

Analysis of Conflict Management and Internal Communication on Employee Satisfaction in Creative Industries in Indonesia

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ABSTRACT

This study examines the impact of conflict management and internal communication on employee satisfaction within the creative industries in Indonesia. Utilizing a quantitative research design, data were collected from 150 employees using a structured questionnaire featuring a Likert scale ranging from 1 to 5. The analysis was conducted using Structural Equation Modeling-Partial Least Squares (SEM-PLS 3) to test the proposed hypotheses. The findings indicate that effective conflict management significantly enhances employee satisfaction, with clear and consistent internal communication further amplifying this effect. Additionally, internal communication was found to moderate the relationship between conflict management and employee satisfaction, highlighting its critical role in fostering a positive work environment. These results suggest that fostering a harmonious work environment and promoting transparent communication channels are crucial for improving employee satisfaction in the creative sector. This study contributes to the literature by providing empirical evidence on the relationships between conflict management, internal communication, and employee satisfaction, offering valuable insights for practitioners and policymakers aiming to enhance organizational performance in the creative industries.

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1. INTRODUCTION

The creative industries in Indonesia have indeed undergone significant growth, fueled by technological advancements and a rising demand for innovative products and services [1]–[3]. These industries, spanning advertising, design, media, and entertainment sectors, play a vital role in the national

economy, contributing substantially to the GDP [4]. However, the dynamic nature of creative work environments can pose challenges in conflict management and internal communication, impacting employee satisfaction and overall success. Research emphasizes the importance of employee development policies, transformational leadership, and supportive work

environments in enhancing employee creativity and satisfaction within the creative industry, underscoring the need for effective strategies and leadership practices to foster a culture of innovation and sustain growth in Indonesia's creative economy [1].

Effective conflict management and internal communication are crucial components of organizational behavior that significantly impact employee satisfaction and overall workplace harmony. Research emphasizes the importance of implementing strategies like mediation [5] and utilizing various conflict management approaches [6] to resolve disputes effectively, enhance productivity, and reduce turnover. Furthermore, studies highlight the positive association between transparent communication, leadership communication, and multiple communication channels with higher levels of employee engagement [7]. By fostering empathy, promoting active listening, and providing constructive feedback [8], organizations can create a positive work environment where employees feel valued, informed, and empowered to contribute to organizational success. Addressing challenges such as information overload and language barriers through training programs and technology investment is essential for promoting a cohesive organizational culture and maintaining high levels of employee morale [7].

Effective communication and conflict management play pivotal roles in fostering employee satisfaction within the Indonesian creative industries, where collaboration and innovation are paramount [1], [8]–[10]. Research emphasizes the significance of clear communication channels, active listening, constructive feedback, and conflict resolution strategies in enhancing workplace dynamics and productivity [8]. Additionally, the impact of employee development policies, transformational leadership, and supportive work environments on employee creativity underscores the importance of organizational strategies in promoting a culture of innovation [1]. Conflict and idea acceptance were found to mediate the relationship

between feedback and team creative behavior, highlighting the nuanced interplay between communication, conflict, and creativity within teams [9]. Furthermore, effective communication channels and employee engagement are crucial in promoting inclusion and fostering a culture of diversity within the creative industry, ultimately contributing to increased creativity, innovation, and employee satisfaction [10]. This study aims to fill this gap by examining the relationships between conflict management, internal communication, and employee satisfaction in the creative sectors of Indonesia.

2. LITERATURE REVIEW

2.1 Conflict Management

Conflict management is a vital component of organizational behavior, particularly in creative industries where diverse ideas and intense interactions are prevalent [11]. Various conflict management styles and strategies, such as avoidance, accommodation, competition, compromise, and collaboration, play a crucial role in minimizing negative outcomes and enhancing positive ones [12]. Unresolved conflicts can lead to decreased job satisfaction, lower productivity, and higher turnover rates, while well-managed conflicts can stimulate innovation, improve team dynamics, and enhance decision-making processes [13]. In creative industries, where collaboration and team cohesion are paramount, effective conflict management is essential, especially given the susceptibility of creative professionals to conflicts arising from differences in creative vision, resource allocation, and

personality clashes [14]. Understanding conflict management mechanisms and their impact on employee satisfaction is therefore critical for the sustainability and growth of creative enterprises [15].

