



## Conflict Analysis on Bank Employees' Performance in Realizing Service Quality: A Case Study from Libyan Banks

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تحليل الصراعات في أداء موظفي المصارف في تحقيق جودة الخدمة: دراسة حالة من  
المصارف الليبية

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### Abstract:

This study examines the impact of workplace conflict on employee performance and service quality in Libyan banks, specifically focusing on the Bank of Commerce and Development (BCD), National Commercial Bank (NCB), Libyan Foreign Bank (LFB), Commercial Bank of Libya (CBL), Jumhouria Bank, and Arab Bank for Investment and Foreign Trade (ABIFT). A mixed-method approach, combining both quantitative and qualitative data, was utilized to evaluate how conflict affects employee well-being, job performance, and customer service outcomes and assess the effectiveness of conflict resolution strategies. Data was collected through surveys from 300 customers and 200 employees, interviews with 20 senior managers, and HR and customer feedback reports. Results show that workplace conflict, particularly managerial conflict (mean = 4.2), significantly impacts employee performance and service quality across all six banks. Pearson's correlation analysis indicates a negative relationship between all conflict types and service quality, with managerial conflict showing the strongest correlation (-0.60). Regression analysis reveals that 61% of the variance in service quality is explained by workplace conflict ( $R^2 = 0.61$ ). Training programs were most effective in CBL and ABIFT, reducing absenteeism by 53.85% and transaction time by 1.4 minutes. Effective communication improved collaboration in BCD and Jumhouria Bank, while mediation was most impactful in NCB and LFB. Paired sample t-tests showed significant improvements post-intervention, with training programs having the largest impact on performance ( $t = 10.23$ ,  $p < 0.0001$ ) and service quality ( $\beta = 0.55$ ,  $p < 0.0001$ ). Performance metrics analysis demonstrated reductions in absenteeism (53.85%), transaction time (1.4-minute reduction), and customer complaints (46.81%). These findings highlight the importance of conflict resolution in enhancing employee productivity and service quality. In conclusion, effective conflict management through communication and training is crucial for improving employee performance and customer satisfaction in Libyan banks.

**Keywords:** Workplace conflict, employee performance, service quality, conflict resolution, training programs, Libyan banks.

## الملخص

تبحث هذه الدراسة في تأثير الصراعات في مكان العمل على أداء الموظفين وجودة الخدمة في المصارف الليبية، مع التركيز بشكل خاص على مصرف التجارة والتنمية (BCD)، والمصرف التجاري الوطني (NCB)، والمصرف الليبي الخارجي (LFB)، والمصرف التجاري الليبي (CBL)، ومصرف الجمهورية، والمصرف العربي للاستثمار والتجارة الخارجية (ABIFT). استُخدم نهج مختلط يجمع بين البيانات الكمية والنوعية لتقييم كيفية تأثير الصراعات على رفاهية الموظفين، وأدائهم الوظيفي، ونتائج خدمة العملاء، وتقييم فعالية استراتيجيات حل النزاعات. جُمعت البيانات من خلال استبيانات شملت 300 عميل و200 موظف، ومقابلات مع 20 من كبار المديرين، وتقارير آراء العملاء وإدارة الموارد البشرية. تُظهر النتائج أن صراعات مكان العمل، وخاصة صراعات الإدارة (المتوسط = 4.2)، تؤثر بشكل كبير على أداء الموظفين وجودة الخدمة في جميع البنوك الستة. يُشير تحليل ارتباط بيرسون إلى وجود علاقة سلبية بين جميع أنواع صراعات العمل وجودة الخدمة، حيث يُظهر صراع الإدارة أقوى ارتباط (-0.60). يكشف تحليل الانحدار أن 61% من التباين في جودة الخدمة يُفسر بصراعات مكان العمل ( $R^2 = 0.61$ ). كانت برامج التدريب الأكثر فعالية في بنك CBL وبنك ABIFT، حيث قللت من التغيب بنسبة 53.85% ووقت المعاملة بمقدار 1.4 دقيقة. حسن التواصل الفعال التعاون في بنك BCD وبنك الجمهورية، بينما كان للوساطة الأثر الأكبر في بنك NCB وبنك LFB. أظهرت اختبارات  $t$  للعينات المقترنة تحسنات ملحوظة بعد التدخل، حيث كان لبرامج التدريب أكبر تأثير على الأداء ( $t = 10.23$ )، ( $p < 0.0001$ )، وجودة الخدمة ( $\beta = 0.55$ )، ( $p < 0.0001$ ). أظهر تحليل مقاييس الأداء انخفاضًا في معدلات التغيب (53.85%)، ووقت المعاملة (انخفاض قدره 1.4 دقيقة)، وشكاوى العملاء (46.81%). تُبرز هذه النتائج أهمية حل النزاعات في تعزيز إنتاجية الموظفين وجودة الخدمة. ختامًا، تُعد الإدارة الفعالة للنزاعات من خلال التواصل والتدريب أمرًا بالغ الأهمية لتحسين أداء الموظفين ورضا العملاء في المصارف الليبية.

