

**Topic:** Credit Facilitation Decisions for Financial Performance: The Case of Agricultural Cooperatives' in Kamwenge and Sheema Districts in Uganda

**Author:** Ahabyoona Faith Mugisha

**Abstract:**

The study sought to establish the relationship between credit facilitation decisions and financial performance of agricultural cooperatives in Kamwenge and Sheema districts in Uganda. To achieve this purpose, the study was guided by four specific objectives namely: (i) To explain the relationship between credit capital sourcing decisions and financial performance of Agricultural Cooperatives in Kamwenge and Sheema Districts, Uganda; (ii) To examine the relationship between credit terms and screening decisions and financial performance of Agricultural Cooperatives in Kamwenge and Sheema Districts, Uganda; (iii) To examine the relationship between credit reporting decisions and financial performance of Agricultural Cooperatives in Kamwenge and Sheema Districts, Uganda; and (iv) To design and evaluate the effectiveness of a decision enhancement credit facilitation approach for agricultural cooperatives. The study contributed to bridging a literature gap on the relationship between credit facilitation decisions and financial performance in agricultural cooperatives utilizing the decision enhancement approach. The study adopted a design science paradigm within a pragmatic philosophy and utilized a convergent parallel mixed methods design. The study targeted a population of nineteen agricultural cooperatives and six were randomly sampled utilizing a multicase method with 116 respondents. Data was collected from randomly selected sample of managers and members of cooperatives from two districts. Quantitative data collected was analyzed using descriptive and inferential statistics. Qualitative data collected was analyzed using thematic content analysis. The correlational results revealed positive and statistically significant relationships between credit capital sourcing decisions and the financial performance of agricultural cooperatives. ( $r = 0.297^{**}$ ;  $p = 0.002$ ). There was a positive and significant relationship between credit terms and screening decisions and financial performance ( $r = 0.489^{**}$   $p = 0.000$ ). Nonetheless, a positive and significant relationship was revealed between credit reporting decisions and financial performance ( $r = 0.301^{**}$   $p = 0.002$ ). However, the regression results indicated that among credit facilitation variables, credit terms and screening (Coeff=0.784, p-value=0.000) had statistically significant positive effect on financial performance. The findings further showed that there was ill-structured decision-making in credit facilitation in agricultural cooperatives, which was explained by low financial performance amongst the agricultural cooperatives. The findings further showed that there was ill-structured decision-making in credit facilitation in agricultural cooperatives, which was explained by low financial performance amongst the agricultural cooperatives. These results guided the extraction of the decision enhancement-approach requirements, which emphasized the ability of the approach to enable optimal credit facilitation decision-making. The requirements facilitated the design of decision enhancement credit facilitation approach using a unified modelling language. The designed approach was implemented into a studio as a six-suited approach called the Decision Enhancement Credit Facilitation Approach (DECFA), using HTML5 and PHP/ MySQL accessible under [www.decfastudio.com](http://www.decfastudio.com). The DECFA was evaluated for usability, measured as ease of use, usefulness and effectiveness addressing objective four. The evaluation results from randomly selected cooperative participants show that DECFA was easy to use, useful, and effectiveness. These results confirmed that the DECFA was usable. In conclusion, the study established that credit facilitation decision is related to financial performance of agricultural cooperatives. By enhancing credit facilitation decisions using the developed DECFA that was tested and found functional, financial performance should be able to improve likewise. The study recommends that cooperative stakeholders emphasize mechanisms like the DECFA especially in making credit terms and screening decisions if they are to foster improved financial performance.