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Transformational Leadership Style and Organizational Performance: Mediating Role of Conflict Management Strategies in Service Sector

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ABSTRACT

This research paper investigates the relationships among transformational leadership style, organizational performance and conflict management strategies. Based on Transformational Leadership Theory and supported by Social Exchange theory, our paper assesses the scope of conflict management strategies in relationship between transformational leadership and organizational performance. The study employs a descriptive and analytical approach using a convenience sampling technique to collect data from the service sector. After having descriptive statistics, the inferential statistical analysis is deployed, including Pearson's Correlation, linear regression and Process Macro by Hayes model 4 for mediation analyses. The results showed that the relationship between transformational leadership and organizational performance is positively mediated by the integrating and obliging styles. Whereas this relationship is negatively mediated by the avoiding and dominating styles of conflict management strategies. This research not only aids in the progression of academia on leadership and performance but also gives practical guidance for service-based organizations struggling to increase their performance in a competitive business environment by adopting the right conflict management strategy.

Keywords: *Transformational Leadership, Conflict Management Strategies, Organizational Performance*

1. INTRODUCTION

Undoubtedly, an organization's success or failure is related to its leadership style. The lack of impactful leadership obstructs employee performance (Hundie & Habtewold, 2024). It is important to understand that although leadership can increase an organization's efficiency and profitability, the outcome's efficacy depends on the leader's style and the workplace atmosphere. A transformational leader performs his task by inspiring and supporting the personal progress of the employees aligning with the organization's objectives (Avolio, Bass, & Jung, 1995; Avolio, 1999; Dumdum, Lowe, & Avolio, 2002). However, in a competitive organization with different perspectives, an effective leader is also supposed to handle the possible 'conflict' that can arise among group members. It can notably alter job responsibilities, and turnover, and can even cause legal challenges. These challenges will considerably affect the reputation and growth of a company. Although the individual links between leadership, organizational performance and conflict management has been studied extensively (Sayeed, 1990; Batool & Hayat, 2019; Hussein et al., 2022; Siddiqui, 2023), the integrated relationship specifically mediating impact of conflict management on this relationship remains under-explored. Therefore, this study is a novel contribution to the recent literature as it particularly focuses on the service sector, where performance highly relies on the way in which leadership dynamics and conflict innervations are carried out. It will expand the theoretical framework of transformational leadership style by incorporating conflict management as a mediating factor, hence providing a more inclusive model for assessing leadership effectiveness.

Leadership is a polygonal challenging task of influencing and guiding people to work for the accomplishment of a shared objective. It can be defined in terms of motivating employees for attaining organizational objectives (Rasool et al., 2021). It is an intricate relationship between leaders, followers, and the work environment. The core responsibility of a leader is to articulate vision, embody values, and create an effective environment for the attainment of specified goals (Jerab & Mabrouk, 2023). Consequently, the selection of a leadership style is crucial to the overall performance of an organization. Multiple leadership styles based on different theories and philosophies are followed today. Within current leadership frameworks, transformational leadership stands out for its significant impact on organizational performance (Du et al., 2021). The idea was first presented by James V.

Downton in 1973, developed by James Burns in 1978, and further expanded by Bernard M. Bass in 1985 as Bass' Transformational Leadership Theory.

According to which a transformational leader builds trust and confidence among himself and his followers by prioritizing individual needs and empowering them to deliver their best in achieving organizational goals. Employees reciprocate by enhancing organizational performance through loyalty and commitment which is also backed by social exchange theory (Blau, 1964).

Leadership and work discipline play a significant positive role in employee performance leading to better attainment of goals detailed by an organization (Aryanti & Perkasa, 2024). The inevitable nature of conflict in a workplace highlights the importance of conflict management strategies in achieving organizational goals, particularly in service sectors where social interaction is the key to efficiency. Scholars have given different typologies of conflict management styles based on the conceptual framework of Blake & Mouton (1964). This model is based on two key dimensions, "concern for self" and "concern for others" (Rahim & Bonoma, 1979). The most common conflict-handling strategies are: integrating, obliging, compromising, dominating and avoiding. The resonance of the right conflict management strategy with the leader's style can maximize the potential benefits gained by an organization. The management of conflict requires a carefully designed plan that could minimize the negative effects and increment the positive ones i.e. creative ideas, team learning, problem-solving, and quality decision-making (Spaho, 2013).