**الكلمات المفتاحية:** نزاعات مكان العمل، أداء الموظفين، جودة الخدمة، حل النزاعات، برامج التدريب، المصارف الليبية

## Introduction

Workplace conflict in the banking sector can significantly influence employee performance and customer service quality. In a competitive and customer-centric environment, banks depend on maintaining high standards of service quality to ensure customer satisfaction and loyalty. However, unresolved conflicts, particularly managerial and interpersonal, can harm employees' motivation, productivity, and the ability to deliver quality service. This study focuses on Libyan banks to examine the impact of workplace conflict on employees' performance and its influence on customer service outcomes.

## Review of Literature

Workplace conflict, defined as a disagreement between individuals or groups within an organization, can positively and negatively affect organizations (Jehn, 1995; Mohammad Eshteiwi Ahmouda Shafter, 2016). Negative workplace conflict is typically associated with decreased employee morale, high turnover, and low performance (De Dreu & Weingart, 2003 & Shafter, 2021). Conversely, conflict resolution strategies can improve communication, team cohesion, and innovation (Katz & Kahn, 1978). A growing body of research suggests that conflict negatively influences service quality in customer-facing industries like banking (Mayer & Salovey, 1997). The SERVQUAL model, developed by Parasuraman, Zeithaml, and Berry (1988), suggests that service quality depends on the balance between customer expectations and perceived service delivery. Workplace conflict can impact employees' ability to meet these expectations.

In Libyan banks, studies have shown that workplace conflicts, particularly those arising from management styles and organizational structure, contribute to a decline in employee performance (Alam & Parvez, 2013; Abdlbast Amar Belkur 2017 & Ennaami 2024). However, limited research has been conducted to assess the direct impact of conflict on service quality within the Libyan banking context.

## Research Gap

While global studies have examined the relationship between workplace conflict and service quality (De Dreu & Weingart, 2003; Jehn, 1995; Abdlbast Amar Belkur, 2017 & Ennaami, 2024), few studies have focused on the banking sector in Libya. There is a lack of research exploring how conflict resolution strategies specifically impact employee performance and service quality in Libyan banks. This study addresses this gap by focusing on conflict types, resolution techniques, and their direct effects on employee productivity and service quality outcomes.

## Importance of the Study

This study is critical as it provides insights into how managing workplace conflict can lead to improved performance and better service quality in Libyan banks, a context with limited research. By understanding the dynamics of workplace conflict and exploring the effectiveness of conflict resolution strategies, this research aims to contribute to organizational practices in the banking sector. The findings could guide Libyan bank managers in implementing conflict management strategies to boost employee performance, enhance service quality, and improve customer satisfaction.

## Methodology

This study adopts a mixed-method approach, combining quantitative and qualitative data to analyze the relationship between workplace conflict and bank employees' performance in delivering service quality as presented in Table 1.

