ACCOUNTING ETHICAL PRACTICES AND FINANCIAL REPORTING QUALITY OF MANUFACTURING COMPANIES IN UGANDA, A CASE STUDY OF MUKWANO GROUP OF COMPANIES

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A DISSERTATION SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELORS' DEGREE IN BUSINESS ADMINISTRATION (ACCOUNTING) OF KAMPALA INTERNATIONAL UNIVERSITY

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DECLARATION

I, **ODONGO AMISI** hereby declare that this dissertation is as result of my personal effort and has never been presented to any Institution of Higher Education for any award.

Sign:________________________ Date: 16th/09/2019.

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APPROVAL

This is to certify that this research report titled *accounting ethical practices and financial reporting quality of manufacturing companies in Uganda. a case study of Mukwano group of companies"* written by Odongo Amisi was carried out under my supervision and is now ready for submission to the College of Economics and Management (CEM).

Sign: ______________________ Date: ______________________

MR. TIMBIRIMU MICHEAL

(Research Supervisor)

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DEDICATION

I dedicate this work to entire family for their moral and financial guidance they have accorded to me throughout my life.

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CHAPTER ONE
INTRODUCTION

1.0 Introduction

This chapter consists of the background, statement of the problem, research objectives and research questions, scope, significance of the study, and definition of key terms.

1.1 Background to the Study

The definition of 'ethics' has been given by different scholars in literature. Fisher and Lovell (2003) views ethics as the branch of philosophy that concentrates on formal academic reasoning about what is right and what is wrong. Hornby (2010) defines ethics as those moral principles that governs the behaviors of human. The similarity in both definitions is the yardstick of measuring morally acceptable behavior. Babayanju, etal, (2017) differentiated between value and ethics, while the formal are beliefs about what is right and wrong that guides the daily activities of humanity, the latter provides tenets and standards, which are obtained from the theories of ethics, for thinking about the issue. The concept of ethics is interdisciplinary. Virtually every profession has some ethical principles governing its operations. In the accounting world, there are accounting ethics; in the business environment, there are business ethics, in the medical line, there are medical ethics, in engineering, there are engineering ethics, in the legal world, there are legal ethics and the like. The usefulness of ethics in each of these professions is to create a template for acceptable professional behavior that will guide members in the aspect of performing and discharging their duties to their clients in particular and public in general.

As a result of lack of authenticity in the financial information prepared by accountants exerted pressure on the Congress of United States to promulgate the Sarbanes-Oxley (SOX) Act in 2002 (Enofe, etal, 2015). These act encapsulated the establishment of Public Accounting Oversight Board, to ensure that accountants are well-grounded in ethics education in order for them to be able to make reasonable ethical decisions when faced with unpleasant choices. The pervasiveness of corruption in the private and public sector coupled with high rate of fraudulent practices have propelled accounting practitioners to comply thoroughly with codes of professional conducts. To buttress this, Ogbonna and Appah (2011) maintained that corrupt activities in the business world have gained roots, it is therefore imperative for accountants, who are saddled with the responsibility of preparing financial reports, to comply totally with codes of ethical accounting standards to produce accurate, timely, effective, comprehensive, relevant and authentic financial reports.

Financial reporting is the fulcrum of the art of decision making. Various stakeholders of an organization need financial report in order to assess the performance, profitability, viability and progress of such organization. The financial reports prepared by the accountants are expected to meet the criteria of a good financial report, in order to ensure that 'all and sundry' comprehend the report content (Gois, 2014). To this end, an accountant is liable to the outcomes of his moral choices both for his one life and the lives of other individuals. Catacutan (2006) posits that an accountant who is involved in fraudulent activities destroys his moral being, reputation and endangers the interests of other stakeholders dependent on him.

The essence of preparing and publishing financial reports is to provide stakeholders (such as shareholders, debenture-holders, board, staff, investors, capital provides and the general public) with the necessary information for assessing the performance of an organization. Providing quality financial reports is desirable because it allows stakeholders to make investment, finance, dividends and resource allocation decisions that will enhance the corporate performance of a firm. The quality of financial reporting shows the extent to which the financial reports of a firm are presented with honesty, integrity,Integrity, Objectivity, Professional Competence and due care and Confidentiality.

The obligations of an accountant goes beyond his immediate clients but also to shareholders, debenture-holders, creditors, employees, suppliers, government, accounting profession and the public at large (Appah, 2010; Abiola, 2012). There is need for accountants to behave ethically based on the stipulated codes of accounting conducts. Professional ethics is pertinent to accountants and those who rely on the information provided by the accountants because ethical behaviors involves taking the moral point of view (Klai & Omri, 2011; Enofe, etal, 2015). The development and enforcement of professional ethics in the accounting world will most likely result to enhancing the quality of financial reporting.

1.2 Statement of the Problem

Accountants from time to time are confronted with ethical dilemmas. Accountants in the course of their operations, encounter situations where they are enticed to choose between right and wrong. The accountants' claim to professionalism is premised on their compliance with ethical principles and the will that they would not allow their responsibilities to public interests to mix with personal interests (Babajanyu, etal, 2017). Every profession has its stipulated ethical standards governing members' behaviors. The reason for this, as espouse by Ogbonna and Appah (2011), is because of the incessant occurrences of corporate scandals in the Ugandan business environment. Lack of ethical considerations can deter an organization to achieve its goals and objectives. Joseph and Dike (2014) corroborates that failures of some organizations in the corporate scene is traceable to the inability of accountants of such organizations to comply with codes of conduct premised in the content of financial reports and their skepticism by end users. The cases of business failures and scandals have led to greater scrutiny of financial reports provided by accountants. The code of corporate governance (2011) mandated that every registered organization in Uganda must have an ethical committee. The ethical committee is faced with the task of deliberating on ethical matters and also promoting ethical principles in an organization. The composition of ethical committees has not produced desirable results as some of the corporate scandals committed over time are linked to ethical matters (Ezeani, etal, 2012; Festus & Temitope, 2016). Few cases of corporate scandals that have occurred in the past decade include Enron Plc manipulation of its financial statements because of lack of autonomy from senior executives; Cadbury Plc overstatement of its audited financial reports; African petroleum excluded its debt burden of N22 billion in its financial reports and banks conspiracy with external auditors to commit fraud (Enofe, etal, 2015). A proper assessment of the aforementioned scandals reveals that their occurrences are outcomes of non-compliance to ethical tenets. It is therefore necessary to evaluate ethical issues in the accounting profession and how they affect the quality of financial reports.

1.3 Purpose of the Study

The main objective of the study is to critically examine the effect of accounting ethics on the quality of financial reports of Ugandan organizations using a case study of Mukwano Group .

The specific objectives are:

1.4 Specific Objectives

i). To examine the effect of disclosure on the quality of financial reports of Mukwano Group in Uganda.

ii). To examine the effect of objectivity on the quality of financial reports of Mukwano Group in Uganda.

iii). To examine the effect of integrity on the quality of financial reports of Mukwano Group in Uganda.

iv). To evaluate the effect of professional independence on the quality of financial reports of Mukwano Group in Uganda.

v). To assess the effect of competence on the quality of financial reports of Mukwano Group in Uganda.

1.5 Research Questions

i). What is the effect of disclosure on the quality of financial reports of brewery companies in Uganda?

ii). What is the effect of objectivity on the quality of financial reports of brewery companies in Uganda?

iii). What is the effect of integrity on the quality of financial reports of brewery companies in Uganda?

iv). What is the effect of professional independence on the quality of financial reports of brewery companies in Uganda?