This paper examines how adopting an apt conflict management strategy can enhance organizational performance. The mediating role of conflict management strategies will provide a deeper insight into the relationship between transformational leadership style and organizational performance. Despite the extensive literature on the impact of transformational leadership style and organizational performance, there are fewer studies on this aspect in the capital territory of Pakistan, specifically Islamabad's service sector. Most of the studies have either focused on developed economies or mostly on industries leaving a gap for service sector-specific research in underdeveloped or developing economies (Mowery & Nelson, 1999; Ali et al., 2018; Fu et al., 2022). As the service sector relies greatly on human capital and their interaction, diving deep into this relationship will uncover the possible causes of conflict and the right strategy to avoid their

recurrence. Many multinational and national corporations, high revenues, a diverse workforce, and a highly competitive environment make it a perfect choice for our research study.

By delving into the intricate dynamics of these factors, we aim to provide valuable insights that inform policy decisions, bridge research gaps, and pave the way toward more productive organizations contributing to the overall economic progress of the nation. The remaining is organized as follows: Section 2 provides a brief review of the literature proceeding to Section 3 which introduces the methodological framework. Section 4 provides an insight into the data chosen, a brief explanation of the variables selected. Section 5 provides a conclusive logical summary of the results and recommendations.

2. LITERATURE REVIEW

2.1 Transformational Leadership Style and Organizational Performance

Leadership is an essential part of every organization, the foundation stone of organizational operations, and the main driver of change (Deng et al. 2023). A lack of effective leadership leads organizations, groups, and even employees to struggle to achieve success. Although literature reveals that every leadership style- transactional, laissez-faire, and transformational has a distinct approach and its impact on the concerned outcomes. Among all these styles, transformational leadership stands out due to its visionary perspective, high ethical standards, empowerment of employees, innovative ideas, and inclusive growth of an organization. It is based on transformational leadership theory (Bass, 1985) which refers to the engagement or involvement of leaders with followers based on the same beliefs, values, or goals. Transformational leadership fosters a culture of trust, motivation, and personal development (Antonakis, Avolio, &Sivasubramaniam, 2003). It encourages followers to work with dedication placing organizational goals over individual interests (Bass, 1999).It focuses on long-term goals rather than meeting current needs. It holistically analyzes employee and organizational needs and set clear directions to meet future needs (Saeed et al., 2014).

Organizational performance is a multifaceted concept that measures an organization's success or failure by comparing its actual output against its intended output or goals (Al Khajeh, 2018). It is often evaluated based on financial returns, employee productivity, and customer satisfaction. Performance outcomes are fundamentally shaped by leadership, organizational culture, and decision-making processes. High-performing organizations

exhibit effective leadership, open communication, and a culture of continuous improvement (Kaplan & Norton, 1996). According to the research, leadership style has a significant impact on organizational performance during uncertain environments and aids in the attainment of competitive advantage. An organization's productivity is based on the chosen leadership style, which can favor or negatively impact an organization's performance (Anselmann and Mulder, 2020).

According to Avolio and Yammarino (2013), leaders who practice transformational leadership style encourage creativity, people participation, and performance gains. Raziq et al. (2018) found that transformational leadership significantly impacts the enhancement of performance and creativity in the workplace. The elements of transformational leadership significantly enhance organizational performance. Studies indicate that transformational leadership style is significantly correlated with organizational performance (Chi et al., 2012; Guhr et al., 2018; Ali, 2021). The study emphasized the need for transformational leaders in Pakistani organizations where employees willingly try to become more productive and lead their organization to success (Arif&Akram, 2018). These leaders emphasize teamwork and develop a positive organizational culture that promotes positivity and undermines negativity (Klaic et al., 2020; Hashim et al., 2021). Leaders exhibiting visionary attributes enhance employee well-being by addressing individual needs, facilitating the achievement of expectations, and contributing to organizational success.

However, it is clear from the previous researches that transformational leadership positively influences the organizational performance by increasing motivation, creativity and goal alignment, it is equally important to analyze how interpersonal dynamics, such as conflict, are managed within organizations to achieve such outcomes. One important mechanism is how transformational leaders handle conflicts. Since conflict is unavoidable part in any workplace, it is important to further explore how transformational leaders influence conflict management behaviors to enhance productivity. Therefore, the next section examines the connection between transformational leadership and conflict management strategies.