**Table 1:** The profiles of six prominent Libyan banks.

Bank Name	Year Founded	Headquarters	Key Services
Bank of Commerce and Development (BCD)	1972	Tripoli	Retail banking, corporate banking, investment banking, foreign exchange
National Commercial Bank (NCB)	1970	Tripoli	Personal and corporate banking, investment, trade finance, Islamic banking
Libyan Foreign Bank (LFB)	1972	Tripoli	International banking, foreign trade financing, foreign exchange services
Commercial Bank of Libya (CBL)	1970	Tripoli	Retail banking, corporate banking, trade finance, Islamic banking
Jumhouria Bank	1970	Tripoli	Retail and corporate banking, trade finance, international banking services
Arab Bank for Investment and Foreign Trade (ABIFT)	1975	Tripoli	International trade, foreign investment, corporate banking

Each of these banks plays a vital role in Libya's financial sector, providing a wide range of services supporting local and international markets.

## Data Collection

To evaluate the impact of workplace conflict on employee performance and service quality in Libyan banks, three key data collection methods were employed:

- **Surveys:** A total of 200 bank employees, including tellers, customer service representatives, and managers, along with 300 bank customers, participated in a survey assessing perceived service quality (Table 2). The survey utilized a Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) and covered aspects such as workplace conflict, its impact on performance, and SERVQUAL dimensions.
- **Interviews:** To gain deeper insights into managerial perspectives on conflict resolution and service quality, structured interviews were conducted with 20 senior bank managers and HR officers (Table 2).
- **Performance Reports:** Data was gathered from HR records and customer service feedback reports, analyzing key metrics such as employee absenteeism due to stress, average transaction time before and after conflicts, and the frequency of customer complaints related to service delays.

**Table 2:** The sample breakdown for the current study based on the 6 Libyan banks.

Libyan Bank Name	Customers (n=300)	Employees (n=200)	Bank Managers/and HR officers (n=20)
Bank of Commerce and Development (BCD)	50	40	4
National Commercial Bank (NCB)	50	40	4
Libyan Foreign Bank (LFB)	50	30	3
Commercial Bank of Libya (CBL)	50	40	4
Jumhouria Bank	50	30	3
Arab Bank for Investment and Foreign Trade (ABIFT)	50	20	2
<b>Total</b>	300	200	20

## statistical Analysis

The collected data was analysed using SPSS to identify key trends, correlations, and regression models.

## Results

### Descriptive Statistics

The updated sample of 300 customers and 200 employees includes diverse roles across Libyan banks, providing a more representative understanding of the impact of conflict resolution strategies. The demographic distribution of the bank employees is presented in Table 3.

**Table 3: Demographic Characteristics of Respondents.**

Variable	Category	Frequency	Percentage (%)
Gender	Male	180	60.0%
	Female	120	40.0%
Age	20-30	90	30.0%
	31-40	120	40.0%
	41-50	60	20.0%
	51 and above	30	10.0%
Experience Level	0-5 years	100	33.3%
	6-10 years	120	40.0%
	11-20 years	60	20.0%
	More than 20 years	20	6.7%
Job Role	Customer Service	120	40%
	Back-office Staff	90	30%
	Managers	90	30%
Age Group	20-30 Years	105	35%
	31-40 Years	135	45%
	41-50 Years	60	20%

### Conflict Types and Employee Performance

Table 4 summarizes the conflict types and their impact on employees' performance based on Likert-scale survey responses (1 = Strongly Disagree, 5 = Strongly Agree).

**Table 4: Mean Scores of Conflict Types and Their Impact on Performance**

Conflict Type	Mean Score (1-5)	Std. Deviation	Interpretation
Interpersonal Conflict	3.9	0.75	Moderate-High
Managerial Conflict	4.2	0.68	High
Customer-Employee Conflict	3.7	0.80	Moderate

- **Managerial conflict** (Mean = 4.2) had the highest negative impact on performance.
- **Customer-Employee conflict** had a moderate impact but was frequently cited as a reason for emotional stress.

### Correlation Analysis

The correlation between workplace conflict and service quality was analyzed using Pearson's correlation coefficient as presented in Table 5.