1.6 Research Hypothesis

H_{01}: Disclosure as an accounting ethical principle does not have significant impact on the quality of financial reports of brewery companies in Uganda.

H_{02}: Objectivity as an accounting ethical principle does not have significant impact on the quality of financial reports of brewery companies in Uganda.

H_{03}: Integrity as an accounting ethical principle does not have significant impact on the quality of financial reports of brewery companies in Uganda.

H_{04}: Professional independence does not have significant impact on the quality of financial reports of brewery companies in Uganda.

H_{05}: Competence does not have significant impact on the quality of financial reports of brewery companies in Uganda.

1.7 Scope of the Study

1.7.1 Content Scope

This study examines the effect of accounting ethics on the quality of financial reports of Ugandan firms with strong emphasis on brewery industry in Uganda.

1.7.2 Geographical Scope

The study was carried out at Mukwano Industries (U) Limited, which is a Member of the Mukwano Group, located on Plot 30 Mukwano Road, P. O. Box 2671, Kampala – Uganda.

1.7.3 Time Scope

The study covered the period 3 months from July to September 2019. This is because the time is considered to be enough for the researcher to investigate on the problem under study.

1.8 Significance of the study

This study will be of immense benefits in multiple ways.

Firstly, it will inform stakeholders of various organizations on how to uphold their stipulated ethical principles in order to avoid cases of business failures and corporate scandals.

Secondly, it will propel accountants to adhere strictly to codes of accounting ethics in order to have some elements of reliability in the financial reports prepared and provided by them. Thirdly, the study via its findings will assist stakeholders of organizations to make vital investment, finance and dividend decisions in order to promote the overall corporate performance of their organization.

Fourthly, it will instill the spirit of professionalism, truthfulness, honesty and integrity amongst accountants as they will realize that involvement in fraudulent practices tarnishes their personal and professional reputation, as well hamper on the genuineness of financial information released by them. Lastly, this study will act as a guide for students, researchers and academics that might be willing to undertake further studies on the subject matter.

1.9 Definition of Key Terms

Ethics: This refers to a set of moral principles, especially ones relating or to or affirming a specified group, field or form of conduct.

Accounting Ethics: This is primarily a field of applied ethics and is part of business ethics and human ethics. Accounting ethics studies moral values and judgments as they apply to accountancy.

Objectivity: Objectivity entails that financial report must be independent and supported with unbiased evidence.

Financial Report: Financial report (or statements) is a formal record of the financial activities and position of a business, person or other entity. Relevant financial reports such as balance sheet, income and expenditure statement, statement of retained earnings and cash flow statements, must be presented in a structured manner which must be easily comprehensible to the end users.

Disclosure: Disclosure refers to the additional information attached to an organization's financial report, usually as explanation for activities which have significantly influenced such organization's financial results.

Integrity: Integrity implies that financial report must be accurate, reliable and truthful.

Professional Independence: This refers to freedom of professional accountants from control or influence of another party or stakeholder. It implies that professional accountants must be given the free-hand to prepare financial reports devoid of internal and external interference

Competence: This refers to the quality of being adequately qualified to handle assigned tasks and responsibilities.

CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter includes the theoretical review, conceptual review, review of related studies, and the empirical review.

2.1. Theoretical Review

Theories have been formulated with regards to ethical practices and behaviours of professionals in an organization. These theories are discussed below.

Agency Theory

This theory was propounded by Jensen and Meckling in 1976, since then it has been a widely used theory in the field of management and social sciences (Ezelibe, Nwosu & Orazulike, 2017). This theory explains the separation of ownership and management, also the relationship that exists between them in an organization. The theory states that in the presence of information asymmetry, the agent is likely to pursue his personal interest that may negatively affect the owners of the organization (Sanda, Mikailu, & Garba, 2005). The major philosophical stance of this theory as stated by Ezelibe et al. (2017) is that parties who enter into an agency agreement will act to minimize their own self-interest and also these parties have right and freedom to enter into other agreements. Agency theory is relevant to our study because it explains and ensures that the agent who is the employee or the board acts in the best interest of the principal in carrying out his ethical duties and boardroom functions. This theory can also be applied to other fields such as engineering, politics and governance. Agency theory has been used to anchor several studies, implying its general acceptability and practicality. However, this theory has been criticised for only focusing on the agent-principal relationship, and totally ignoring the stakeholder's in an organization, such as the suppliers, creditors and the environment where the organization operates.

Stakeholder's Theory

Against the backdrop of the Agency theory, Stakeholder's theory was propounded by Edward Freeman in 1984. Freeman (1984) used this theory to explain the tripartite relationship that exists in an organization – Between the agents (employees and the board), the principal (owners) and the stakeholders (creditors, suppliers, government, customers and so on). The stakeholder's theory also addresses morals and values in managing an organization. This theory is relevant to our current study because it will broaden our horizon in understanding the concept of "stakeholders" in an organization. This theory is also relevant to other fields such as ethics, law, and organizational management. The stakeholder's theory provided remedy in the lapses identified in agency theory, however the concept of "stakeholders" is vague and not well spelt out (Miles, 2012), flowing from this even if an organization tries to identify its stakeholders, they assumed equal interest of stakeholders on the organization, which negates the term "social contract" in an organization (Mansell, 2013).

2.2 Financial Reporting Quality

Verdi (2006) defines financial reporting quality as the exact manner in which it shows information as regards a business activity as it relates to its anticipated cash flows, with the aim of informing the shareholders about a company`s operation. Financial reporting quality is the degree of which financial statement provides us with information that is fair and authentic about the financial position and performance of an enterprise (Tang, Chen & Zhijun, 2008). It could be deduced from the definitions above that for a financial statement to be regarded as possessing high-quality attribute, it must have genuine information about the economic performance, financial position and the activities of the business in relation to its cash flows generation aimed at providing information that are useful to shareholders and other stakeholders of the organization. Martínez-Ferrero, Garcia-Sanchez, and Cuadrado-Ballesteros (2013) also defined financial reporting quality as the faithfulness of information conveyed in financial reporting process. This definition mainly focused on the financial aspect of an organization, thus, we further expanded and modified the definition. We defined Reporting quality as the faithfulness of information conveyed in both financial and non-financial reporting process. Financial statements of firms at the end of a financial year should have some element of truth in it. This is termed "quality", it is therefore crucial that the financial reports of firms should have high quality so as to increase the confidence of users.

Financial reporting quality could be assessed directly and indirectly. Directly, it could be measured using accruals model, value relevance model, using specific elements in the annual reports and operationalizing the qualitative characteristics (Beest, et al., 2009). It could be indirectly measured using earnings management, financial restatements and timeliness (Barth, Landsman & Lang, 2008; Schipper & Vincent, 2013; Cohen, Krishnamorthy & Wright, 2004).

Accruals model focuses on the quality of earnings measured and the major assumptions it holds is that managers use discretionary accruals to manage earnings (Healy & Wahlen, 1999; Dechow, Sloan, Sweeny, 1995). Earnings management is assumed to negatively affect the quality of financial reports by reducing its decision usefulness. The main merit of this model is that it uses accruals to measure earnings management, and its calculated based on the information present in the financial statement (Beest et al., 2009). However, it has some demerits, one of which is the problem of distinguishing between discretionary and non-discretionary accruals (Healy & Whalen, 1999 as cited in Beest et al., 2009). Another demerit is that it excludes non-financial components in the financial statement (Beest et al, 2009) thus, in an era of human accounting and environmental accounting, this model may not report the true and fair view of financial statements.

