, the limited access and limited number of representative markets for the distribution of the farmers products in East Java. Third, the unavailability of the decent place or special market to distribute the big level of food and horticulture products (agribusiness). Fourth, the opportunity to increase the sale of farmers' products, either for regional, national, or international (export) level.

Puspa Agro Modern Central Market bears the prospect of becoming the center of agro-trading (agribusiness) in local and regional levels, and it is potential to become the barometer of trading industry in Eastern Indonesia. Moreover, Puspa Agro is projected to become the effective infrastructure to enter the global market (export). It is estimated that the potential transaction in Puspa Agro can reach IDR 10 trillion up to 12 trillion per uar (puspaagro.com). The spot is of 60 x 160 meter and it is occupied by 192 vendors with each of them occupying a 4 x 6 meter stall, most of them are *palawija* farmers from cities in East Java. Each spot is intended for approximately 300 sellers.

Reviewed from the business properness, Puspa Agro is indeed a potential project that could contribute to the economic development of East Java. However, the reality speaks differently. Since its official announcement five years ago, this market has not reached its development target. The situation in the field even contradicts the official press release from the management.This non-optimal function indicated that there is a conflict in the organization. According to the definition of conflict, it can be interpreted as a discrepancy resulting from different opinions that affects the process of achieving the organization's goals.

LITERATURE REVIEW

Definition of Conflict

Organizations are made up of many different components which are not uncommon to intersect and conflict each other. A conflict is a process that begins when one party has the perception that the other party has negatively affected, or will affect negatively, something that concerns or interests the first party. This definition covers conflicts experienced by individuals within an organization, dispute of interest, differences in the interpretation of the facts, disagreement caused by expectations of behavior, and so forth (Robbins, 2006: 505).

Panji Anoraga and Sri Suryati (1997: 131) define "Conflicts are all kinds of collision, incompatibility, dispute, fights, opposition and antagonistic interactions that contradict.

Wahyudi (2006: 17), citing Wood, Wallace, Zeffane, Schermerhorn, Hunt, and Osborn that define conflict (within the scope of organization) is a situation where two or more people disagree on an issue that concerns the interests of the organization and or with feelings of animosity to one another. While Stoner defines organizational conflict includes disagreement over the allocation of scarce resources, or dispute over objectives, status, values, perceptions, or personality.

Veitzhal Rivai (2005:507) explains the definition "Work conflict is a mismatch between two or more members or groups (within an organization / company) which must divide limited resources or work activities or because of the fact that they have different status, purpose or value perception". Albanse in Nimran (1997: 60) explains it as a condition perceived between parties (individuals, groups, etc.), in which one or more parties feel the discrepancy of interest and opportunity to interfere with efforts in achieving the objectives of others.

Views on Conflict

Islam portrays peace within the meaning of the word Islam, which is "salaam", which does not mean it does not give a view on conflict diametrical against peace. Islam gives meaning to conflict in the form and formula that are friendly and peaceful, so that conflict is not merely meant as something destructive and counter-productive, but it can be a stimulus to constructive even productive indication (Surwandono & Ahmadi, 2011: 9).

Hafidhuddin and Tanjung stated that conflict in the Islamic view is different from the dissent. The dissent continued to occur and not accommodated properly will cause conflicts and harmful contradictions. This is called as *tanazu*, as contained in Al Qur'an surah Al-Anfaal verse 46:

> *And obey Allah and His Messenger, and do not dispute and [thus] lose courage and [then] your strength would depart; and be patient. Indeed, Allah is with the patient. (QS: Al Anfaal:46)*

Techniques in Conflict Management

To resolve conflicts, an organization is required to learn about conflict management techniques. Conflict management is the using of resolution and stimulation techniques to achievew the desired level of conflicts (Robbins,2006:513).

