

**FAMILY BUSINESSES AND THE QUALITY OF ACCOUNTING INFORMATION**

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**S20B05/272**

**A RESEARCH REPORT SUBMITTED TO THE SCHOOL OF BUSINESS IN  
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**UGANDA CHRISTIAN  
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## APPROVAL

This is to certify that this research report meets the School's requirements for the award of a Bachelor's degree in Business Administration at Uganda Christian University

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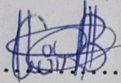
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## DECLARATION

I, **Nalubiri Daphine Dorothy**, declare that this research report is fully my work and has not been submitted to any university for any award, and that all the works of other people have been acknowledged.

Date. 29<sup>th</sup>/08/2023.....

Sign. .....

**NALUBIRI DAPHINE DOROTHY**

## **DEDICATION**

This dissertation is dedicated to my supervisor, Mr. Kisenyi Vincent, my friends, Nalubiri Gloria, Nyonyozi Octavia Star, Namara Charity Gloria, Ingima Sandra Catherine, and my parents, Mr&Mrs Magala. “This is how far the Lord has brought us”

## **LIST OF ACRONYMS**

**ACCA-** Association of Chartered Certified Accountants

**CPA** – Certified Public Accountant

**GAAPS** – Generally Accepted Accounting Principles

**PhD-** Doctor of Philosophy

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## **ABSTRACT**

This dissertation investigates the relationship between family businesses and the quality of accounting information they generate. In an era where family businesses play a role in global economies, understanding how their unique dynamics impact financial reporting is of importance. Through an extensive literature review and an empirical study and analysis, the study unveils the complex relevance between family businesses and the quality of accounting information.

The research reveals that family businesses do face distinct challenges and opportunities in their financial reporting practices. The family ties that bind these enterprises influence the transparency, reliability, and accuracy of accounting information they produce. This study therefore emphasizes the need for tailored approaches to accounting practices within the family-owned businesses, highlighting their significant implications for decision making, stakeholders, and the environment around them.

However, the study acknowledges the limitations inherent to its scope and context. The findings provide a foundation for further exploration, suggesting more areas for research into varied industries and family sizes. By shedding more light on the relationship between family businesses and the quality of accounting information, this research contributes greatly to both academic understanding and practical strategies for enhancing the quality of accounting information within the family-owned enterprises.

Ultimately, this study demonstrates that family businesses are a different sector within a broader landscape of accounting research. Undoing the complicated connections between family relationships and financial operations is crucial for making effective strategies that ensure transparent and accurate financial reporting in these enterprises.

# CHAPTER ONE

## INTRODUCTION

### 1.0 Introduction

#### 1.1 Background of the Study

Family ownership can significantly have an influence on the quality of accounting information within a firm. When a family owns or controls a firm, their unique characteristics, dynamics and long-term perspectives can shape the way financial information is generated, reported, and used. This influence can be both positive and negative, depending on the family's commitment to be transparent, professional, and have corporate governance practices. Several studies and researches have examined the influence of family ownership on the quality of accounting information hence shedding more light on this important relationship.

Prof. Wasswa Balunywa, the principal of Makerere University Business School in Nakawa, says that statistics show that 90% of businesses are family owned. He says coherent family units exist in Asia, and that is the reason why the continent has strong family businesses compared to those in Africa. "Asians get their children involved in family businesses at an early age. In Uganda, we don't want our children to get into businesses. Parents teach their children that business is dirty," he says. "Businesses pay salaries, generate revenue and taxes for government. Businesses unite families," Balunywa says. He goes on and says that the Madhvani Family has over 60 successful family businesses in Uganda, adding that family has involved many other people in the businesses and has overcome the fear of losing control. He points out that family business needs to be hinged on the values of wealth and profit.

In a relevant study conducted by Ahlawat, Goel, and Vashishtha (2021), where these authors investigated the influence of family ownership on the quality of financial reporting in Indian firms. They found out that family firms tend to have lower quality of accounting information compared to non-family firms, which was primarily due to the influence of controlling family members who prioritize their personal interests over the transparency and accuracy of financial reporting.