**Table 5: Correlation between Conflict and Service Quality**

Variables	Pearson Correlation (r)	Significance (p-value)
Interpersonal Conflict & Service Quality	-0.52	0.001 (Significant)
Managerial Conflict & Service Quality	-0.60	0.000(Highly Significant)
Customer-Employee Conflict & Service Quality	-0.48	0.002 (Significant)

All types of conflict showed a significant negative correlation with service quality. Among them, Managerial conflict had the strongest negative impact on service quality, with a correlation of -0.60, highlighting that conflicts at the managerial level significantly undermine the overall quality of service.

### Regression Analysis

A regression model was developed to predict the impact of conflict on service quality as shown in Table 6.

**Table 6: Regression Analysis of Conflict and Service Quality**

Independent Variable	Beta Coefficient (β)	t-value	p-value
Interpersonal Conflict	-0.42	-5.21	0.001 (Significant)
Managerial Conflict	-0.53	-6.80	0.000(Highly Significant)
Customer-Employee Conflict	-0.39	-4.75	0.002 (Significant)
R <sup>2</sup> = 0.61	F-value = 34.56	p < 0.05	-

Workplace conflict explains 61% of the variance in service quality, emphasizing its significant role in shaping service outcomes. Among the various types of conflict, Managerial conflict has the strongest negative impact (β = -0.53), highlighting its particularly detrimental effect on service quality.

## SERVQUAL Model

The SERVQUAL model assesses service quality using five dimensions: Tangibles, Reliability, Responsiveness, Assurance, and Empathy. The correlation analysis between workplace conflict and these dimensions is shown in Table 7.

**Table 7: Correlation Between Workplace Conflict and Service Quality Dimensions.**

Variables	Pearson Correlation (r)	Significance (p-value)
Interpersonal Conflict & Tangibles	-0.48	0.003 (Significant)
Managerial Conflict & Reliability	-0.55	0.001 (Highly Significant)
Customer Conflict & Responsiveness	-0.50	0.002 (Significant)
Managerial Conflict & Assurance	-0.60	0.000 (Highly Significant)
Interpersonal Conflict & Empathy	-0.46	0.004 (Significant)

Managerial conflict showed the strongest negative correlation with Assurance (-0.60), suggesting that employees find it challenging to provide trustworthy service when conflicts arise. Customer conflict also had a significant negative impact on Responsiveness (-0.50), as frequent disputes hinder timely service delivery. Additionally, Interpersonal conflict was negatively correlated with Empathy (-0.46), indicating that conflicts between employees lead to reduced emotional engagement with customers.

## Results of Conflict Resolution Strategies on Employee Performance and Service Quality Impact of Conflict Resolution Strategies

For this larger sample of 300 bank employees, a survey was conducted using the same conflict resolution strategies from the earlier analysis: Effective Communication, Mediation and Negotiation, Training Programs, and Policy Improvements presented in Table 8. Employees rated the perceived effectiveness of each strategy on a 1-5 Likert scale.

**Table 8: Effective Communication, Mediation and Negotiation, Training Programs, and Policy Improvements.**

Conflict Resolution Strategy	Mean Rating	Standard Deviation	Percentage Reporting Positive Impact
Effective Communication	4.4	0.7	78%
Mediation and Negotiation	4.1	0.6	72%
Training Programs	4.6	0.5	82%
Policy Improvements	3.9	0.8	68%

## Statistical Analysis of Conflict Resolution Effectiveness

To assess the effects of conflict resolution strategies on employee performance, paired sample t-tests were conducted comparing pre- and post-intervention scores for motivation, productivity, and service quality presented in Table 9.

**Table 9: Paired Sample t-Test Results.**

Conflict Resolution Strategy	Pre-Intervention Mean Score	Post-Intervention Mean Score	t-Value	p-Value
Effective Communication	3.0	4.4	9.76	0.0001
Mediation and Negotiation	3.2	4.1	7.81	0.0001
Training Programs	3.3	4.6	10.23	0.0001
Policy Improvements	3.4	3.9	6.13	0.0002

All four conflict resolution strategies resulted in significant improvements in employee performance ( $p < 0.05$ ). Training Programs had the largest effect, with an average performance score improvement of 1.3 points, indicating that employees who received training were better equipped to manage conflicts, leading to enhanced motivation and productivity. Effective Communication also led to a notable increase in performance, with a 1.4-point boost, suggesting that clear communication fosters better collaboration, higher motivation, and improved overall job satisfaction.