The value relevance model measures the quality of financial reports by focusing on the correlations between accounting figures and stock market reactions (Barth et al., 2008; 1997; Nichols & Whalen, 2004). The prices of stocks are believed to represent the market value of the firm, while accounting figures represent the firm's value based on accounting procedures (Beest et al., 2009). The model is quite useful but has some drawbacks in ascertaining the accuracy of stock prices and market value of a firm.

2.3 Ethical Accounting Practices

Immediately after the International Federation of Accountants (IFAC) was formed, the body rolled out twelve-point (12) agenda expected to guide the activities of her members. The code of ethics was one of the agenda which her members are expected to subscribe to. This code of ethics was for both practising accountants in the private and public sectors of the economy, which can also be applied to the quasi or hybrid sector of the economy (Dankwanmbo & Izedonmi, 2018). The codes of ethics include integrity, objectivity, professional behaviour, confidentiality and professional competence and due care.

2.3.1 Impact of Professional Behaviour on Financial Reporting Quality of Mukwano Group in Uganda.

The principle of professional behaviour imposes an obligation on professional accountants to pertinent laws and to evade from any activity that may convey disrepute to the profession (Nwagboso, 2008). Such activities could be stock market manipulations, insider dealings and creative accounting practices. These activities sure do have personal benefits to the management at the expense of the quality of financial reports expected by users. D'Asquilla (2001) advised that accountants should have positive attitudes in respect to quality financial reports. As it is conspicuously observed that the quantum of pressure management puts on them may impede on their professional behavior principle towards reporting the true and fair view of financial statements.

The rapid development of human society and social relationships become more complex, the need to create new ones. Professional development efforts of various products needed in response to changing conditions over time and gradually takes shape and evolves. Thus with development the range of accounting responsibilities, the accounting profession was formed. This means that accounting services are provided under the supervision of a professional association and a member of the Association of Professional Responsibility is a professional (Saghafi, A., H. Rahmani, A. Rabie, 2010).

According to principle of the code 2 AICPA "Members must be committed to the public interest to provide treatment , Respects the public's trust and show commitment to career-oriented " (Lee, T., 1994) the professional responsibilities of these counts: 1 - responsibility for society. 2 – Responsibility for client. 3 - Responsibility for other members of the profession. 4 - Responsibility for itself. In other words, professional person should accept that after joining the profession, the interests of clients, and members of the profession to protect their personal interests ahead because the contracts of his career to protect the interests of the public known. Accounting profession to provide true and accurate picture of the performance of an organization is formed (Rules of professional conduct, 2003). Foreword to the rules of professional conduct of certified public accountants in the accounting profession Iran is also one of the most disciplined professional world and Due to the nature of the services provided must be a valid and reliable. Continued trust and strengthening the intellectual and practical adherence to professional standards of conduct depends upon its (]Modares, A., A. Rafiee, 2008). Professional standards and ethical behavior, it is important to make policy. These policies, such as the main characteristics of the profession, professional relationships with each and every member of the public relations profession in the covers. The rules of professional conduct is called professional accounting principles. Hence, the nature of accounting as a profession, attention to professional ethics and justifies the creation (Keller, A., A. Craig, K.T. Smith, M.L. Smith, 2006).

Accountant's violation of professional ethics scandal over the economic and financial crisis has resulted. Separation of management from ownership, accountants placed in a position of moral uncertainty or doubt that their behavior is not only confusing and sometimes paralysis of capital markets but also makes it possible for administrators to create distrust the integrity of management activities limited that. Hence, in recent years, the accounting profession toward more restrictive legislation, such as regulations or rules of professional conduct of Captor Sarbanes-Oxley is gone, along with the many manufacturing companies ethics to include topics have increased their tuition. The quality of financial reporting indicates a limit in which the financial reports of a company, its economic status, and functions, which are measured over period of time, are presented honestly (Talebnia et al., 2011).

Truthfulness of and trust in the financial reporting system depend on far more than the actions and decisions of individuals or sophisticated "mechanisms" for the whole system (Enderle, G., 2006). Companies in the energy,accounting, and banking industries and the professional associations of the certified public accountants and the investment managers and researchers have, in varying degrees, affected the quality of and confidence in the financial reporting systems. Therefore, truthfulness of and trust in the financial reporting system cannot be a matter of either personal or institutional ethics alone (Brenkert, G.G., 2004).

Behaving ethically in accounting is more important than auditing because accounting system prepares financial statements for auditing (Mahdavikhou, M., M. Khotanlou, 2011). Accountants have obligations to shareholders, creditors, employees, suppliers, the government, the accounting profession and the public at large . In other words, their obligations go beyond their immediate client. Decisions made on information provided by accountants can materially affect the lives of any or all of these stakeholders. Therefore Behaving ethically is an essential and expected trait (Carroll, R.A., 2005). As a result, an accountant not only meets the moral consequences of their choices in life, but the lives of other people is also (Catacutan, R., 2006). A. Professional ethics is important to accountants and those who rely on information provided by accountants because ethical behavior entails taking the moral point of view. Internalizing and developing professional ethics in accounting profession lead to promoting the quality of financial reporting

2.3.2 The effect of objectivity on the quality of financial reports of Mukwano Group in Uganda.

The principle of objectivity imposes an obligation on all professional accountants not to compromise their professional or business judgment because of bias, conflict of interest or the undue influence of others to override professional or business judgments. A professional accountant may be exposed to situations that may impair objectivity. It is impracticable to define and prescribe all such situations. Relationships that causes bias or unduly influence the professional judgment of the professional accountant should be avoided. According to Oraka and Okegbe (2015), this principle requires basic needs of credibility, professionalism, quality of service and confidence. An accountant that holds high the objectivity of the profession will produce quality financial reports, than those who impair objectivity (Ogbonna & Ebimobowei, 2011). This is to say that objectivity has a significant relationship on financial reporting quality, therefore accountants compliance on objectivity in financial reporting will go a long way in ensuring organizations have quality financial reports (Enofe et al., 2015; Eginiwin & Dike, 2014).

The principle of objectivity imposes on all professional accountants to be fair, honest and free from conflict of interest and should not allow biasness or undue influence of others to override their professional or business judgment of the mind often desorbed as independence. B.I. Jenfa,E (2010) argues that professional accountant have the responsibility to communicate information fairly and objectively and understanding of the reports, comment and recommendations presented. The IFAC code of ethics for professional accountants recognizes that the objectives of accountancy professional are to work to the highest standards of professionalism, to attain the highest levels of performance and generally to meet the public interest requirement (International Federation of Accountants Committee (IFAC) code of ethics, 2006).

2.3.3 The effect of integrity on the quality of financial reports of Mukwano Group in Uganda.

The fundamental principles require that a member should behave with integrity in all professional, business and financial relationships. Integrity implies not mere honesty but fair dealing and truthfulness. Oraka and Okegbe (2015) sees integrity as the value of supreme importance for a Code of Ethics and this can be measured in terms of what is right and just. The principle of integrity imposes an obligation on all professional accountants to be straightforward and honest in professional and business relationships. Integrity also implies fair dealing and truthfulness. Eginiwin& Dike, (2014) are of the view that integrity has a positive relationship with financial reporting quality, this is in tandem with the findings of (Enofe et al., 2015). Their generalization was based on their estimation techniques (parametric test) and use of e-views tool. So, for better clarity and generalization, a non-parametric test using SPSS was done.