In contrast, another study by Chang, Dasgupta, and Hilary (2018) explored the influence of family ownership on the quality of financial information in Chinese firms. The authors discovered that family firms with higher levels of family ownership tend to exhibit better

financial reporting quality. They attributed this finding to the long-term orientation and commitment to reputation that many family firms possess, leading to a greater emphasis on accurate and reliable financial information.

These studies highlight the mixed influence of family ownership on the quality of accounting information. While some family firms prioritize personal interests and may compromise the accuracy and transparency of financial reporting, others prioritize long-term sustainability and reputation, leading to improved quality. It is therefore important to consider the specific context and characteristics of each family-owned firm when assessing their influence on the quality of accounting information.

### **1.2 Statement of the Problem**

The influence of family ownership on the quality of accounting information within a firm remains a subject of scholarly investigation. While some studies suggest that family-owned business prioritize personal interests over accurate financial reporting, leading to lower quality accounting information, other studies indicate that family firms with higher levels of ownership exhibit better financial reporting quality due to their long-term orientation and commitment to reputation.

Therefore, it is essential to understand the specific dynamics and characteristics of family-owned firms to assess the influence of family ownership on the quality of accounting information accurately. Further research is needed to explore this relationship and provide insights into the factors that contribute to either positive or negative influences on accounting information quality in family-owned businesses.

### **1.3 Objective of the Study**

The main objective of this study was to assess the influence of family ownership on the quality of accounting information. Specifically, the study was aimed at;

- i. To assess the accuracy and transparency of accounting information in family-owned businesses.
- ii. To assess the reliability and completeness of accounting information in family-owned businesses.
- iii. To establish the influence family concentration on the quality of accounting information.

#### **1.4 Research Questions**

- i. Is there accuracy and transparency in the accounting information provided by family-owned businesses?
- ii. Is the accounting information of family-owned businesses complete and reliable?
- iii. Does the concentration of families influence the quality of accounting information?

#### **1.5 Significance of the Study**

The study can contribute academically by adding on the existing knowledge and literature by expanding the understanding of the relationship between family ownership and the quality of accounting information. It can provide empirical evidence, insights, and new perspectives that enhance knowledge in the fields of accounting and family businesses.

The findings of the study can provide practical implications to the family-owned businesses, helping them recognize the potential influence of family ownership on the quality of accounting information. The findings can provide recommendations and best practices that can be implemented by family-owned businesses to improve financial reporting practices, transparency, accuracy, reliability, and completeness of their accounting information.

#### **1.6 Scope of the Study**

- Geographical scope: The study focused on the publicly listed companies in Uganda. These firms include; Madhvani and Mukwano Groups, Nice House of Plastics and Crest foam, among many more others.
- Time scope: the study used a period of 2 months which considered gathering relevant information about the influence of family ownership on the quality of accounting information, and all the other various information that contributes to the study. The time frame also included doing field work which involves gathering information from the field that is relevant to the study.

## **1.7 Limitations of the Study**

The limitations of the study included the following;

Limited time to carry out broader research about the influence of family ownership on the quality of accounting information.

Failure to access some data since most firms are sensitive above exposing their financial information to outsiders.

Sample size constraints which can affect the accuracy of the study and they include sampling risk and population variance.

## **1.8 Definition of key terms**

*Accounting Information* refers to the financial data, reports, and statements generated by an organization's accounting systems.

*Family ownership* is a situation where a business, firm or a company is owned and controlled by members of a single family or a group of relatives.

*Influence* refers to the ability to have an impact, shape opinions, or bring about change in the attitudes, behaviors, or decisions of others.

*Quality* refers to the degree of excellence or superiority of a product, service, or an outcome.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Literature Review

Literature review enables the researchers understand the works of other scholars and researchers that carried out studies on the same topics in relevance to the researcher's topic of study. The researcher then uses the information acquired to relate to their own study and come up with meaningful findings backed up by other research works.

#### 2.1 Introduction to Literature Review

This presents the literature that has been reviewed on the study and covers major terms in comparison to the works of other scholars and the role and relevance of other information in the topic of study of the researcher.