2.2 Transformational Leadership, Conflict Management Strategies and Organizational Performance

Conflict is a natural phenomenon, a social situation that arises due to differences in opinions, feelings, communication gaps, or competition for finite resources. According to

Rahim (1983), conflict is “an interactive process manifested in incompatibility, disagreement, or dissonance within or between social entities (individual, group, organization, etc.)”. Organizational conflicts are unavoidable and are usually ignored because of their undesirable effects (Nadler & Tushman, 1999). Conflict management is the system of detecting and managing conflict in the most competent, fair, and rational manner (Saeed et al., 2014).

The adoption of frameworks for conflict resolution along with the encouragement of transparency supports organizations in dealing with conflict in a manner that nurtures long-term success (Brett et al., 1998). Rahim (1983) proposed five conflict-handling strategies which are: The Integrating Style refers to openness and exchange of ideas where both parties reach a mutually agreeable solution to the problem and is considered a *win-win* approach (Rahim, 2002). The Obliging Style generally called as accommodating style places importance on commonalities often prioritizing other parties' concerns over its own to prevent conflict and maintain harmony (Blake and Mouton, 1964). In contrast, the Dominating Style reflects the prioritization of one's self-interest over others by using authority and power to impose decisions on others (Rahim and Buntzman, 1992). The Avoiding style involves evading or delaying solutions by avoiding confronting conflict which leads to unresolved tensions (Gross and Guerrero, 2000). Lastly, the Compromising Style is a give-and-take approach in which both the parties involved sacrifice something to reach a solution (Gross and Guerrero, 2000). Among five conflict management styles integrating and obliging are generally considered constructive as they require teams to work together and respect each other goals, creating a positive work environment that is conducive to maximizing organizational productivity. In contrast, avoiding and dominating strategies are often viewed as destructive as they result in unresolved conflict, low morale, and decreased productivity. Whereas compromising is seen as middle ground as it may not always lead to a constructive solution. Depending upon the concern for self over others, they can be differentiated from each other (Rahim & Bonoma, 1979). The findings of the study conducted by Kimani, (2024) showed that the effectiveness of conflict management strategies depends upon the leadership style which plays a significant role in conflict management and effectively navigates it to derive positive outcomes from adverse situations.

Managers must skillfully handle conflict, identifying its sources, understanding its constructive and destructive potential, and implementing effective conflict resolution procedures (K.L. Fleetwood, 1987). The choice of a conflict management strategy by a leader

affects the outcome of the conflict (Hendel et al., 2005). For leaders to make a difference in conflict resolution by creating an environment that is empowering and supportive, with an emphasis on mutual respect and shared goals they must adhere to the principles of transformational leadership (Aziz, et al., 2020). The existing literature shows the relationship between transformational leadership and conflict management strategies. The study done by Saeed et al. (2014), in manufacturing industry, revealed that managers seen as more inclined towards transformational leadership used integrating and obliging strategies in conflict management whereas managers using a laissez-faire leadership style used avoidance and dominating approaches to confront issues with subordinates.

Kiran's 2020 poll, conducted on higher teaching faculty, revealed that most leaders used compromise and integrated conflict management tactics, with transformational and transactional leadership styles being the most common. According to the social exchange theory (Blau, 1964) this relationship suggests that when transformational leaders focus in employee development and create a comfortable environment, employees respond by handling conflicts constructively, which in turn strengthens teamwork, satisfaction, and most importantly organizational performance.

A significant proportion of literature shows that conflict management significantly influences performance of organizations. Shaheryar (2016) found, in his study on top executives of public sector, that if conflict is resolved properly, it can have positive impact on the organizational performance. Different types of conflict management strategies are required for different level of conflicts and application of right choice is significant for organizational performance. Prasad and Radhika (2018) explained that employees, in banking sector, who use obliging as a main conflict management strategy may keep on the right track of organizational performance. According to Longe (2015), top management, in manufacturing industry, uses dominating strategy to force employees to follow their commands to attain the objectives without showing concerns for their employees. Employees may not be committed with their managers as well as to the organization which results in decrease in organizational performance. Kassim et al. (2018) highlighted that avoiding strategy is used, in public universities, to ignore the conflict and refuse to make any effort for its resolution. Unsolved conflict will affect the satisfaction of employees which ultimately has negative impact on organizational performance. A research conducted by Batool and Hayat (2019) also highlighted the need of conflict management styles, in banking sector, to

improve the organizational performance's the relationship between different leadership styles and employee commitment which is mediated by conflict management has also been identified, in pharmaceutical companies, by Hussein et al. (2022). A substantial body of work indicates that conflict management tactics are crucial in relation to leadership style and organizational success (Alkan, E., & Özgenel, M., 2024).

