SUPPORTIVE LEADERSHIP AND ITS RELATIONSHIP TO ROA WITH COMMUNITY BANKS DURING THREE ECONOMIC TIME PERIODS

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ABSTRACT

The purpose of the research is to determine if supportive leadership has an influence upon the financial performance of a company, in this case, Community Banks. Community Banks are generally locally owned; their stock is not traded on exchanges, and they have deposits of less than ten billion dollars. Community Banks in the southeastern United States were surveyed during three economic time periods (2003-2005, 2009-2011 and 2014-2016). Supportive Leadership, and its three components remain very important as managers and their staff hasten to identify problem assets, or potentially problem assets, by maintaining a high level of communication with the bank staff. This was found to be true in all three economics snap shots.

Keywords: *Leadership styles, Supportive Leadership, Path-Goal Leadership theory, Situational Leadership Theory, financial performance, Return on Asset.*

1. INTRODUCTION

Supportive leadership is one of the leadership styles found in path-goal theory as well as the Situational Leadership Theory. A supportive leader strives to reduce employee stress and frustration in the workplace. This method is generally effective when your work tasks are dangerous, tedious, and stressful. It relies on the assumption that you don't need to be motivated to do the work. Supportive Leadership has been studied in various areas including leadership, occupational stress and mentoring. To date, the authors are not aware of any studies related to supportive leadership and the subsequent financial impact within the banking industry other than previous work done by the authors.

The authors reasoned that perhaps the influence of supportive leadership varies depending on the macro-economic environment at the time. Given that the economy of the USA has sustained three different macro-economic environments over the past two decades, centered on the "Great Recession" and it's Pre and Post-Recession periods, the authors chose these periods as the time frame to investigate this reasoning (Sullivan et al., 2017) To study this possibility, the authors chose the Community Banking industry as the members of this industry are relatively homogenous. Given that Community Banking is highly regulated by various Federal Government Departments and Agencies, as to the product line it offers, the quality of assets it's individual banks own, financial leverage is consistent, and the banks in this industry are geographically dispersed across the nation, the influence of extraneous factors are greatly mitigated.

2. LITERATURE REVIEW

Based on ww.study.com *"In order to fully understand supportive leadership, you need to place it within the larger context of path-goal theory developed in large part by Robert House. According to the theory, a manager establishes the goal for his employees and sets forth the path for achieving that goal. Tasks for a manager include clarification of tasks, clarification of the employee's roles and responsibilities, clarification of the criteria for success, providing guidance and coaching, removing obstacles that can prevent task completion and providing psychological support and awards when appropriate. The theory*