2.2 *Internal Communication*

Effective internal communication plays a pivotal role in organizational success by fostering employee engagement, satisfaction, and loyalty [7]. It involves transparent dissemination of corporate strategies, policies, and operational information, creating a positive organizational culture [7]. Research highlights that clear communication leads to increased engagement and job satisfaction, while poor communication can result in disengagement and reduced performance [7]. In the context of the creative industries, where collaboration and rapid information sharing are crucial, effective internal communication becomes even more vital for enhancing coordination, reducing conflicts, and improving project outcomes [7]. Additionally, internal social media can empower employees to actively participate in communication processes, making organizational communication visible and enhancing internal communication strategies [16].

2.3 *Employee Satisfaction*

Employee satisfaction is a multifaceted construct influenced by various dimensions, including job content, work environment, compensation, and interpersonal relationships [17]. High levels of

employee satisfaction are linked to positive organizational outcomes like increased productivity, reduced turnover, and enhanced organizational commitment [18]. Intrinsic factors, such as job autonomy and personal growth opportunities, and extrinsic factors like salary and benefits, play crucial roles in shaping employee satisfaction [19]. In creative industries, factors like opportunities for creative expression, recognition of creative efforts, and the overall work environment significantly impact employee satisfaction [18]. The dynamic nature of creative work necessitates a supportive environment, highlighting the importance of effective conflict management and internal communication in fostering employee satisfaction and motivation [18].

2.4 *Relationship Between Conflict Management, Internal Communication, and Employee Satisfaction*

Effective conflict management strategies, coupled with robust internal communication practices, play crucial roles in enhancing employee satisfaction within organizations [7], [8]. Studies have highlighted the positive impact of transparent communication, leadership communication, and multiple communication channels on employee engagement and satisfaction [7]. Additionally, conflict management approaches such as collaborating, accommodating, and avoiding have been shown to significantly influence employee productivity and satisfaction [6]. However,

there is a gap in empirical research focusing on the creative industries, particularly in the Indonesian context, where exploring the interplay between conflict management, internal communication, and employee satisfaction is essential due to the unique characteristics and challenges of creative work environments [7]. By addressing this gap, organizations in the creative sector can tailor their strategies to foster a work environment where employees feel valued, understood, and satisfied, ultimately improving overall organizational outcomes.

Conceptual Framework and Hypotheses

Based on the literature review, this study proposes a conceptual framework to examine the relationships between conflict management, internal communication, and employee satisfaction in the creative industries. The hypotheses to be tested are:

H1: Effective conflict management has a positive impact on employee satisfaction in the creative industries.

H2: Effective internal communication has a positive impact on employee satisfaction in the creative industries.

H3: Effective internal communication moderates the relationship between conflict management and employee satisfaction, such that the positive impact of conflict management on employee satisfaction is stronger when internal communication is effective.

3. METHODS

3.1 Research Design

This study employs a quantitative research design to investigate the impact of conflict management and internal communication on employee satisfaction in the creative industries of Indonesia. A structured questionnaire was developed to collect data from a sample of 150 employees working in various creative sectors, including advertising, design, media, and entertainment. The use of a quantitative approach allows for the objective measurement and statistical analysis of the relationships between the variables of interest.

3.2 Sample and Sampling Procedure

A total of 150 employees from different creative industries in Indonesia were selected as the sample for this study. A stratified random sampling method was employed to ensure representation from various sectors within the creative industries. This method helps in obtaining a diverse and representative sample, which enhances the generalizability of the findings. The participants were contacted through professional networks, industry associations, and social media platforms, and those who agreed to participate were provided with the questionnaire either in electronic or paper format.

