

## ABSTRACT

In the global economy of the 21st century competition is complex and intense. Without effective strategic leadership, manufacturing firm's efforts to achieve and sustain competitive advantage are greatly constrained. Organizational effectiveness emanating from strategic change is significant for an organization to achieve competitive advantage. Effective strategic leadership guides organizations to enhance strategic change whilst competing in turbulent and unpredictable environment. However, past results had demonstrated the importance of strategic leadership on strategic change; but few had empirically examined its effects on its effectiveness on organization processes with its distinctive strategic significance indicating consistence results. This study therefore, sought to examine the effect of strategic leadership on strategic change in the paper and board manufacturing firms in Kenya. The study was guided by Upper Echelon Theory. The objectives of the study were; to determine the effect of transformational leadership on strategic change, effect of transactional leadership on strategic change and the joint effects of both transactional and transformational leadership on strategic change in the paper and board manufacturing firms in Kenya. The target population comprised 84 paper and board manufacturing firms in Kenya with a sample of 70 firms used for the study. To achieve the objectives of the study, primary data was collected using a closed-ended structured questionnaire which was administered to the chief executive officers of the firms. The relationship between transformational and transactional leadership on strategic change was tested using Pearson's correlation and the effect of strategic leadership on strategic change was tested using multiple regression analysis. The findings were presented using charts, graphs and tables. The results revealed a significant positive relationship between transformational leadership and strategic change ( $r=0.330$ ,  $p<0.01$ ). There was also significant relationship between transactional leadership and strategic change ( $r=0.348$ ,  $p<0.01$ ). The study also demonstrated that transactional leadership were more effective on strategic change ( $\beta = 0.314$ ) followed by transformational leadership on strategic change ( $\beta = 0.287$ ). The study concluded that transformational and transactional leadership exploits and maintains core competencies on the paper and board manufacturing firm's strategic change implementation. Strategic leaders to initiate strategic change they need to know when and how to apply either transformational or transactional leadership. From the conclusion, the study recommends that executives in organizations need to engage employees when introducing strategic change. The approach ensures the achievement of strategic competitive advantage and reduces resistance to strategic change. The study, also

recommended skill enhancement for strategic leadership, coaching and mentorship plans to enhance strategic leadership capacity to initiate strategic changes in their organizations.