In sum the above-mentioned literature yielded the results regarding the relationship between transformational leadership style, organizational performance and conflict management strategies in different settings with limited focus on service sector of Pakistan. In the present competitive world, service based organizations often face difficulties in the form of unresolved conflicts that hinder their performance.

However, it can be argued that conflict management strategies may act as mediators helping elaborate the path through which transformational leaders can contribute in enhanced organizational performance. The mediating role of conflict management techniques will improve comprehension of the relationship between transformational leadership style and organizational performance. Moreover, it will expand the theoretical framework of transformational leadership style by incorporating conflict management as a mediating factor. Hence providing a more inclusive model for assessing leadership effectiveness identifying the specific conflict management tactics that facilitate the connection between transformational leadership and organizational performance can address the present research gap in Islamabad's service sector, enhancing corporate productivity in the future. To address these insights, the following hypotheses are proposed:

H1: Integrating and obliging conflict management strategies positively mediate the relationship between transformational leadership style and organizational performance

H2: Avoiding and dominating conflict management strategies negatively mediate the relationship between transformational leadership style and organizational performance

3. METHODOLOGY

3.1 Measurement and Instrumentation

A structured questionnaire constituting 35- items was designed to measure key variables of transformational leadership, organizational performance, and conflict management strategies. The transformational leadership style was assessed from a six-item

questionnaire developed by Wang et al. (2005). The measurement of organizational performance was aided by adopting a six-item questionnaire from Khandawalla (1977).

Most quantitative analyses of workplace conflicts make use of Rahim's 1983 Organizational Conflict Inventory II (ROCI II). We also used it to investigate which strategy was employed to settle a conflict. The items consisted of; six items for integrating, six for obliging, five for dominating, and six for avoiding.

3.2 Population and Sample

The population of this study comprised employees of public and private service sector organizations. The sample was predominantly selected from the three main service sectors of Islamabad: Telecom, Banking, and Education.

To fulfill the objectives of this research, the study employed *a non-probability sampling technique, particularly the convenience sampling technique*. Before the complete survey, a pilot study consisting of 56 questionnaires was done to ensure the credibility of the chosen instruments. 83 questionnaires per organization were distributed and a total of 240 questionnaires were floated. Respondents were given a questionnaire by using Google form and were requested to fill in the questionnaire. Tables 1 consists of the lists of the institutions selected for the collection of primary data.

Table1
Institutions Selected For the Collection of Primary Data

S.#	Company	Type	Website
Banks			
1.	UBL	Private	https://www.ubldigital.com
2.	HBL	Private	https://www.hbl.com
3.	MCB	Private	https://www.mcb.com.pk
Telecom Companies			
4.	Ufone	Private	https://www.ufone.com
5.	Mobilink	Private	https://jazz.com.pk/
6.	PTCL	Public	https://ptcl.com.pk/
Universities			
7.	NDU	Private	https://ndu.edu.pk/
8.	AIR	Private	https://www.au.edu.pk/
9.	QAU	Public	https://qau.edu.pk/

3.3 Data Analysis

The data was evaluated by using software SPSS version 27. Various analyses, such as regression, correlation, mediation (with analysis of Hayes' PROCESS macro model 4) and

descriptive statistics, were analyzed to investigate the hypothetical relationships between variables. The reliability of the instrument was determined using Cronbach's coefficient alpha. The current study's Cronbach's Alpha value for Transformational leadership style is .861, representing high internal consistency of the scale.

Similarly, Cronbach's alpha reliability for Organizational Performance came out to be 0.872, further solidifying the instrument's reliability. Furthermore, the values for each conflict management strategy i.e. for integrating is .843, obliging is .855, dominating style is .828, and avoiding style is .839 strongly supported the notion of internal reliability of instruments. Consequently, the results revealed that the internal consistency for variables in the current study is highly reliable.

4. RESULTS

4.1 Descriptive Statistics

Statistical metrics of central tendency and dispersion, such as the mean, median, mode, variance, and standard deviation, were used in descriptive statistics to paint a clear and succinct image of the data. Table 2 shows the breakdown of respondents by gender, organization and workplace experience.