3.3 Data Collection Instrument

The primary data collection instrument for this study was a structured questionnaire designed to measure conflict management, internal communication, and employee satisfaction. The questionnaire was divided into four sections:

1. **Conflict Management:** This section included items measuring various aspects of conflict management based on established scales [20], [21]. Respondents were asked to rate their agreement with statements

related to conflict resolution strategies using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

2. **Internal Communication:** This section measured the effectiveness of internal communication within the organization using items adapted from existing communication scales [22], [23]. Respondents rated their agreement with statements about the clarity, transparency, and feedback mechanisms of internal communication on a Likert scale from 1 (strongly disagree) to 5 (strongly agree).
3. **Employee Satisfaction:** This section assessed employee satisfaction using items based on widely used job satisfaction scales [24], [25]. Respondents indicated their level of satisfaction with various aspects of their job and work environment on a Likert scale from 1 (very dissatisfied) to 5 (very satisfied).

3.4 Data Analysis

The collected data were analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS 3), a robust statistical technique suitable for testing complex relationships among variables. SEM-PLS 3 is particularly useful for this study due to its ability to handle small sample sizes and non-normally distributed data, which are common in social science research. Descriptive statistics, including means, standard deviations, and frequencies, were calculated to provide an overview of the demographic characteristics of the sample and the distribution of responses. The measurement model was assessed to evaluate the reliability and validity of the constructs by examining the factor loadings, composite reliability, and average variance extracted (AVE) for each construct, with items showing low factor

loadings removed to ensure construct validity. The structural model was tested to evaluate the hypothesized relationships between conflict management, internal communication, and employee satisfaction by examining path coefficients, t-values, and p-values to determine the significance of the relationships, and model fit indices such as the Goodness of Fit (GoF) index were also assessed to ensure the overall fit of the model. Additionally, a moderation analysis was conducted to examine whether internal communication moderates the relationship between conflict management and employee satisfaction by creating and including interaction terms in the structural model to test the moderation effect.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

The demographic characteristics of the sample revealed a diverse representation across various creative industries in Indonesia. The sample comprised 150 employees, with 55% males and 45% females. The age distribution showed that 30% of the respondents were aged between 20-30 years, 40% between 31-40 years, and the remaining 30% were above 40 years. In terms of educational background, 60% of the respondents held a bachelor's degree, 30% had a master's degree, and 10% possessed other qualifications. The job positions ranged from junior employees (40%), mid-level managers (35%), to senior managers (25%). The average years of experience in the creative industry was 7 years.

4.2 Structural Model Assessment

The measurement model was evaluated for reliability and validity. All constructs exhibited high internal consistency, with composite reliability values exceeding the recommended threshold of 0.7. The average variance extracted (AVE) values for all constructs were above 0.5, indicating good convergent validity. Factor loadings for all items were above 0.7, confirming that each item adequately measured its respective construct.

The structural model was assessed to examine the hypothesized relationships between conflict management, internal

communication, and employee satisfaction. The results are summarized in Table 1.

Table 1. Structural Model Results

Hypothesis	Path Coefficient	t-value	p-value
H1: Conflict Management -> Employee Satisfaction	0.454	6.328	<0.001
H2: Internal Communication -> Employee Satisfaction	0.558	7.843	<0.001
H3: Internal Communication (Moderator)	0.202	3.155	0.002

Hypothesis 1 (H1) posits a relationship between conflict management and employee satisfaction, with a path coefficient (β) of 0.454, a t-value of 6.328, and a p-value of <0.001, indicating a moderately strong positive relationship that is statistically significant. Effective conflict management practices substantially enhance employee satisfaction in the creative industries, suggesting that well-managed conflicts lead to higher job and work environment satisfaction. Hypothesis 2 (H2) explores the link between internal communication and employee satisfaction, showing a path coefficient (β) of 0.558, a t-value of 7.843, and a p-value of <0.001, suggesting a strong positive relationship that is statistically significant. Clear, transparent, and effective internal communication significantly boosts employee satisfaction, meaning well-informed and engaged employees are more satisfied with their jobs. Hypothesis 3 (H3) examines internal communication as a moderator in the relationship between conflict management and employee satisfaction, with a path coefficient (β) of 0.202, a t-value of 3.155, and a p-value of 0.002, indicating a statistically significant positive moderating effect. Effective internal communication amplifies the positive impact of conflict management on employee satisfaction, leading to even higher levels of satisfaction when communication is robust.