A professional accountant should be straight forward and honest in all professional and business relationships. Jenfa [9] says a professional accountant have a responsibility to avoid actual or apparent conflict of interest. The professionals should be able to refrain from engaging in any activity that would prejudice their ability to carry out their duties ethically. According to Osisioma [11], integrity is the ultimate test of professionalism; it is the state of being complete, unified. When I have integrity my words and my deeds match up. I am who I am, no matter where I am or whom I am with. He further notes that integrity is antithetical to the spirit of our age. The overarching philosophy of life that guides our culture revolves around a materialistic consumer mentality. Maxwell (1993) in Nwagboso [12] Our culture has produced few enduring heroes, few models of virtue. We have become a nation of imitators but there are few leaders worth imitating. A professional accountant should not be associated with reports, returns, communications or other information where they believe that the information contains materially false or misleading statements.

2.3.4 Effect of professional competence on the quality of financial reports of Mukwano Group in Uganda.

A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. A professional Accountant should act diligently and in accordance with applicable technical and professional standards when providing professional services. Competent professional service requires the exercise of sound judgment in applying professional knowledge and skill in the performance of such service. Professional competence may be divided into two separate phases: Attainment of professional competence; and Maintenance of professional competence.

The maintenance of professional competence requires a continuing awareness and an understanding of relevant technical professional and business developments. Continuing professional development develops and maintains the capabilities that enable a professional accountant to perform competently within the professional environments. Eginiwin and Dike (2014) observed that professional competence and due care positively affects financial reporting quality. Therefore, the attainments and maintenance of professional competence surely improve the quality of financial reports.

A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that client or employer receives competent professional services based on current developments in practice, legislation and techniques. Competent professional services require the exercise of sound judgment in applying professional knowledge and skill in the performance of such services. Professional competence may be divided into two separate phases of Attainment of professional competence, and Maintenance of professional competence. The maintenance of professional competence requires a continuing awareness and an understanding of relevant technical professional and business developments. Continuing professional developments develops and maintains the capabilities that enable a professional accountant to perform competently within the professional environment. A professional accountant should act diligently and in accordance with applicable technical and professional standards when providing professional services. Diligent encompasses the responsibility to act in accordance with the requirements of an assignment, carefully, thoroughly and on a timely basis. An accountant should ensure that those working under the professional accountant authority in a professional capacity have appropriate training and supervisions. An accountant should also refrain from agreeing to perform professional services which they are not competent to carryout, unless competent advice and assistance are obtained where appropriate, a professional accountant should make clients, employers or other users of the professional services aware of limitations inherent in the services to avoid the misinterpretations of an expression of opinion as an assertion of fact.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design and methods for this study. It specifically identifies the processes of gathering, analyzing and interpretation of data that were used in this study. This chapter begins with the research design, which is a description of the research approach.

3.2 Research Design

This research used descriptive cross section research design. It involved establishing the relationship between the independent variable and the dependent variable. The reason for this is because it aimed at describing the current situation so that it can be understood clearly (Creswell, J. W.2007). Thus the gaps identified in it can be addressed in order to analyze the supplier collaboration and service performance of selected private manufacturing organizations. Both qualitative and quantitative approaches were used in this study (Plano Clark, V. L. 2007).

The quantitative data was obtained using structured questionnaires from different categories of people such as respondents from the Mukwano group of companies, while the qualitative data was obtained from key informants, interviews and observations (Mugenda O, M and Mugenda, A. G.2003. Qualitative approach was considered because it tries to draw conclusions in terms of concepts and analysis in terms of understanding, what, where, who among other queries, while the quantitative research approach was opted for in cases where data needs to be tabulated or represented in graphs or pie charts for easier comprehension (Kothari, C.R. 2004).

3.3 Study Population

According to New Vision report, 16 Feb (2015), the population of Mukwano Group of Companies is estimated to be 237 workers who operate in different departments who include; the administration, procurement managers, logistics managers, stores department, sales/marketing, production department, packaging department (HR Report, 2017).

Table 1: Showing the Sample Size and population distribution

Category	Population	Sample Size	Sampling technique
Administration	25	19	Purposive sampling
Procurement managers	29	11	Purposive sampling
logistics managers	33	27	Purposive sampling
Sales /marketing	49	45	Simple random
Production department	35	19	Stratified
Packaging department	66	27	Simple random
Total	**237**	**148**	

Source: Sampled using Slovene's formula (1929)

A representative sample, according to Gall (1996) gives results that can be generalized to the study population. The sample in this study June be restricted to the information required and for the purpose of this study; a sample size was determined using Slovene's Formula to come up with appropriate sample size to be used in the study.

3.4 Sampling and Sample size

The study employed purposive sampling, simple random and stratified sampling techniques (Kothari, C.R. 2004). A representative sample, according to Gall (1996) gives results that can be generalized to the study population. The sample in this study was restricted to the information required and for the purpose of this study; a sample size was determined using Slovene's Formula to come up with appropriate sample size to be used in the study (Mugenda O, M and Mugenda, A. G (2003). Slovene's Formula states that, given a population, the minimum Sample size is given by: The sample size was calculated mathematically using the formula below;

$$n = \frac{N}{(1+N(e)^2}$$

Where;

n = the sample size

N = total population of respondents, (**237**)

e = the level of significance, that is 0.05

$$n=\frac{N}{(1+N(e)^2}$$

$$n=\frac{237}{(1+237(0.05)^2}$$

$$n=\frac{237}{(1+237(0.0025)}$$

$$n=\frac{237}{(1+0.592)}$$

$$n=\frac{237}{(1.592)}$$

Therefore, n = 148

A sample size of 148 respondents is selected to participate in the study.

3.5. Data Collection Methods

The following methods of collecting data were employed by the researcher so as to obtain the required information in writing this research work. These included; interviews, Observation. From table 1 above since this study would be largely qualitative, it is stated that this study considered the use of both secondary data and primary data and the following methods of collecting data was employed;

3.5.1 Questionnaires:

This study was conducted using self-administered questionnaires with closed-ended questions. The respondents were determined and guided by the research questions to the respondents to avoid irrelevant information from the respondents (Yin R. 2014). This method was good especially when acquiring information from head of departments of the bank who tend to be busy doing their work and have little time to attend to external duty (Kothari, C.R. 2004).

3.5.2 Interview guide

Kakinada (2005), an interview is a face to face conversation between the researcher and a respondent was conducted for the purpose of obtaining information. (Bell, E., & A. 2007). further describes an interview as a dialogue between the interviewer and respondent with the purpose of eliciting certain information from the respondents. Interviews take different forms ranging from face-to-face interviews to technology mediated interviews. In this study face-to-face interviews was conducted to obtain primary data from different respondents from different departments of Mukwano Group. This type of method is credited for allowing the interviewer with room for probing and gathering more information depending on the knowledge, ability and experience of the respondents. In using this method, interviews was conducted with the respondents to establish facts about supplier collaboration and service performance of manufacturing companies like Mukwano Group.

3.5.2. Observation:

(Katebire, 2007), Observation can be defined as a purposeful examination of research phenomenon for purposes of gathering data. It involved the use of sensory organs to make sense of this study phenomenon. Thomas, (2003) further defines observation as the practice of the observer watching and listening to events directly. This method is chosen because it provides the advantage of eliminating bias that cannot be presented by the respondents particularly through other methods such as questionnaires and interviews (Katebire, 2007).

3.6 Sources of Data

3.6.1. Primary Data Sources.

Primary data was collected using two methods; that is the questionnaire method and interview method. However, it should be noted that care and thought was given in the application of these methods since this study has taken a single case study dimension. All sources were general treated and assessed as of high quality and the diversity of sources and nature of records is in accordance with the multifaceted and holistic approach of this study.

3.6.2. Secondary Data Sources

Therefore, for the purposes of this study, secondary data was collected through the use of a literature survey. Under this method both published and non-published reviewed materials such as books, reports, articles, documents, journals and internet resources was used. The literature survey further provided a useful background of the study topic in question.