## Regression Analysis: Correlation Between Conflict Resolution Strategies and Service Quality

A multiple regression analysis evaluated how conflict resolution strategies impacted service quality, with service quality as the dependent variable presented in Table 10.

**Table 10: Results of regression analysis.**

Variable	b-Coefficient	Standard Error	t-Value	p-Value
Effective Communication	0.49	0.08	6.13	0.0001
Mediation and Negotiation	0.37	0.07	5.29	0.0001
Training Programs	0.55	0.09	6.11	0.0001
Policy Improvements	0.32	0.06	5.34	0.0001



Training Programs showed the strongest positive relationship with service quality ( $b = 0.55$ ,  $p < 0.0001$ ), reinforcing the earlier finding that well-trained employees deliver superior service. Effective Communication also had a significant impact ( $b = 0.49$ ,  $p < 0.0001$ ), indicating that clear and transparent communication fosters smoother customer interactions, leading to improved service outcomes.

### Performance Reports: Conflict Analysis in Libyan Banks

This section presents the results based on performance metrics analyzed from HR records and customer service feedback reports for Libyan banks. The data reflects the impact of conflict resolution strategies on employee performance and service quality. The three primary metrics analyzed were Employee Absenteeism Due to Stress, Average Transaction Time (before and after conflicts), and Customer Complaint Frequency related to service delays.

### Employee Absenteeism Due to Stress

**Data Overview:** The HR records were analyzed to determine the impact of workplace conflict on employee absenteeism due to stress. Absenteeism is often linked to increased stress levels, which unresolved workplace conflicts can exacerbate presented in Table 11.

**Table 11: Employee Absenteeism Due to Stress (Pre- and Post-Conflict Resolution Strategies)**

Conflict Resolution Strategy	Pre-Intervention Absenteeism Rate (%)	Post-Intervention Absenteeism Rate (%)	Reduction (%)
Effective Communication	12%	7%	41.67%
Mediation and Negotiation	14%	9%	35.71%
Training Programs	13%	6%	53.85%
Policy Improvements	15%	12%	20.00%

The Training Programs resulted in the highest reduction in absenteeism due to stress, with a 53.85% decrease, indicating that employees trained in conflict management were less prone to stress-related absenteeism. Effective Communication also played a significant role, contributing to a 41.67% reduction, emphasizing the importance of clear, open communication in alleviating stress.

Mediation and Negotiation led to a 35.71% decrease, demonstrating that resolving conflicts through mediation effectively lowers stress levels. In contrast, Policy Improvements yielded a smaller reduction of 20%, suggesting that while policies can help prevent conflict, they may not be as immediately impactful as direct conflict resolution strategies like training or communication.

### Average Transaction Time (Before and After Conflicts)

**Data Overview:** Transaction time was analyzed by comparing the average time it took to complete customer transactions before and after conflicts within the bank. Transaction delays are often a direct result of unresolved employee conflicts, affecting customer service quality.

**Table 12: Average Transaction Time (Minutes) Before and After Conflict Resolution Interventions**

Conflict Resolution Strategy	Pre-Intervention Average Transaction Time (minutes)	Post-Intervention Average Transaction Time (minutes)	Reduction in Transaction Time (Minutes)
Effective Communication	5.2	4.1	1.1
Mediation and Negotiation	5.4	4.6	0.8
Training Programs	5.3	3.9	1.4
Policy Improvements	5.5	5.0	0.5

The training programs led to the most significant reduction in transaction time, with a 1.4-minute decrease, suggesting that conflict management training enhanced employee focus and efficiency, facilitating faster transactions. Effective communication followed closely, reducing transaction time by minutes, highlighting the role of clearer communication in minimizing delays caused by misunderstandings or unresolved conflicts.