Discussion

The results of this study provide valuable insights into the critical role of conflict management and internal communication in influencing employee satisfaction within the creative industries in

Indonesia. The significant positive relationships between these variables suggest that organizations in the creative sector can enhance employee satisfaction by implementing effective conflict management strategies and fostering robust internal communication practices.

Conflict Management and Employee Satisfaction

The results indicate a significant positive relationship between conflict management and employee satisfaction. This supports Hypothesis 1, suggesting that effective conflict management significantly enhances employee satisfaction in the creative industries. This finding is consistent with previous research, which has shown that well-managed conflicts can lead to a more harmonious work environment and improved job satisfaction [11]–[15]. In the creative industries, where collaboration and team dynamics are critical, effective conflict management ensures that disagreements are resolved constructively, preventing negative impacts on morale and productivity. Organizations in this sector should prioritize training employees and managers in conflict resolution skills to foster a more positive and satisfying work environment.

Internal Communication and Employee Satisfaction

Hypothesis 2 is also supported, as internal communication was found to have a significant positive impact on employee satisfaction. This highlights the importance of clear, transparent, and effective communication in fostering employee satisfaction. Effective internal communication

ensures that employees are well-informed, aligned with organizational goals, and feel valued and included. This finding aligns with prior studies emphasizing that robust internal communication practices contribute to higher levels of employee engagement, morale, and overall job satisfaction [6]–[8]. In the creative industries, where projects often require cross-functional collaboration and rapid information sharing, maintaining open and effective communication channels is crucial. Organizations should invest in developing and maintaining robust communication infrastructures and practices to enhance employee satisfaction.

Moderation Effect of Internal Communication

The moderation analysis revealed that internal communication significantly moderates the relationship between conflict management and employee satisfaction, supporting Hypothesis 3. This indicates that the positive impact of conflict management on employee satisfaction is stronger when internal communication is effective [6]–[8]. This finding underscores the synergistic effect of conflict management and internal communication in enhancing employee satisfaction. When communication channels are clear and transparent, employees are better equipped to navigate and resolve conflicts, leading to a more satisfying work experience. This synergy suggests that organizations should not view conflict management and internal communication as separate entities but as interconnected processes that jointly contribute to a positive organizational climate.

Theoretical Implications

The findings contribute to the existing body of knowledge on organizational behavior by empirically validating the importance of conflict management and internal communication in the context of the creative industries. The study extends previous research by highlighting the moderating role of internal communication, providing a more nuanced understanding of

how these factors interact to influence employee satisfaction.

Practical Implications

For practitioners and managers in the creative industries, the results underscore the necessity of developing and implementing effective conflict management strategies. Training programs focused on conflict resolution skills can equip employees with the tools needed to handle disputes constructively. Additionally, enhancing internal communication channels can create a more transparent and inclusive work environment, further boosting employee satisfaction.

Organizations should prioritize establishing clear communication protocols, encouraging open dialogue, and providing regular feedback to employees. By doing so, they can create a work environment where employees feel valued, understood, and satisfied, ultimately leading to improved organizational performance and competitiveness in the creative sector.

Limitations and Future Research

While this study provides valuable insights, it is not without limitations. The cross-sectional design limits the ability to draw causal inferences, and the reliance on self-reported data may introduce response bias. Future research could employ longitudinal designs to examine the causal relationships between these variables over time. Additionally, qualitative studies could provide deeper insights into the specific mechanisms through which conflict management and internal communication influence employee satisfaction.

5. CONCLUSION

The study reveals the critical role of conflict management and internal communication in influencing employee satisfaction within Indonesia's creative industries. Significant positive relationships between these variables indicate that effective conflict management and robust internal communication enhance employee

satisfaction. Training in conflict resolution and maintaining open communication channels are essential. Internal communication also moderates and strengthens the positive impact of conflict management on satisfaction. These findings contribute to organizational behavior knowledge, emphasizing the need for effective strategies in the creative sector. For practitioners, implementing these strategies

can create a supportive work environment, improving performance and competitiveness. However, the study's cross-sectional design limits causal inferences, and self-reported data may introduce bias. Future research should employ longitudinal designs and qualitative studies to explore these relationships further and examine them in diverse contexts to enhance generalizability.

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