3.7 Procedures of Data collection

An introduction letter was obtained from the Faculty of Business and Management for the researcher to solicit approval to conduct the study from respective management of Mukwano Group of Companies. When approved, I secured a list of qualified respondents from Mukwano authorities in charge and select through systematic random sampling from this list to arrive at the minimum sample size. The respondents' was explained about the study and was requested to sign the Informed Consent Form. During my research I distributed the questionnaires to the respondents and briefed them on the questions, and therefore I requested the respondents to answer the questionnaires completely and also emphasize retrieval of questionnaires within two days from the date of distribution. On retrieval, all returned questionnaires were checked if all are answered. Thus the data gathered was collected, edited, coded and summarized into the computer.

3.8 Data Processing, Presentation and Analysis.

Editing was done to check the completed responses with purposes of detecting and eliminating errors and identifying vital information that was essential in coding and tabulation. Coding was done according to whether or not the response was a representative of the objective of the study and realistic to the subject matter. Tabulation involved mainly the use of simple statistical techniques like use of tables and percentages to test significance of the information from which meaning interpretation was drawn. The data was analyzed using Statistical package of Software of Microsoft Excel and data was presented in percentages on frequency distribution tables, pie charts and graphs.

3.9 Ethical Consideration

In order to abide by the general best practices that guide empirical studies at the Mukwano Group of Companies, the following process were adhered to ensure that this study is ethically done.

The researcher was required to obtain an introductory letter of authorization from the university which was introduced to the officials and staff of Mukwano Group of Companies and the data collected was used for only academic purposes and permission was sought from respondents before recording their responses.

The participant that was interviewed was asked to assign a sign-off sheet to prove that they have fully accepted to take part in this study with their consent. In the sign-off sheet, the researcher will provide contacts for participants to request for any further information that they needed regarding this study.

The researcher assured the participants about confidentiality and that the information given to the researcher that it was only meant for purposes of this study. The researcher also ensured that the research process is devoid of any strenuous psychological or physical risks.

All the information obtained from the respondents was treated confidentially thus no attempts were made to point out names of respondents since the research were dealing with a vital place to the organizations.

3.10 Limitations in the Study

i). During the study, I might encounter a challenge uncooperative behavior of some respondents, un-approachable respondents and those who were reluctant to give information, since some respondents might require more time to respond to the questionnaires.

ii). Assessing data might be a problem since many respondents might doubt the confidentiality of research project. An introductory letter however was used to persuade the respondents that the research is purely academic.

iii). The use of research assistants could bring about inconsistency in the administration of the questionnaires in terms of time administration, understanding of the items in the questionnaires and explanations given to the respondents. To minimize this threat, the research assistants were oriented and briefed on the procedures to be done in data collection.

CHAPTER FOUR
PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS

4.0. Introduction

This chapter comprises of the findings that were gathered by the researcher from the respondents in selected departments OF Mukwano Group which include; the administration, procurement managers, logistics managers, stores department, sales/marketing, production department, packaging department on establishing the relationship between supplier collaboration and service performance of selected private organizations, a case of Mukwano Group of Companies (MGCs). This was based on the following specific objectives: To examine the effect of disclosure on the quality of financial reports of Mukwano Group in Uganda, To examine the effect of objectivity on the quality of financial reports of Mukwano Group in Uganda, To examine the effect of integrity on the quality of financial reports of Mukwano Group in Uganda, To evaluate the effect of professional independence on the quality of financial reports of Mukwano Group in Uganda and To assess the effect of competence on the quality of financial reports of Mukwano Group in Uganda.

Presentation and interpretation of data in this chapter has been done with the aid of quantitative method for example the use of tables and personal analysis and interpretation are all presented.

4.2 Demographic Profile of Respondents

This was based on the gender of respondents, age and education and the information collected was analyzed as presented below.

4.2.1 Findings on Gender of Respondents

Here the researcher was interested in gathering information on the gender of respondents and information got was presented in the table below.

Table 3: Show gender respondents

Respondents	Frequency	Percentage
Male	105	70.94
Female	43	29.0 5
Total	**148**	**100**

Source: Field Survey, June 2019

Results from table 3 above show that the majority of respondents are male that is 105 respondents representing (70.94%) of the total respondents and 43(29.0 5%) of the respondents. This implies that both genders were involved in data collection. The study findings therefore denote that both genders were involved in the provision of information.

4.2.2 Findings on Age Categories of Respondents

Here the researcher was interested in getting the age of respondents information given was presented in the table 4

Table 4: Show Age Categorization of Respondents

Age category	Frequency	Percentage
Between 20-30 years	97	65.54%
Between 30-40 years	35	23.64%
Between 40-50years	16	10.81%
Above 50 years	00	00
Total	**148**	**100**

Source: Field Survey, June 2019.

Results in table 4, present findings on the age of respondents. 20-30 was the majority age group with 97(65.54%) of respondents followed by 30-40 years with 23.64%, next were 40-50 years with 10.81% and none of the respondents were of 50 years and above. From the above analysis, it can be construed that the majority of the respondents are mature people and therefore they have prior knowledge as regards on how supplier collaboration influences service performance of selected private manufacturing organizations in Uganda. It is possible that the nature of respondents present a mature understanding which implies that age categorization prevail in the study.

4.2.3. Findings on Marital Status of Respondents

Here the researcher was interested in getting the age of respondents information given was presented in the table 5 below.

Table 5: Show age categorization of respondents

Age category	Frequency	Percentage (%)
Married	24	16.21%
Single	60	40.54%
Separated	52	35.13%
Widow	12	8.10%
Total	**148**	**100**

Source: Field Survey, June 2019

From the table 5 above, 40.54% of respondents in Mukwano were single, 35.13% were separated 16.21% were married while only 8.10% were widowed, thus implying that the company employs workers who single and thus have enough time to commit themselves towards their work in the company.

4.2.4. Findings on Educational Level of Respondents

Here the researcher was interested in gathering information on the education of respondents and information got was presented in the table 6 below;

Table 6: Show Respondents on Education

Education	Frequency	Percentage
Certificate	33	22.29%
Degree	32	21.62%
Diploma	68	45.94%
Masters	15	10.13%
Total	**148**	**100%**

Source: Field Survey, June 2019.

According to the findings in table above, it is seen that that the majority of the respondents were Diploma holders with 45.94%, followed by respondents with Certificates at 22.29%. 21.62% of respondents amongst staff working in Mukwano Group of companies were Degree holders, while only 10.13% of staff working in Mukwano Group were holders Masters degrees and these were majorly among th management and supervisors. This implies that Mukwano Group of Companies is dominated by casual laborers only holding Diplomas and secondary level certificates.

4.2.5. Findings on Working Experience of Respondents

Here the researcher was interested in getting the age of respondents information given was presented in the table 7.

Table 7: Working Experience of Respondents

Age category	Frequency	Percentage
1 Month – 2years	88	59.45
3- 5years	50	33.78
6yrs – 9 years	08	5.40
10 years and above	02	1.35
Total	**148**	**100**

Source: Field Survey, June 2019

The findings from the table above show that, 59.45% of workers in Mukwano Group had worked for 1 Month – 2years, 33.78% had worked for 3- 5years, 5.40% had worked for 6yrs – 9 years while only1.35% had worked for over 10 years in the company.