Table 2 : Demographic Distribution of the Respondents (N = 203)

Category	Frequency	Percent
Gender		
Male	122	60.0
Female	81	40.0
Organizations		
Education	78	38.4
Telecom	56	27.5
Bank	69	33.9
Experience		
1-5 years	47	23.1
6-10 years	87	42.8
>10 years	69	33.9

Descriptive statistics for the research variables are shown in the table 3. Range, skewness, Kurtosis, standard deviation, and mean are all part of it. The mean value of Transformational Leadership is 3.53 showing on average respondents scored moderately high on this variable, which shows a positive perception. Its standard deviation is 1.47; there is a relatively high variation in responses. A larger percentage of respondents provided higher

ratings, as shown by the somewhat negatively skewed distribution with a value of -.52. The distribution is platykurtic, with a kurtosis of -1.55 and fewer extreme values than a normal distribution; it is flatter than a normal distribution. The mean of Organizational performance is 3.47 indicating respondents tend to rate this variable moderately high. The responses show that there is a moderate amount of variation with standard deviation 1.35.

Scenes of Organizational Performance is -0.53 indicating data is slightly negatively skewed and showing a tendency toward higher scores. And its Kurtosis is -1.34 which a platykurtic distribution is, indicating fewer extreme values than a normal distribution. Mean of integrating is 4.75 which is a quite high value, suggesting that respondents strongly favor integrating behaviors. Its standard deviation is 1.25 indicating moderate variability.

A negative scenes -.69 of integrating suggests more responses clustered toward the higher end of the scale. Kurtosis is -1.29 which is as lightly platykurtic, suggesting fewer extreme responses.

Table 3: Descriptive Statistics of main variables (N = 203)

Variables	Min	Max	Mean	S.D	Skewness	Kurtosis
Transformational Leadership	1.17	5.00	3.53	1.47	-.52	-1.55
Organizational Performance	1.00	5.00	3.47	1.35	-.53	-1.34
Conflict Management	1.12	4.98	3.48	1.41	-.52	-1.32
Integrating	1.00	4.75	4.75	1.25	-.69	-1.29
Obliging	1.00	5.00	3.36	1.43	-.62	-1.36
Dominating	1.00	4.60	2.38	1.29	.72	-1.32
Avoiding	1.00	5.00	2.47	1.38	.70	-1.33

Whereas dominating mean value is 2,38 indicating on average, respondents scored relatively low on dominating behaviors. Its Standard deviation is 1.29 which shows a moderate variation in responses. The positive skewness 0.72 of dominating, implying that a disproportionate number of replies are located around the bottom. And its Kurtosis is -1.32 which a Platykurtic distribution is, indicating fewer extreme values. Avoiding mean value is 2.47 which is slightly higher than dominating but still relatively low. Similar variability to dominating as its standard deviation is 1.38. Its positive skewness .70, indicating more responses at the lower end. Negative kurtosis (-.133), a platykurtic distribution, similar to the other variables, showing fewer extreme values.

Therefore, the data reveals that respondents generally scored moderately high on Transformational Leadership (mean = 3.53) and Organizational Performance (mean = 3.47), with slight negative scores indicating a tendency toward higher ratings. Integrating behaviors received the highest score (mean = 4.75), showing strong favor, while Dominating (mean = 2.38) and Avoiding (mean = 2.47) behaviors received the lowest scores, with positive scores suggesting that most responses were on the lower end.

4.2 Correlation Analysis

Table 4 indicates the presence of meaningful relationships among all variables when the p-values are less than .01.

Table 4 Correlation Matrix of all Variables (N = 203)

	Variables	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>
<i>I</i>	Transformational Leadership	---					
<i>II</i>	Organizational Performance	.592**	---				
<i>III</i>	Integrating	.667**	.561**	---			
<i>IV</i>	Obliging	.651**	.548**	.734**	---		
<i>V</i>	Dominating	-.478**	-.411**	-.599**	-.613**	---	
<i>VI</i>	Avoiding	-.496**	-.437**	-.582**	-.596**	.711**	---