#### 2.2 Theoretical Framework

This chapter reviews the works of other scholars about the relationship between family ownership and the quality of accounting information. This chapter enabled the researcher to understand more and go in depth about the topic under study which is the influence of family ownership on the quality of accounting information.

Family-owned business represent a significant portion of the global economy. The influence of family ownership on the quality of accounting information has collected substantial attention from researchers and practitioners. This theoretical framework aims at exploring the relationship between family ownership and the quality of accounting information by examining various factors and systems that contribute to this association.

##### 2.2.1 Family Ownership

Family ownership is explained through various theories that were carried out by a number of scholars. The theories enable us enlarge our knowledge about family ownership and understand why and how it affects the quality of accounting information.

The theories include the principal-Agent Relationship, which says that family-owned businesses often face unique agency conflicts within the family. These conflicts can affect the quality of accounting information disclosed by the firm (Shleifer and Vishny, 2017) Such conflicts most of the times may influence the way the responsible people for various departments fail to handle their work hence they may end up under-performing, which in the

long run affects the quality of accounting information. These conflicts may include the involvement of other members of the family in the decision making for the company, and dividends discussion or any form of payments.

We also look at information asymmetry or failure in family owned businesses helps us understand that family-owned firms may have greater information and material knowledge other than the other parties which include family owners and external stakeholders, potentially impacting the quality of financial reporting and disclosure (Chen et al., 2018) Due to unknown reasons, some family owned firms may decide to keep some information to themselves which affects the way the firm should be run and maintained because the other parties don't have full knowledge about how the business is being run, succeeding, or failing, and hence cannot offer help when the firm needs it.

Family-owned businesses tend to have a long-term perspective and a desire to maintain the business for future generations. This stewardship orientation may positively influence the quality of accounting information (Alves et al., 2019) Most family-owned firms ensure that their children or off springs can inherit the businesses and keep them running successfully even after the elders are not involved in the business anymore. Due to this, the people involved in family ownership will make sure all the financial documents are correctly recorded so that they are easily read, followed and understood by the people to use them after.

Family owners have a significant stake in the firm's long-term success. This alignment of interests between family owners and the business may lead to better monitoring and disclosure practices (Garcia-Osma et al., 2018) However, some family owners' interests may as well damage the firms because they are self-centered and not for the well-being of the firm. Because of this, financial information may be played around with in order to steal from the company without knowledge of the other parties.

Family-owned businesses also prioritize the preservation of socioemotional wealth, such as family reputation and traditions. This focus may positively or negatively influence the quality of accounting information to protect the family's reputation (Cabeza-Garcia et al., 2019) Most of the times when family businesses are facing hardships during the long run, a few of them will admit that they are facing hard times. As a result, fake financial information will be used to make the public and other parties assume that the business is doing great yet in actual sense it is going under. For some businesses which are known to be doing great, once things change for them it is hard for the owners to open up about the real status of the business.

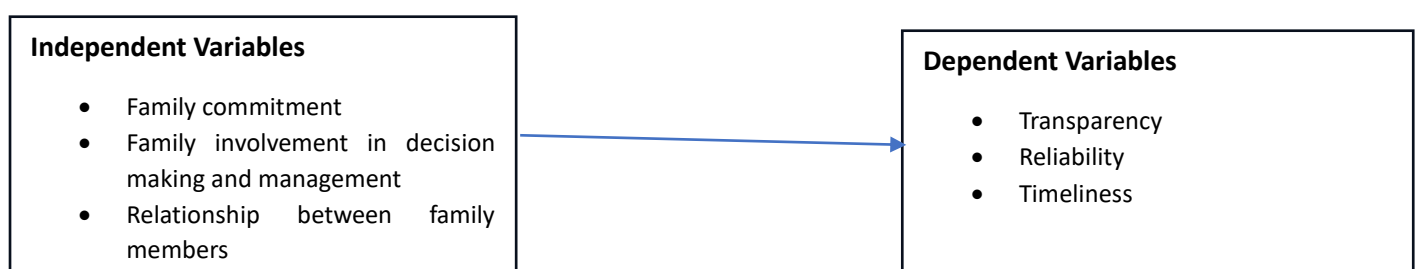
Family owners may consider non -financial factors, such as family harmony and social reputation, in their decision-making. This holistic approach may lead to enhanced transparency and reliability of accounting information (Basco and Perez Rodriguez, 2018) if a business is well known for having accurate financial information, it will endeavor to always keep it that way hence not letting its ownership influence or affect the quality of accounting information in their firm.