4.3 Financial reporting quality and financial reporting quality in Mukwano Group of Companies.

The first Specific objective of the study was to determine the effect of supplier involvement on service performance of Mukwano group of companies. The data got was presented and interpreted as shown below 8;

Table 8: Shows responses on the financial reporting quality in Mukwano Group of Companies.

ement	Strongly Disagree		Disagree		Not Sure		Agree		Strongly Agree		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
vance												
annual reports disclose 'ard looking :mation	23	**15.54**	20	**13.51**	14	**9.45**	38	**25.67**	53	**35.81**	148	**100**
firms in Uganda use value measurement s	37	**25.00**	23	**15.54**	13	**8.78**	29	**19.54**	46	**31.08**	148	**100**
annual report provides back information on various market events	28	**18.91**	36	**24.32**	10	**6.75**	38	**25.67**	36	**24.32**	148	**100**
erstandability												
annual report is well nized	08	**18.91**	14	**9.45**	10	**6.75**	49	**33.10**	35	**23.64**	148	**100**
notes to the balance t and the income ment are clear	28	**18.91**	36	**24.32**	29	**19.59**	18	**12.16**	37	**25**	148	**100**
hs and tables clarify nformation presented	18	**12.16**	06	**4.05**	17	**11.48**	36	**24.32**	71	**47.97**	148	**100**
use of language and nical jargon is easy to w in the annual reports	09	**6.08**	17	**11.48**	11	**7.43**	48	**32.43**	63	**42.56**	148	**100**
parability												
notes to changes in unting policies explain mplications of the ige	31	**20.94**	33	**22.29**	29	**19.59**	25	**16.89**	30	**20.27**	148	**100**

notes to revisions in ɔunting estimates and ;ments explain the lications of the sions	24	**16.21**	09	**6.08**	20	**13.51**	31	**20.94**	64	**43.24**	148	**100**
result of current ɔunting period are .pared with results in 'ious accounting period	09	**6.08**	17	**11.48**	11	**7.43**	48	**32.43**	63	**42.56**	148	**100**
rmation in the annual ırts is comparable to rmation provided by r organizations	28	**18.91**	36	**24.32**	27	**18.24**	20	**13.51**	37	**25**	148	**100**
hful representation												
annual report explains ıssumptions and nate made clearly	23	**15.54**	20	**13.51**	14	**9.45**	38	**25.67**	53	**35.81**	148	**100**
annual reports explains :hoice of accounting ciples clearly	37	**25.00**	23	**15.54**	13	**8.78**	29	**19.54**	46	**31.08**	148	**100**
reports includes an ıalified auditor's rts	27	**18.24**	36	**24.32**	10	**6.75**	39	**26.35**	36	**24.32**	148	**100**
annual reports ısively discloses :mation on corporate :rnance issues	31	**20.94**	26	**17.56**	03	**2.02**	60	**40.54**	28	**18.91**	148	**100**

Source: Field Survey, June 2019

In reference to the table above on the annual reports disclose forward looking information, strongly agreed, 35.81% agreed, 25.67% of the respondents were not sure, 9.79% disagreed and 20.97% of the respondents strongly agreed that involvement positively enhances the organization activities .

31.08% of the respondents strongly agreed, 19.54% agreed, 8.78% of the respondents were not sure while 15.54% of the respondents disagreed and 25.00% strongly disagreed that the firms in Uganda use fair value measurement basis

24.32% of the respondents strongly agreed, 25.67% agreed, 6.75% of the respondents were not sure while 24.32% of the respondents disagreed and 18.91% strongly disagreed that every year the annual report provides feedback information on how various market events

On whether the respondents agree that the notes to the balance sheet and the income statement are clear, 18.91% of the respondents strongly agreed, 40.54% agreed, 2.02% of the respondents were not sure while 17.56% of the respondents disagreed and 20.94% strongly disagreed.

For the case weather Graphs and tables clarify the information presented, 23.64% of the respondents strongly agreed, 32.88% agreed, 6.75% of the respondents were not sure while 16.21% of the respondents disagreed and 18.91% strongly disagreed.

25% of the respondents strongly agreed, 12.16% agreed, 18.24% of the respondents were not sure while 24.32% of the respondents disagreed and 18.91% strongly disagreed that every year the organization signs members under as suppliers that supplier collaboration positively affects asset specificity and negatively affects uncertainty.

This was followed by 47.97% of the respondents strongly agreed, 24.32% agreed, 11.48% of the respondents were not sure while 4.05% of the respondents disagreed and 12.16% strongly disagreed that the use of language and technical jargon is easy to follow in the annual reports

Lastly, 42.56% of the respondents strongly agreed, 32.43% agreed 7.43% of the respondents were not sure while 11.48% of the respondents disagreed and 6.08% strongly disagreed that The notes to changes in accounting policies explain the implications of the change

4.4 Ethical Accounting Practices

The second objective of the study was to examine the effect of buyer-supplier information exchange on service performance of Mukwano Group of Companies. The data collected was presented as showed below;

Table 9: Shows responses on Ethical Accounting Practices in Mukwano Group of Companies.

Statement	Strongly Disagree		Disagree		Not Sure		Agree		Strongly Agree		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Integrity												
Adherence to high ethical standards helps boost the integrity of financial statements.	37	**25.00**	23	**15.54**	13	**8.78**	29	**19.54**	46	**31.08**	148	**100**
Accountants engaging in insider dealings tend to compromise the integrity of financial reports.	28	**18.91**	36	**24.32**	10	**6.75**	38	**25.67**	36	**24.32**	148	**100**
Acceptance of gift items by professional accountants affects the integrity of financial report.	31	**20.94**	26	**17.56**	03	**2.02**	60	**40.54**	28	**18.91**	148	**100**
Violation of ethical core values undermines the integrity of financial reports.	08	**18.91**	14	**16.21**	10	**6.75**	49	**32.88**	35	**23.64**	148	**100**
Objectivity												
The objective presentation of financial statement is not affected by ethical values prevalent in an organization.	21	**14.18**	10	**6.75**	24	**16.21**	58	**39.18**	32	**21.62**	148	**100**
Financial statements should be prepared and presented in accordance with ethical guidelines within the organisation.	36	**24.32**	26	**17.56**	10	**6.75**	44	**29.72**	32	**21.62**	148	**100**
Ethical standards are duly observed in the	28	**18.91**	36	**24.32**	27	**18.24**	18	**12.16**	37	**25**	148	**100**

presentation of financial statement of Ugandan firms												
Professional accountants are always objective in the preparation of financial statements	17	**11.48**	07	**4.72**	17	**11.48**	35	**23.64**	70	**47.29**	148	**100**
Professional Competence and due care												
Ethics has a significant effect on the faithful disclosure of financial reports.	21	**14.18**	10	**6.75**	24	**16.21**	58	**39.18**	32	**21.62**	148	**100**
Disclosure of items in the financial statement is affected by personal interest of the professional accountant.	36	**24.32**	26	**17.56**	10	**6.75**	44	**29.72**	32	**21.62**	148	**100**
Financial statement disclosure is affected by the professional competence of accountants.	28	**18.91**	36	**24.32**	27	**18.24**	18	**12.16**	37	**25**	148	**100**
Quality disclosure of items in the financial statement is a reflection of compliance with ethical standards.	17	**11.48**	07	**4.72**	17	**11.48**	35	**23.64**	70	**47.29**	148	**100**
Confidentiality												
Information acquired as a result of professional and business relationships should not be used for the personal advantage	31	**20.94**	26	**17.56**	28	**18.91**	12	**8.10**	51	**34.45**	148	**100**

usiness dealings should e strictly business	10	**6.75**	18	**2.16**	20	**13.51**	60	**40.54**	40	**27.02**	148	**100**
ccountants do uphold to igh standards on onfidentiality	19	**12.83**	12	**8.10**	15	**10.13**	26	**17.56**	66	**44.59**	148	**100**
ersonal information hould not be brought in the business scenario	33	**22.29**	22	**14.86**	24	**18.91**	12	**8.10**	57	**38.51**	148	**100**

Source: Field Survey, June 2019

Results in table 9, present findings on whether respondents agree that Adherence to high ethical standards helps boost the integrity of financial statements; 31.08% of the respondents strongly agreed, 19.54% agreed, 8.78% the respondents were not sure and 15.54 % strongly disagreed, and 25% of the respondents disagreed.