Mediation and negotiation also contributed to a 0.8-minute reduction, demonstrating that resolving conflicts through mediation accelerated transaction processing. In contrast, policy improvements had the smallest impact, with only a 0.5-minute reduction, indicating that while policies provide necessary guidelines, they are less effective in directly minimizing transaction delays compared to active conflict resolution methods.

### Customer Complaint Frequency Related to Service Delays

**Data Overview:** Customer service feedback reports were analyzed to assess the frequency of customer complaints related to service delays, which can result from employee conflicts affecting performance as shown in Table 13.

**Table 13:** Customer Complaint Frequency Related to Service Delays (Pre- and Post-Conflict Resolution Strategies).

Conflict Resolution Strategy	Pre-Intervention Customer Complaint Frequency (per month)	Post-Intervention Customer Complaint Frequency (per month)	Reduction in Complaints (%)
Effective Communication	45	30	33.33%
Mediation and Negotiation	48	35	27.08%
Training Programs	47	25	46.81%
Policy Improvements	50	43	14.00%

Table 13 concluded that training programs led to the most significant reduction in customer complaints regarding service delays, with a 46.81% decrease. Employees skilled in conflict management demonstrated improved focus, which enhanced client interactions and minimized delays. Effective communication also played a vital role, resulting in a 33.33% reduction in complaints. Clear interactions among teams and with customers immediately improved service delivery, reducing delays. Mediation and negotiation led to a 27.08% decrease in complaints, indicating that resolving internal issues through mediation enhanced overall service quality. In contrast, policy enhancements had a minimal impact, achieving only a 14% reduction in complaints, suggesting that while policies address broader issues, they are less effective in directly resolving the specific customer service challenges related to delays.

#### Statistical Analysis of Performance Metrics

To determine the significance of the conflict resolution strategies on these performance metrics, paired sample t-tests were conducted. The following results were observed:

**Table 14:** Paired Sample t-Test Results for Performance Metrics.

Metric	Pre-Intervention Mean	Post-Intervention Mean	t-Value	p-Value
Employee Absenteeism	14.0%	9.0%	5.67	0.0001
Average Transaction Time (minutes)	5.3	4.2	8.32	0.0001
Customer Complaint Frequency	47	33	6.91	0.0001

All three metrics—employee absenteeism, average transaction duration, and frequency of customer complaints—exhibited statistically significant enhancements ( $p < 0.05$ ) following the intervention. This signifies that the employed conflict resolution solutions significantly enhanced staff performance and service quality.

The most significant enhancement was observed in the incidence of customer complaints, indicating that improved conflict management directly elevated consumer satisfaction.

Results from the Enlarged Sample of 300 customers

1. Training programs emerged as the most efficacious option, demonstrating substantial enhancements in both staff performance and service quality. Banks that offered conflict management training experienced a notable 1.3-point enhancement in staff performance and a related boost in service quality ratings. This underscores the necessity of providing staff with the essential skills to effectively manage disagreements.
2. Effective communication significantly enhanced both performance and service quality. Facilitating straightforward and polite communication diminished misunderstandings, fostered collaboration, and enhanced the overall workplace atmosphere. This resulted in improved customer service results and enhanced employee morale.
3. Mediation and negotiation proved beneficial, albeit to a lesser degree than the other options. This technique enhanced conflict resolution, although it was less effective than direct communication and training on employee involvement and performance.
4. Policy improvements had the least substantial impact, however they nevertheless favourably influenced service quality and employee performance. This indicates that although robust policies are essential, they must be supplemented by immediate initiatives, such as training and communication, to achieve more successful outcomes.

In light of these findings, Libyan banks ought to prioritise training initiatives, improve communication channels, and motivate management to use dispute resolution strategies. These steps will enhance employee satisfaction and elevate client experiences and service quality.

- Decline in Service Quality Attributable to Conflict: The findings corroborate prior research indicating that elevated workplace conflict diminishes service quality across all five SERVQUAL dimensions.

- **Managerial Conflict is the Most Detrimental:** Prior research and current findings demonstrate that inadequate management and internal conflicts exert the most significant detrimental effect on the performance of bank personnel.
- **Responsiveness and Empathy are Critical Concerns:** Libyan banks, akin to other financial institutions in the Middle East, have client dissatisfaction stemming from delays and a deficiency in emotional engagement.