**Correlation significant at $P < 0.01$

Transformational leadership style having a value of .592 shows correlations between organizational leadership that are somewhat favorable and are moderate positive integrating ($r = .667$, $p < .01$) and obliging ($r = 0.651$, $p < 0.01$) strategies. It exhibits a moderate negative correlation with avoiding ($r = -0.496$, $p < 0.01$) and dominating ($r = -0.478$, $p < 0.01$) strategies. Similarly, organizational performance reveals a positive correlation with integrating ($r = 0.561$, $p < 0.01$) and obliging strategy ($r = 0.548$, $p < 0.01$) and a negative correlation with avoiding ($r = -.437$, $p < 0.01$) and dominating ($r = -.411$, $p < 0.01$). The integrating approach of conflict management, in particular, has a robust positive correlation with transformational leadership ($r = .667$, $p < .01$) while in the case of organizational performance ($r = 0.561$, $p < 0.01$), it has a moderate positive relationship. The avoiding ($r = -.582$, $p < 0.01$) and dominating ($r = -.599$, $p < 0.01$) strategies depict a moderate negative correlation. Within the conflict management strategies, the obliging positively correlates with the integrating strategy ($r = .734$, $p < 0.01$) and transformational leadership ($r = .651$, $p < .01$). Whereas it is moderately

positively correlated with organizational performance ($r = 0.592$, $p < 0.01$) and it is also negatively correlated with avoiding ($r = -.596$, $p < 0.01$) and dominating strategies ($r = -.613$, $p < 0.01$). Transformational leadership shows a strong negative relationship when a leader adopts a dominating ($r = -.478$, $p < .01$) and integrating strategy ($r = -.599$, $p < 0.01$) while organizational performance has moderate negative correlation with them ($r = -.411$, $p < 0.01$). However, a strong positive relationship is seen in the case of avoiding strategy ($r = .711$, $p < 0.01$).

In avoiding strategy, transformational leadership ($r = -.496$, $p < 0.01$) and integrating strategy ($r = -.582$, $p < 0.01$) have a moderate negative correlation. It shares a moderate negative correlation with organizational performance ($r = -.439$, $p < 0.01$). However, dominating strategy ($r = 0.711$, $p < 0.01$) shows a high positive correlation with it. Results also show that a transformational leadership style, organizational success, and the integration and obliging strategies of conflict management are positively correlated. Whereas, avoiding and dominating strategies are negatively correlated with other variables in study.

4.3 Regression Analysis

We used regression analysis to look at how changes in the independent variables affected the dependent variable after we validated the instruments and found a connection.

Table 5 Regression Analysis for Transformational Leadership Style and Conflict Management Strategies with Organizational Performance (N=203)

Model	B	Std. Error	β	t	Sig.
(Constant)	1.15	.350		3.32	.001
Transformational	.110	.045	.140	2.44	.016
Integrating	.475	.115	.435	4.13	<.001
Obliging	.030	.013	.050	2.31	<.022
Dominating	-.470	.180	-.490	-2.61	.011
Avoiding	-.440	.190	-.460	-2.32	.021
R=.705					
R ² = .497					
$\Delta R^2 = .484$					
F = 37.85, df = 5, $p < .001$, DV=OP					

There is a moderate to strong linear link among the variables, as shown by the correlation coefficient (R) of .705 in the table. Using transformational leadership style and

conflict management tactics as independent and mediating variables, we get an R-squared value of .497, which indicates that 49% of the variance in organizational performance is explained. The value of *Adjusted R square* is 0.484 suggests that the model can explain 48% of the variation even after the adjustment of number of predictors. F-Statistic (37.85) with a P value <.001 suggests that independent variables have a strongly affect the dependent variable i.e. organizational performance. Table 5 also shows the independent effect of each predictor variable on dependent variable (organizational performance).

B for transformational leadership has a value of 0.110 which means that a one unit increase in transformational leadership, organizational performance increases by 0.110 units, keeping other variables constant. Its β is equivalent to 0.140 showing that transformational leadership has a comparatively moderate effect on organizational performance in relation to other predictors.

Moreover, its p-value is 0.016 and t-value is 2.44 which show that it is statistically significant in forecasting the dependent variable making it important for interpreting organizational performance. The integrating strategy has B value .475 which shows that one unit increase in integrating strategy enhances the organizational performance by .475 units. Its β value of 0.435 indicates it has a strong effect on organizational performance. Hence it has a positive and significant impact on organizational performance with t-value of 4.13 and p-value <.001. Therefore, makes it one of the most important variables in the model. The value of Obliging strategy is 0.030, and having t -value 2.31 making the relationship significant with p- value 0.022. The dominating strategy with B value of -0.470 and p value .011 shows its statistical significance in our research study. The t-value is also more than the critical threshold i.e. -2.61. Both have a strong negative and meaningful relationship with each other. The avoiding strategy having B -value -.440 and t-value -2.32 with p- value .021 shows that it has a strong significant inverse relationship with organizational performance which means the adoption of avoiding strategy will decrease the performance of the whole corporation.