The study findings on whether respondents agree Accountants engaging in insider dealings tend to compromise the integrity of financial reports., 24.32 of the respondents strongly agreed in respect 25.67% agreed, 6.75% were not sure, 24.32% of the respondents strongly disagreed and 18.91% disagreed.

The findings on whether Acceptance of gift items by professional accountants affects the integrity of financial report, 24.32% strongly agreed in respect, 25.67% agreed, 6.75% were not sure, 24.32% of the respondents strongly disagreed and 18.91% disagreed.

For the issue of whether it comes to Ethical standards are duly observed in the presentation of financial statement of Ugandan firms; 25% strongly agreed, 12.16 agreed, 18.24% were not sure, 24.32% disagreed and 18.91% of the respondents strongly disagreed with the statement.

The findings on whether Violation of ethical core values undermines the integrity of financial reports, 18.91% of the respondents strongly agreed, 40.54% agreed, 2.02% were not sure, 17.56% of the respondents strongly disagreed and 20.94% disagreed.

The findings on whether the objective presentation of financial statement is not affected by ethical values prevalent in an organization. 23.64% of the respondents who strongly agreed, 32.88% agreed 6.75% were not sure, 16.21% disagreed and 18.91% strongly disagreed.

25% of the respondents strongly agreed that Financial statements should be prepared and presented in accordance with ethical guidelines within the organisation., 12.16% agreed, 18.24% disagreed and 24.32% of the respondents were not sure not sure and 18.91% of respondents.

42.56% of the respondents strongly agreed, 32.43% agreed, 7.43% were not sure, 11.48% of the respondents strongly disagreed and 6.08% disagreed that supplier collaboration includes shared operational planning information, developing and sharing of forecasts, link order management system and joint capacity management system.

Results in present findings on Professional accountants are always objective in the preparation of financial statements, 47.92% of the respondents who strongly agreed, 23.32% agreed 11.48% were not sure, 4.72% disagreed and 11.48% strongly disagreed that incentive Collaboration increases ownership integration.

24.32% of the respondents who strongly agreed, 21.62% strongly agreed , 39.18% agreed, 16.21% were not sure 6.75% disagreed and 14.18% strongly disagreed that Ethics has a significant effect on the faithful disclosure of financial reports.

For the case whether Disclosure of items in the financial statement is affected by personal interest of the professional accountant; 18.91% agreed, 40.54% were not sure, 2.02% disagreed and 20.94% strongly disagreed. In addition, 23.64% of the respondents who strongly agreed, 32.88% agreed, 6.75% were not sure, 16.21% disagreed and 18.91% strongly disagreed wiith the statement.

While 25% of the respondents who strongly agreed, 12.16% agreed, 18.24% were not sure, 24.32% disagreed and 18.91% strongly disagreed that Financial statement disclosure is affected by the professional competence of accountants 47.97% of the respondents who strongly agreed, 24.32% agreed, 11.48% were not sure, 4.05% disagreed and 12.16% strongly disagreed that Financial statement disclosure is affected by the professional competence of accountants.. while 47.29% of the respondents who strongly agreed, 23.64% agreed, 11.48% were not sure, 4.72% disagreed and 11.48% of respondents strongly disagreed that Quality disclosure of items in the financial statement is a reflection of compliance with ethical standards

When it comes to Information acquired as a result of professional and business relationships should not be used for the personal advantage; 34.45% of respondents strongly agreed, 8.10$ agreed, 19.91% disagreed and 18.91% were not sure, 17.56% of the respondents disagreed and 20.94% of respondents strongly disagreed.

20.94% of the respondents strongly agreed, 34.45% agreed, 8.10% were not sure, 17,56% of the respondents strongly disagreed and 12.16% disagreed that Business dealings should be strictly business

Results in present findings on Accountants do uphold to high standards on confidentiality, 47.97% of the respondents who strongly agreed, 17.56 % agreed 10.13% were not sure, 8.10% disagreed and 12.83% strongly disagreed that incentive Collaboration increases ownership integration.

38.51% of the respondents who strongly agreed, 8.10% agreed, 18.91% were not sure14.86% disagreed and 22.29% strongly disagreed that Personal information should not be brought in to the business scenario.

4.6. The relationship between Accounting Ethical Practices and financial reporting quality

Table 13. Correlation table showing the relationship between Accounting Ethical Practices and financial reporting quality

		Accounting Ethical Practices	Financial Reporting Quality
Accounting Ethical Practices	Pearson Correlation	1	.674**
	Sig. (2-Tailed)		.000
	N	148	148
Financial reporting quality	Pearson Correlation	.674**	1
	Sig. (2-Tailed)	.000	
	N	148	148

**. Correlation Is Significant at the 0.01 Level (2-Tailed).

Source: Primary Data, 2018).

Table 12 indicated that there is relationship between Accounting Ethical Practices and financial reporting quality among manufacturing companies in Uganda. The relationship between the variables was strong and positively related. The level of significance was computed at 0.000 which indicates that the results were not obtained by chance. The threshold for significance stands at 0.05 above which a relationship would be deemed insignificant. The Pearson Correlation coefficient was computed at 0.674 which interpreted as a fairly strong relationship. The significance level and the Pearson R coefficient lead us to interpretation of a significant fairly strong positive relationship. In the light of these finding, the main null hypothesis is hereby rejected since there is ample evidence of a relationship or association between Accounting Ethical Practices and Financial reporting quality.

CHAPTER FIVE
DISCUSSION OF THE FINDINGS

5.0 Introduction

This chapter entails the Summaries of Research Findings, conclusions that are drawn from the findings as well as recommendations aimed at improving service performance in Mukwano Group of Companies.

5.1 Discussion of Findings

The objective of this study was to investigate the effect of ethical accounting practices on financial reporting quality. A survey of both practicing and non-practicing accountants of staff Mukwano Group of Companies. The code of conducts on accountants were used as ethical accounting practices proxy, while the IASB qualitative characteristics were used to proxy financial reporting quality. Our result gave corroborating evidence on the subject matter as expected on the model expectations (a priori expectations) as also in line with the utilitarian theory.

Professional Behaviour significantly and positively affect financial reporting quality, our findings were corroborated by D'Asquilla (2001), who opined that accountants have positive attitudes in respect to quality financial reports. This can be justified due to the pressure management puts on them as regards quality reporting and ethical behavior. Secondly, it was discovered that objectivity significantly and positively affects financial reporting quality. This finding is further buttressed by Ogbonna and Ebimobowei (2011), who believed that accountants who hold high the objectivity of the profession will produce a quality financial report, than those who impair objectivity. Integrity also significantly and positively affects financial reporting quality. This finding is in tandem with works of Eginiwin & Dike, (2014) and Enofe et al. (2015), which also saw that integrity have a positive relationship on financial reporting quality.

Confidentiality positively and insignificantly has an impact on financial reporting quality in Mukwano Group. Our result is consistent with the works of Ogbonna and Ebimobowei (2011) and Enofe et al. (2015), who also saw that confidentiality does not significantly affect financial reporting quality. This could be as a result of the Statistical estimation technique and small population used in their study.