Table 2. Conflict Management Techniques

Problem solving	Face-to-face meeting with the involved parties to identify the problem and to solve it through an open discussion
Superordinat objectives	Setting the mutual objectives that cannot be achieved without the cooperation from the entire involved parties
Expansion of resources	When a conflict surfaced because of scarce resources (fund, promotion, opportunities, office room), resources expansion can really be the useful solution
Dodging	Self retraction, or hiding, from conflicts
Smoothing	Minimizing the differences while emphasizing on mutual interest among the involved parties
Compromising	Each involved party submitting something valuable
Authorative order	Management using the formal authorities to solve the conflict and later relay the message to each party involved

Changing human variable	Using techniques of behavioral change such as human interaction to change attitudes and behaviors of the party causing the conflict
Changing structural variable	Changing the formal structure of the organization and the patterns of interaction between involved parties through the work replanning, the moving of coordinate position creation and etc.
Conflict Stimulation Techniques	
Communication	Using ambiguous messages or ones that is hreatening to heat up the conflict
Confirming external party to join	Adding someone to a group with different backgrounds, values of life, attitudes, or managerial style, from the people that are already in the group
Restructuring the organization	Restructuring the work groups, changing the rules and terms, increasing dependency, and making structural change needed to shake the status quo
Picking the black sheep	Appointing a critis to intentionally debate the group holding the majority position

Source: Robbins, Stephen P. 2006. *Managing Organizational Conflict:A =Nontraditional Approach*. New York: Prentice Hall.

METHODS

The approach used in this study is qualitative, and the approach strategy for the case study is explanatory. According to Yin (2009:1) generally, a case study is the appropriate strategy for a series of questions focusing on *how* or *why*, especially if the researcher is having a little chance to control the events meant to be studied, and if the focus of the research is on contemporary phenomenon (current) in reality life context. Yin (2012: 133) argues about the three forms of analysis techniques that are often used including pairing patterns, making of explanations (descriptive), and time series analysis. The analysis technique used in this research is descriptive analysis techniques or can be called the making of explanations, by using the method of data analysis and describe the results of observations and interviews, and aims to learn deeper about the matter discussed.

In this research, the informant is decided using the *Purposive sampling* method, in which the data resource sampling is based on several consideration.

According to Afifuddin and Saebani (2009:119), in a qualitative research, the data collection can be done not only through participation, but also from literature review, both as primary and secondary data.Data collection can be performed using several methods, namely interviews, observation, and literature study (Afifuddin and Saebani, 2009: 131). The number of informants in this study depends on the number and diversity of information received by the researcher. If the information obtained is not growing (saturated) and perceived as significant enough with what was expected earlier, the search for an informant stopped right then and there.

DISCUSSION

Conflict, according to Myers (1993: 234), can be understood from two perspectives, namely the traditional and the contemporary. In the traditional view, the conflict is seen as something bad that should be avoided. The view dodges any conflict because it is considered as a factor leading to the outbreak of a group or organization. The main focus is not how to eliminate

conflicts, but how to manage it appropriately so as not to damage relationships, group and even undermine the purpose of the company. A conflict is regarded as a natural thing in the company as an organization. It is not seen as a destructive thing, but it should be a constructive thing to build the organization, for example contributing to how to increase organizational performance.

Islam has the same view on conflicts. Although Islam is in fact prefer peace, as the meaning of the word Islam itself is "salaam", it does not mean it does not give meaning and views on the conception of conflict. Islam interprets conflicts in a more friendly and peaceful way. Islamic concept of conflict does not see it as a symptom of a destructive and counterproductive situation, but it could be a symptom of constructive even productive events. A conflict is a part of human behavior that has been carried from the time he was born. The existence of conflict as an element of nature is very important in human life. Life can not run properly without conflicts. People who have diverse demands and desires will always try to fulfill them. But to get it, they will have to compete for that desire. From then the conflict will teach humans to be able to think ahead to get these desires so that will be beneficial for life. Therefore, God equips human with moral values for their own interests. While conflicts is still needed by humans, they are also equipped by God with the ability to manage conflicts, both in the physical, spirit and intellectual qualities, and also the ability to find a solution. As contained in surah Al Baqarah verse 251 :

> *251. So they defeated them by permission of Allah, and David killed Goliath, and Allah gave him the kingship and prophethood and taught him from that which He willed. And if it were not for Allah checking [some] people by means of others, the earth would have been corrupted, but Allah is full of bounty to the worlds.*

The focus of conflict management in Islam is peaceful and friendly resolution, one that avoids violent ways or ways that damage relationships and harmful. This management conflict is in accordance with what is disclosed by Tandjung and Hafidhuddin (2003: 192) regarding conflict management techniques in Islam, stating that it is a collaborative conflict management strategy that combines the level of assertiveness and cooperative levels in balance.