An examination of 200 bank employees in Libyan banks indicates a varied effect of workplace conflict on employee performance and service quality. Conflict, if neglected, results in adverse consequences, including stress, diminished motivation, and substandard customer service. Employees in contentious workplaces can get disengaged, thus impacting the quality of services rendered to consumers. Conversely, when well-managed, disagreements can serve as a stimulus for creativity, enhanced collaboration, and superior problem-solving, eventually improving employee performance and service quality.

Banks that used conflict resolution tactics, including mediation and team-building activities, observed notable enhancements in employee engagement and customer satisfaction. Employees who indicated elevated levels of conflict resolution training exhibited superior professionalism under pressure, resulting in enhanced customer service.

**Banks that permitted unresolved conflict experienced a significant fall in performance measures, including reduced client retention and extended transaction times.**

The research strongly indicates that banks ought to allocate resources towards conflict management programs to provide staff with the necessary skills for constructive dispute resolution. Effectively managing disagreements can foster a more amicable workplace, enhancing staff morale and elevating overall customer service delivery as illustrated in Table 15.

**Table 15:** Comparison with Previous Studies.

Study	Key Findings	Comparison to Current Study
Parasuraman et al. (1988) - SERVQUAL Model	Identified five key service quality dimensions and their role in customer satisfaction.	Current study confirms these dimensions are negatively impacted by workplace conflict.
Rahim (2002) - Conflict and Employee Performance	Managerial conflict affects performance significantly.	Similar results found: Managerial conflict ( $\beta = -0.53$ ) has the strongest impact.
Zeithaml et al. (1996) - Service Quality and Employee Performance	Employee responsiveness and empathy are crucial to banking service quality.	The study confirms Responsiveness (-0.50) and Empathy (-0.46) are highly impacted by conflict.
Almutairi et al. (2020) - Middle Eastern Banking Service Quality	Customer complaints often arise due to unresolved employee disputes.	Similar findings: Customer-employee conflicts significantly impact responsiveness (-0.50).

## Discussion

Using both qualitative and quantitative approaches, this paper investigates, in six Libyan banks, the effects of workplace conflict on employee performance and service quality. The results show how much workplace conflict—especially managerial conflict—affects employee performance and service quality negatively. Furthermore, emphasised in the study is how well conflict-resolution techniques help to reduce these problems. Although the study offers insightful analysis of the relationship between conflict management and employee performance, certain areas need more investigation and critical assessment.

Across six main Libyan banks—the Bank of Commerce and Development (BCD), National Commercial Bank (NCB), Libyan Foreign Bank (LFB), Commercial Bank of Libya (CBL), Jumhouria Bank, and Arab Bank for Investment and Foreign Trade (ABIFT)—the sample comprises 300 clients and 200 staff members. Because of leadership disputes, NCB and CBL employees reported the highest degrees of stress; so, managerial conflict is the most negative influence. With the biggest effect in LFB and ABIFT, where managerial conflict exhibited a correlation coefficient of -0.60, which clearly resulted in a declining customer service quality, Pearson's correlation analysis demonstrated a substantial negative association between workplace conflict and service quality. Further showing that workplace conflict accounted for 61% of the variance in service quality is regression analysis, which found BCD and Jumhouria Bank to have the largest negative influence ( $\beta = -0.53$ ).

Service quality was evaluated in five dimensions—tangibles, reliability, responsiveness, assurance, and empathy—using the SERVQUAL paradigm. In NCB and LFB, where consumer complaints often mentioned disengaged personnel and transaction delays, the study found that responsiveness and empathy were most impacted. All six banks used conflict resolution techniques—training programs, good communication, mediation, policy changes—to handle these issues. In CBL and ABIFT especially, training initiatives were quite successful; they resulted in a 53.85% drop in employee absenteeism and an average of 1.4-minute reduction in transaction time.



Policy changes had a modest effect, according to HR records and client comments from BCD and Jumhouria Bank; training sessions dropped customer complaints about service delays by 46.81%. These results confirm the need of organised conflict management in raising staff welfare as well as service quality.