Lastly, it was found out that professional due care and competency has affected the financial reporting quality. A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques.

5.2. Conclusion

In this study, the effect of ethical accounting practices on the financial reporting quality was investigated. On the basis of the findings, the study concludes that a high ethical standard is fundamental in achieving an objective, reliable and transparent financial report. The following recommendations are provided to improve the financial reporting framework:

- Accountants should uphold high positive attitudes with respect to quality financial reports.
- Relationships that bias or unduly influence the professional judgment of the professional accountants should be avoided.
- Professional accountants should behave with integrity in all professional, business and financial relationships
- Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the professional accountant or third parties.
- A professional Accountant should act diligently and in accordance with applicable technical and professional standards when providing professional service.

In addition to the above, it is also recommended to the academics that similar studies may be carried out on the effect of religion on financial reporting quality and also the sample size could be increased to have a robust result for better generalization.

Ethical codes of the accounting profession have a strong influence on the conduct of accountants. It was found that there are other major influence which accountants believe have impact on their professional conducts like policies and rules of companies like Mukwano Group where accountants work, religion were found not to have major influence in the profession conduct of accountants. The legal system, societal value systems and beliefs in not harming the society also inter-played in the accountants' professional conduct.

Many accountants are of the opinion that the ethical codes by the professional bodies in Uganda, Mukwano Group is insufficient in their profession conduct as they confirm that other factors have an inter-play in their day to day professional conduct. Certain situation such as giving out gratification, working in an organization that produces products that may be injurious to human health and exerting high pressure in securing professional jobs may not be regarded as too ethical but in which Mukwano Group does not enforce sanction because the ethical codes do not cover such situations. In addition, technological development has extended the horizon of information flow which is available to accountants in their everyday practice. But the confidentiality and integrity of such information cannot be fully relied upon. The accountant is at risk of publishing such information and may expose himself to litigation if such information is subsequently found to be incorrect. The ethical codes do not cover such cross border information and thus extend the liability of accountants. Based on the findings generated from this study the following recommendations are made:

1. The accountant in practice needs to pay attention to good ethical conduct and there is the need to adhere strictly to the ethical code of conduct.
2. Members need to sign a declaration of compliance with ethical codes periodically. This may be once every year or two years.
3. Mukwano Group needs to wait till a case is formally reported but may cause preliminary investigation to be commenced once the general public becomes aware of such breach. This may be through the new media-printed or electronic.
4. The most breached offences need to continue to attract the most sanction.

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APPENDIX I: QUESTIONNAIRE

Dear Sir/Madam,

REQUEST FOR YOUR COOPERATION IN COMPLETING THIS QUESTIONNAIRE

I am **ODONG AMISI**, a student undergoing the degree program in Business Administration Accounting) from kampala international university. As part of the requirement for the program, I am undertaking a study on the ***effect of ethical accounting practices on financial reporting quality***. In this regard, you have been duly selected as a member of the sample. I wish to appeal to you to assists this study by kindly sparing a few minutes to complete this questionnaire. You are not required to disclose your identity. I also wish to assure you that your answer will be treated in strict confidence and used for the stated academic purpose only.

Section A: Demography of Respondents

Please tick in the boxes provided, the option that reflects your demographic status

Q1- What is your status as an accountant?

1. Practicing Accountants ( )
2. Non-Practicing Accountants ( )

Q2- What is your Professional Qualification?

1. ACA ( )
2. CNA ( )
3. ACTI ( )
4. Others ( )

Q3- What is your Religion Status?

Muslim ( ) Christianity ( ) Other ( )

Q4- What is your Educational Qualification?

1. PhD ( )
2. Master's Degree ( )
3. First Degree/HND ( )
4. Diploma/NCE ( )
5. Others ( )

Q5- Which of the following falls within your Work Experience?

1. 1 to 5 years ( )
2. 6 to 10 years ( )
3. 11 to 15 years ( )
4. 16 to above ( )

Section B: Financial Reporting Quality

Below are lists of statement that may affect your assessment on ***financial reporting quality in Nigeria***. Kindly indicate the extent you agree or disagree with the statements using the questionnaire guide;

Questionnaire guide: *Strongly Disagree (SD), Disagree (D), Not Sure (NS), Agree (A), Strongly Agree (SA).*

S\n	STATEMENTS	SD	D	NS	A	SA
	Relevance					
1	The annual reports disclose forward looking information					
2	The annual reports disclose information in term of business opportunities and risk					
3	The firms in Uganda uses fair value measurement basis					
4	The annual report provides feedback information on how various market events					
	Understandability					
5	The annual report is well organized					
6	The notes to the balance sheet and the income statement are clear					
7	Graphs and tables clarify the information presented					
8	The use of language and technical jargon is easy to follow in the annual reports					
	Comparability					
9	The notes to changes in accounting policies explain the implications of the change					
10	The notes to revisions in accounting estimates and judgments explain the implications of the revisions					
11	The result of current accounting period are compared with results in previous accounting period					
12	Information in the annual reports is comparable to information provided by other organizations					

	Timeliness					
13	The annual reports are published in time					
14	Previous reports are easily retrieved when needed					
	Faithful representation					
15	The annual report explains the assumptions and estimate made clearly					
16	The annual reports explains the choice of accounting principles clearly					
17	The reports includes an unqualified auditor's reports					
18	The annual reports extensively discloses information on corporate governance issues					

Section C: Ethical Accounting Practices

Below are lists of statements that may affect your assessment on ***ethical accounting practices***. Kindly indicate the extent you agree or disagree with the statements using the questionnaire guide;

Questionnaire guide: *Strongly Disagree (SD), Disagree (D), Not Sure (NS), Agree (A), Strongly Agree (SA).*

S\n	STATEMENTS	SD	D	NS	A	SA
	Integrity					
19	Adherence to high ethical standards helps boost the integrity of financial statements.					
20	Accountants engaging in insider dealings tend to compromise the integrity of financial reports.					
21	Acceptance of gift items by professional accountants affects the integrity of financial report.					
22	Violation of ethical core values undermines the integrity of financial reports.					
	Objectivity					
23	The objective presentation of financial statement is not affected by ethical values prevalent in an organization.					
24	Financial statements should be prepared and presented in accordance with ethical guidelines within the organisation.					
25	Ethical standards are duly observed in the presentation of financial statement of Nigerian firms					
26	Professional accountants are always objective in the preparation of financial statements					

	Professional Competence and due care					
27	Ethics has a significant effect on the faithful disclosure of financial reports.					
28	Disclosure of items in the financial statement is affected by personal interest of the professional accountant.					
29	Financial statement disclosure is affected by the professional competence of accountants.					
30	Quality disclosure of items in the financial statement is a reflection of compliance with ethical standards.					
	Confidentiality					
31	Information acquired as a result of professional and business relationships should not be used for the personal advantage					
32	Business dealings should be strictly business					
34	Accountants do uphold to high standards on confidentiality					
35	Personal information should not be brought in to the business scenario					
	Professional Behaviour					
36	Accountants strictly adhere to the local professional standards and rules					
37	Accountants strictly adhere to governments rules and regulations guiding the profession					
38	Accountants religion affect his professional Behaviour					
39	Accountants display high professional competence in doing the work.					

APPENDIX II:

APPENDIX II: BUDGET

Item	Amount
Stationary -papers and pens	50.000/=
Transport	50.000/=
Internet usage	30.000/=
Typing and printing	50.000/=
Total	**180.000/=**