The regression analysis testifies the existence of statistically significant predictors which include the transformational leadership and conflict management strategies i.e. dominating, avoiding, integrating and obliging. Opting integrating and obliging strategies will positively influence the performance of an organization whereas avoiding and dominating strategies negatively affect it.

4.4 Mediation Analysis

Implementing Hayes' PROCESS macro (model 4), this study also examined the function of conflict management techniques as a mediator between transformational leadership and organizational success. Table 6 summarizes the mediation analysis.

Table 6 Mediation Summary

Total Effect	Direct Effect	Relationship	Indirect Effect	Confidence Interval	Interval	t-Statistics	Conclusion
				Upper Bound	Lower Bound		
0.5689	0.0858	TL>IS>OP	0.4946	0.2521	0.7064	4.26	Partial Mediation
		TL>OS>O P	0.2556	0.0603	0.3884	2.69	Partial Mediation
		TL>DS>O P	-0.1299	-0.2507	-0.0102	-2.11	Partial Mediation
		TL>AS>O P	-0.1372	-.02541	-0.0257	-2.35	Partial Mediation

A significant indirect effect of integrating (0.4946) and obliging strategy (0.2556) on organizational performance is observed. Thus, integrating strategy having t value=4.26 mediates the relationship between transformational and organizational performance, with the confidence interval ranging .2521 to .7064 which excludes zero and the obliging strategy(t=2.69) also leads to a partial mediated relationship between the same variables and the range of confidence interval is from .0603 to .3884 and zero is also excluded. That is why the two approaches, partially mediate the relationship between transformational leadership and organizational performance—obliging and integrating—are equally important and supporting H1. A negative t-value (-2.11) shows that transformational leadership has a detrimental effect on organizational performance via the dominating strategy as a mediator, and that is evident in indirect effect. Its confidence interval range also excludes zero, hence make it statistically significant mediator, supporting H2. Furthermore, avoiding strategy also has a significant indirect effect on organizational performance with t = -2.35. Results of confidence interval range which excludes zero value clearly indicate a statistically significant negative partial mediating effect of avoiding strategy between transformational and organizational

performance and fully supporting H2 of the study.

Table7: Summary of results of relationship between Transformational leadership and Conflict management strategies

Relationship	Coefficient	St. Error	Confidence	Interval	t	p
			Upper	Lower		
			Limit	Limit		
TL>IS	0.689	.0667	0.556	0.821	10.33	<.001
TL>OS	0.496	.0813	0.336	0.656	6.10	<.001
TL>DS	-0.433	.0882	-0.606	-0.259	-4.91	<.001
TL>AS	-0.506	.0899	-0.682	-0.330	-5.63	<.001

To put it simply, Table 7 shows the connection between transformational leadership and methods for managing conflicts. Leadership style affects the available conflict management options, as shown by the coefficient values. The t- statistics and p value establishes the statistical significance of relationships .The results revealed that integrating and obliging strategies are positively related with transformational leadership whereas dominating and avoiding strategies are negatively associated with transformational leadership.

5. DISCUSSION AND CONCLUSION

The investigation into the intricate dynamics linking leadership styles to organizational performance has emerged as a central theme for scholars worldwide. Deliberate measures are being implemented to resolve emerging conflicts and cultivate an environment that promotes both personal and professional development of employees, thereby augmenting organizational productivity. This research paper has examined the intricate relationship between transformational leadership and organizational performance, highlighting the importance of conflict management strategies within the service sector of Islamabad.

This study aims to clarify the intermediary role of conflict management strategies in the relationship between transformational leadership and organizational performance. Previous research has explored the relationship between various leadership styles and performance outcomes (Chi et al., 2012; Guhr et al., 2018; Ali, 2021).

Nevertheless, only a limited number of papers have investigated the function of conflict management practices as a mediator in this relationship. To begin with, the study formulated 2 hypotheses aligning with the research objectives to invigorate the impact of predictors on outcome variables with conflict management strategies as a mediating factor. The findings highlight the significance of leadership styles and the adopted strategies for conflict resolution in determining the performance of an organization.