The level of family involvement in corporate governance, such as family members serving on the board of directors or unit committees, can as well influence the quality of accounting information (Carney et al., 2018) The influence can either be negative or positive depending on the factors or forces in between. This is because if those family members on the board decide to embezzle company funds, it is the accounting information that will be changed and played around with. Therefore, it is advisable that all the family members with a high hand in the business use their power for the good of the business and not for selfish reasons that may end up damaging and bringing down the business.

External Monitoring Mechanisms: The presence of independent directors, audit committees, and external auditors can enhance the quality of accounting information in family-owned businesses (Giacomino et al., 2019) Most family-owned businesses hardly hire qualified people for the roles that need learned and experienced people in those fields, hence affecting the quality of accounting information.

Family ownership has a significant influence on the quality of accounting information. The theoretical framework presented above only highlights the various perspectives, including agency theory, stewardship theory, and socioemotional wealth theory, along with the role of corporate governance mechanisms. Understanding these factors helps researchers and practitioners to gain insights into the relationship between family ownership and the quality of accounting information and as well identifies strategies to improve financial reporting and transparency in family-owned businesses.

### 2.3 Conceptual Model



## **2.4 Explanation of the Conceptual Model**

The above conceptual model shows the relationship between the independent and dependent variables.

The independent variables are represented by family ownership, which shows the degree of family ownership in a firm, which indicates the extent to which a family or related individuals holds ownership control. It includes factors such as family involvement in decision-making and management, the commitment of the family towards the quality of accounting information, and the relationship between family members and how it affects the quality of accounting information.

The dependent variables are represented by the quality of accounting, which measures the quality of accounting information produced by a firm. It includes factors such as reliability, transparency, and timeliness. These factors determine the accuracy, completeness, and usefulness of financial reporting for decision-making purposes.

The conceptual model suggests a positive relationship between family ownership and the quality of accounting information. It however recognizes that the direction and strength of this relationship may vary depending on the specific characteristics and dynamics of family ownership within the context of the firm.

Overall, the conceptual model provides a framework for understanding the complex dynamics involved in the influence of family ownership on the quality of accounting information. It highlights the importance of financial reporting practices, firm characteristics, and institutional factors in shaping this relationship and emphasizes the need for the empirical research to further explore and validate these relationships.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Research Methodology**

This chapter presented the overall methodology that was adopted in executing the research process. It included the research design, sampling design, data collection methods and instruments, and data analysis.

#### **3.1 Research Design**

This study utilized a mixed-methods research approach, combining both quantitative and qualitative methods. This approach enabled a comprehensive understanding of the relationship between family ownership and the quality of accounting information.

The quantitative phase of the study involved the analysis of financial data and quantitative indicators to assess the quality of accounting information.

The qualitative phase of the study involved gathering insights and perspectives from key stakeholders through use of questionnaires, interviews and surveys, this phase focused on understanding the factors through which family ownership influences the quality of accounting information.

By providing a mixed-method approach, the research aimed at providing a mutual understanding of how family ownership influences the quality of accounting information. The quantitative method provided empirical evidence, while the qualitative insights provided deeper insights into the factors involved.

#### **3.2 Sampling Design**

In this study, a combination of stratified and purposive sampling methods or designs were used.

The stratified sampling was used to divide the family-owned firms in Mukono into groups based on specific criteria, such as the industry sector, firm size among others. The stratification ensured the representation of different sizes and sectors within the sample.

Purposive sampling was used to purposively select the firms within each group based on a predetermined criteria such as the level of family ownership, availability of financial data,

and the willingness of the firm to participate in the study. This approach enabled the inclusion of firms that are most relevant to the study being carried out.