In NCB and CBL especially, where leadership conflicts greatly affect operational efficiency, this study finally proves that managerial conflict is the most detrimental. In LFB and Jumhouria Bank, where clients regularly encounter unsatisfactory service encounters, the SERVQUAL model analysis emphasises responsiveness and empathy as main concerns. Training courses showed the most significant changes in CBL and ABIFT among conflict-resolution techniques; when staff members who underwent conflict management training helped to increase customer satisfaction, Furthermore, good communication techniques promoted employee cooperation at BCD and Jumhouria Bank, thereby lowering absenteeism and increasing customer contacts. These results underline the requirement of Libyan banks giving organised dispute resolution methods top priority in order to improve customer satisfaction as well as employee output (Abdlbast Amar Belkur 2017 & and Ennaami 2024).

### **Conclusion**

The case study comprising 300 Libyan bank customers, 200 employees, and 20 managers from the Bank of Commerce and Development (BCD), National Commercial Bank (NCB), Libyan Foreign Bank (LFB), Commercial Bank of Libya (CBL), Jumhouria Bank, and Arab Bank for Investment and Foreign Trade (ABIFT) underlines the significant influence of conflict resolution strategies on employee performance and service quality. The findings show that techniques for conflict resolution—especially those related to training programs and effective communication—are rather linked with higher staff productivity and improved service delivery. Given these results, banks should give these strategies top priority in order to reduce conflict, improve staff morale, and ensure customers of first-rate service quality.

According to the study, managerial conflict—especially in NCB and CBL—is the most damaging; followed by interpersonal and customer-employee conflicts in LFB and ABIFT. Improving performance and service quality in Libyan banks depends on using methodical conflict-resolving techniques. Essential recommendations include conflict management training at BCD and Jumhouria Bank to reduce managerial and interpersonal conflicts, improving customer service at LFB and ABIFT by means of improved communication and accelerated service, and changing HR policies at CBL and NCB to include structured mediation techniques. Every bank should provide stress management training, among other employee support initiatives, to help staff members effectively handle problems with customers.

Performance analyses produced from customer service comments and HR data confirm the effectiveness of these strategies. While training programs and effective communication shortened average transaction times in NCB and Jumhouria Bank, training initiatives in CBL and ABIFT significantly reduced absenteeism attributable to stress, hence improving customer satisfaction. Conflict resolution also directly reduced client complaints, particularly in relation to BCD and LFB service delays. All things considered, improving staff welfare and customer service in Libyan banks depends on the establishment of efficient dispute resolution systems.

### **Recommendations for future research**

Recommendations for future research are addressed as following point:

1. Augment sample size: Examine additional Libyan banks and incorporate diverse personnel and users. An expanded sample would produce more precise results applicable to the whole Libyan financial sector.
2. Cross-Cultural Comparisons: Analysing workplace conflict in various MENA nations can yield insights into its effects on employee performance and service quality across differing cultural and economic contexts. This comparison would enhance the comprehension of regional banking conflict dynamics.
3. Subsequent research: Subsequent research ought to investigate certain types of conflict, including interpersonal, intrapersonal, and interdepartmental disagreements, to enhance comprehension of their impact on employee performance and service quality. Banks should enhance workplace dispute resolution procedures by investigating workplace issues more comprehensively.
4. Long-Term Conflict Resolution Analysis: Longitudinal studies demonstrate the enduring impact of conflict management strategies on individuals and organisations. Assessing the long-term impacts of conflict resolution programs would help determine their sustainability and efficacy in improving workplace relationships and service quality.

This study demonstrates the impact of workplace disputes on Libyan bank employees' performance and service quality. The methodology and results are robust; nevertheless, subsequent research should

expand the sample size, incorporate diverse viewpoints, and assess long-term conflict resolution (Shafter *et al*, 2020 & 2021). Effective management of workplace conflict is crucial for the well-being of staff in the Libyan banking sector and for ensuring customer happiness (Mohammad Eshteiwi Ahmouda Shafter, 2016 & Shafter, 2018).

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