



## **Cost-Leadership Strategy and Perceived Financial Performance of Selected Commercial Banks in Uganda**

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### **Abstract**

The objective of this study was to examine the effect of cost leadership strategy on perceived financial performance of commercial banks in Uganda. To achieve this objective, the study tested the following hypothesis: cost leadership strategy significantly affects perceived financial performance of commercial banks in Uganda. The study employed a cross-sectional correlational design, in which primary data was collected using self-completed questionnaires from a population comprising of Senior Managers of the 10 best ranked commercial banks in the country over the period 2015 – 2019. The data was analyzed descriptively using frequencies and percentages as well as inferentially using structural equation modelling. The results of hypothesis testing indicated a positive and statistically significant relationship between cost leadership strategy and perceived financial performance in terms of ROI ( $\beta = 0.410$ ,  $q < 0.05$ ). The conclusion of the study is that cost-leadership strategy is an important factor of perceived financial performance in Uganda. Therefore, in order to enhance perceived financial performance, commercial banks in Uganda should pursue cost leadership strategy, which is characterized by charging relatively low prices for products and services, purchasing inputs in bulk, regularly training employees in efficient resource utilization, adopting a lean approach in banking processes and operations, and regularly evaluating banking operations to ensure efficiency.

**Keywords:** Cost-leadership, Financial performance, Commercial banks, Uganda

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