The strategy implemented by managements in addressing conflicts in the business activity of Puspa Agro Central Market is a collaborative conflict management strategy. This strategy emphasizes the active concern of all involved parties that is focused, complete with communication and empathy. Managers have the focus to improve the quality and quantity of business activity as an important element in the management of the organization.

The importance of anticipating the potential for conflict was realized by the manager, so the conflicts that arise can be managed optimally. Managers are able to minimize the potential for conflict by anticipating the asymmetrical information that becomes the potential for conflict (*At Tabayyun*). Allah SWT has suggested the matter in surah An Nuur verse 12, where *tabayyun* prevent conflicts because it prioritize positive judgment in preventing asymmetrical information.

> *12. Why, when you heard it, did not the believing men and believing women think good of one another and say, "This is an obvious falsehood"? (QS: An Nuur:12)*

One of the conflict managements conducted by the management team of Puspa Agro Central Market aims to create a climate of healthy competition without harming each other. Islam supports the efforts of fair competition in the concept of competition, to compete for goodness, as contained in surah Al Baqarah verse 148:

148. For each [religious following] is a direction toward which it faces. So race to [all that is] good. Wherever you may be, Allah will bring you forth [for judgement] all together. Indeed, Allah is over all things competent. (QS: Al Baqarah:148)

Implementation of reward and punishment has long been mentioned in the Qur'an that every human being is entitled to a reward for what he has done accordingly. Surah An-Najm verse 39-41 and At Taubah verse 105 mentioned about the matter:

39. And that there is not for man except that [good] for which he strives

40. And that his effort is going to be seen -

41. Then he will be recompensed for it with the fullest recompense (QS: An Najm:39-41)

Rasulullah saw in a hadits narrated by Ibnu Majah also said the importance of creating competency as a reward for a good performance. Here is the following hadits regarding rewarding:

"Ibnu 'Umar narrated that Rasulullah said: Give the worker his wages before his sweat dries.(HR Ibnu Majah)."

One style applied to the handling of this conflict is the strategy of compromise. The condition of high and dysfunctional conflict is realized by the management as a condition that threatens the sustainability of the company. So the efforts of conflict resolution is applied and reflected in the form of negotiations (compromise), by changing the variable in organizational structure and resource expansion. Negotiation efforts are implemented by providing an explanation of the constraints faced. This completion method is known in Islam under the name of *Ishlah*. *Ishlah* method is mentioned in the Qur'an as one of the efforts to manage the conflict that is dysfunctional to an organization. It is contained in surah Al Imran verse 159:

159. "So by mercy from Allah , [O Muhammad], you were lenient with them. And if you had been rude [in speech] and harsh in heart, they would have disbanded from about you. So pardon them and ask forgiveness for them and consult them in the matter. And when you have decided, then rely upon Allah . Indeed, Allah loves those who rely [upon Him]." (QS: Al Imran:159)

The efforts to provide information or information about the truth of the situation of conflict and conflict resolution efforts were also carried out using the method of resource expansion in accordance with what Allah says in surah Al Baqarah verse 160:

160. "Except for those who repent and correct themselves and make evident [what they concealed]. Those - I will accept their repentance, and I am the Accepting of repentance, the Merciful. (QS: Al Baqarah:160)

The efforts to compromise not infrequently require a mediator to facilitate the parties involved. The use of a mediator or a third person as a way of conflict resolution is also encouraged in the Quran which is known as Al-Hakam.