The first hypothesis refers to the positive mediation of integrating and obliging conflict strategies relationship between transformational leadership style and organizational performance. The results of mediation analyses through the Andrew F. Hayes process in table 6 show the complete positive mediation effect (indirect effect =0.4946) of integrating strategy and obliging strategy (indirect effect=.2556) relationship between Transformational leadership and organizational performance. Therefore, this hypothesis is also fully accepted and proves that integrating and obliging strategies positively mediate the relationship between transformational leadership style and organizational performance.

The second hypothesis posited that the avoiding and dominating conflict management tactics adversely affect the association between transformational leadership style and organizational performance. The results of mediation analyses through the Andrew F. Hayes process in Table 6 show the complete negative mediation effect (indirect effect =-.1372) of avoiding strategy and dominating strategy (indirect effect=-.1299) between transformational leadership and organizational performance. Therefore, this hypothesis is also fully accepted and proves that avoiding and dominating strategies negatively mediate the relationship between transformational leadership style and organizational performance.

5.1 Practical and Theoretical Contributions

This study makes meaningful theoretical and practical contributions to the areas of leadership, organizational performance, and conflict management strategies, particularly within the service sector of Islamabad. Theoretically, the study supplements the existing literature on transformational leadership by providing practical proof of its positive impact on organizational performance and the non-negotiable role of opting for appropriate conflict management strategies. The examination of these intricate relationships in Pakistan's service sector fills a noteworthy gap in the literature. The major proportion of the earlier conducted

research is clustered around developed nations or in the industrial sector leaving space for the service-oriented to be explored more.

Moreover, by introducing the mediating role of conflict management strategies e.g. integrating, avoiding, obliging, and dominating this research highlights the importance of the transformational leadership style. It develops the framework of Rahim's conflict management (1983) by connecting transformational leadership and organizational performance to a fast-paced, dynamic, and less explored sector. The incorporation of all these elements into a one-unit structure signifies the importance of organizational success to the ultimate societal and economic growth.

The results of the study would account for the practical importance of conflict management strategies, effective leadership, and organizational performance in the educational, banking, and telecom sectors. This research will prove fruitful for organizations that are struggling with poor management and inefficient leadership providing them the necessary aid to overcome possible conflicts arising in a work environment. Hence, it will practically benefit an organization's management and long-term sustainability. The outcomes of this study provided workable routes that managers can choose to increase an organization's performance and maintain a pleasant and high-accomplishment work environment.

5.2 Conclusion

The findings of the current research revealed that all the hypotheses established through literature review and previous research was significantly approved. The study's key purpose was to analyze transformational leadership style and organizational performance through the mediating role of conflict management strategies in the service sector of Islamabad. The choice of appropriate conflict management strategy by a leader can resolve conflicts in an efficient manner maximizing the productivity of employees and in the attainment of organizational success. Employees generally consider their managers as role models and follow their instructions to work for the betterment of their organizations. It is expected that the present study will aid management in choosing the most suitable style of leadership in alignment with the needs of the organizations. This study has provided concrete evidence in the case of transformational leadership to be the most effective in enhancing organizational performance. Moreover, the adoption of the right conflict management

strategy specifically integrating and obliging strategy by transformational leaders leads to improved outcomes in conflict resolution. To sum up, this research not only aids in the progression of academia on leadership and performance but also gives practical guidance for organizations struggling to increase their performance.

5.3 Limitations of the Study

As do other social science studies, the present study encountered several limitations. Firstly, the quantitative responses from the respondents can lead to a potential bias or misleading opinions. One of the most prominent limitations of this study is its sole focus on the transformational leadership style and the exclusion of other leadership styles like transactional and laissez-faire. Furthermore, this research does not include the role of compromising conflict management strategy which could have led to different findings. In addition, a limited sample size of only banking, education, and telecom sectors is taken which hinders its generalizability to other sectors. Furthermore, the benchmark of performance is concentrated around only organizational performance. Lastly, conflict management is the only mediating factor in this research. The selection of other mediating variables like organizational culture, employee productivity, innovation, can provide deeper understandings into the relationship between leadership and organizational performance. The future research can incorporate these elements hence broadening the conceptual framework and providing more insights of this complex interplay of leadership and performance

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