The Matrix of Conflict Management Strategy explains the position of management method types used by the management is resolving the conflict in the business activity in Puspa Agro Central Market known as matrix 2x2 (Avruch,1991). In Figure 1 we can see Avruch combining two variables which are assertiveness and cooperation as the methods feasible to use to resolve conflicts.
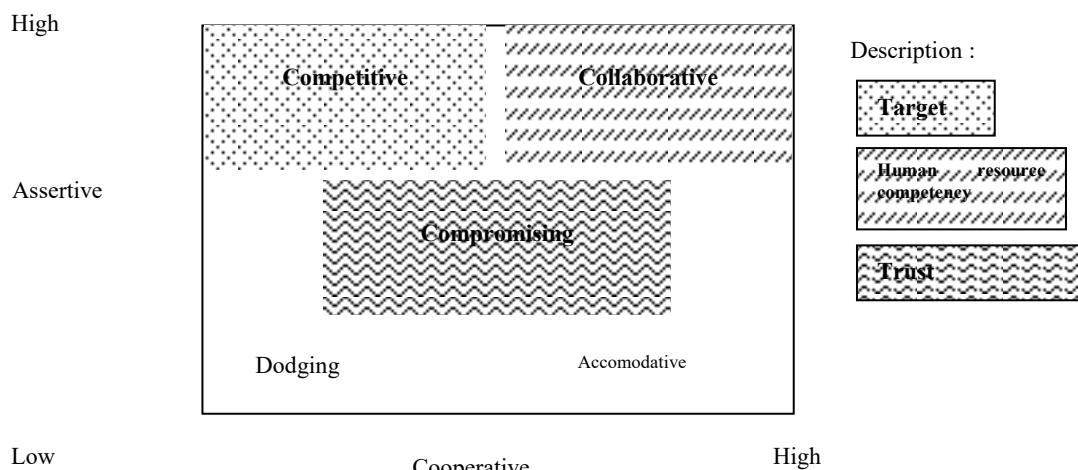
Source: Avruch,1991

Figure 1. Matrix of Conflict Management Strategy

Conflict management with cooperative tendencies with good intention and friendly approach is in accordance with Islamic perspective in managing conflicts, especially conflicts among fellow Muslims (Al Quran verse 159), while the assertive direction is prioritized to handle conflicts with Non-Muslims and it is reserved for ideological disputes (Al Quran surah An Nahl 125):

125. "Invite to the way of your Lord with wisdom and good instruction, and argue with them in a way that is best. Indeed, your Lord is most knowing of who has strayed from His way, and He is most knowing of who is [rightly] guided."(QS: An Nahl:125)

The research results revealed that even though the conflict has been managed with management strategies in general, but the application of the approach in order to maintain the relationship between actors organizations have not been implemented optimally. Forums is the place to exchange information directly from superiors to subordinates and all the stakeholders have not been routinely implemented. It triggers the tendency of distrust and a tendency of feeling less appreciated from the lower classes.

CONCLUSION

1. Conflict in the management of Puspa Agro Central Market is originated from internal and external companies. Sources of internal conflict of the company consists of obscurity of authority, function and role, weak monitoring and evaluation functions, the slow pace of leader in responding to problems, differences of individual competencies, target/workload and interdependence (task interdependence). Sources of external conflict is composed of government policies and the demand of industry world.

2. Conflict management done is enough to represent conflict management techniques through stimulation methods, reduction of conflict and conflict resolution. Each method is applied for each level of conflict with certain conditions, ie low, optimal and high. Conditions in lower conflict level is managed using the method of stimulation, the conflict in optimal conditions is maintained with the adoption of conflict reduction and high conditions are managed by the application of conflict resolution. The overall implementation of the method is represented in the integrative model of conflict management methods. Conflict management has been

applied in accordance with the techniques of conflict management in the perspective of Islam. *Ishlah* techniques are applied through a method of conflict resolution while at *tabayyun* is represented through conflict reduction method.

3. The method of stimulation of the conflict is realized through reward and punishment and treated differently from what is usual. Conflict reduction method is realized through a forum of dialogue between the conflicting parties, held at the same time with the creation of new challenges. Method of conflict resolution is realized through the expansion of resources, compromising, changing the variable structure of the company, dodging and authorative command.

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