### **3.3 Population of the Study**

The study was focused on the family-owned firms in Mukono district, central division, which disclosed information regarding their ownership and accounting quality to the study.

### **3.4 Sample Size**

The sample size depended on the objectives of the study, resources available to carry out the study, and the level of statistical preciseness needed. A sample size calculation, by the use of Krejcie and Morgan's table, was also conducted to determine the appropriate sample size for the statistical analysis. The population size will be 102 businesses.

Therefore, for a population of 102, we shall need a sample size of 80 to conduct our study.

### **3.5 Data Collection**

Data collection involved gathering and accessing financial data and any relevant information from the reports and owners of the family-owned firms. Financial statements such as balance sheets, income statements, cash flow statements were collected from the family-owned businesses that had them and were willing to disclose them for the researcher

### **3.6 Data Collection Instruments**

Below are the instruments that were used to collect and gather data and information during the study.

#### **3.6.1 Questionnaires.**

This guide consisted of structured, open-ended questions and semi-structured questions which were used to collect data. Structured questions gave information that was accurate as it was in line with the content in the questionnaire, and also provided the researcher with many alternatives, hence being able to choose the most appropriate and desired. Semi-structured questions and open-ended questions provided a wide range of information from the respondents, hence again allowing the researcher to choose the most desired information that is relevant to the study.

#### **3.6.2 Interview Guide.**

The interview guide consisted of questions that guided the researcher on collecting information from the respondents. This called for a question-and-answer session between the researcher and the respondents which enabled the researcher gather first-hand information which is reliable and trustable.

### **3.7 Data Analysis**

The data that was collected was analyzed to evaluate the quality of accounting information. Various quantitative measures such as earnings quality, transparency, reliability, and timeliness were calculated and a comparison between family-owned and non-family-owned businesses was carried out. Statistical tests such as t-tests were carried out to assess the significance of the relationship between family ownership and the quality of accounting information.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND DISCUSSION OF RESEARCH RESULTS

#### 4.0 Introduction

This chapter presents the findings from a study conducted on family businesses and the quality of accounting information, in Mukono district specifically under the central division of Mukono district. The analysis is presented in a chronological order of the research questions that acted as a guiding element during the field study.

#### 4.1 Response Rate

The sample size of the study consisted of 80 respondents which was obtained from a total population (N) of 102 respondents obtained from the central division of Mukono district. The study targeted 80 respondents among whom questionnaires were distributed. Out of 80 questionnaires, 37 were filled and returned which yielded a response rate of 46.25%

Table 1: Response rate

S/n	Response	Frequency	Percentage
1	Responded	37	46.25%
2	Not Responded	43	53.75%
3	Total	80	100.00

**Source: Primary Data 2023**

#### 4.2 Descriptive Analysis of the Sampled study

The study used variables which consisted of age, relationship with the owner of the business, level of education, professional accountancy, and work experience, which were extremely important in the study of family business and the quality of accounting information.

Table 2: Demographic Characteristics of Respondents (a)

Age	Description	Frequency	Percentage (%)
	20-30 years	23	62.2
	31-40 years	7	18.9

	41-50 years	5	13.5
	51 years and above	2	5.4
	TOTAL	37	100.0

**Source: Primary Data (2023)**

Table 3: Demographic Characteristics of Respondents (b)

Relationship with the business owner	Description	Frequency	Percentage (%)
	Family relative	8	21.6
	Close friend	4	10.8
	Other	25	67.6
	TOTAL	37	100.0

**Source: Primary Data (2023)**

Table 4: Demographic Characteristics of respondents (c)

Level of Education	Description	Frequency	Percentage
	PhD	0	0
	Master's Degree	6	16.2
	First Degree	18	48.6
	Diploma	8	21.6
	Secondary level	2	5.4
	Other	3	8.1
	TOTAL	37	100

**Source: Primary Data (2023)**

Table 5: Demographic Characteristics of respondents (d)

Professional Accountant	Description	Frequency	Percentage
	ACCA	1	2.7
	CPA	9	24.3
	Other	27	73
	TOTAL	37	100

**Source: Primary Data (2023)**

Table 6: Demographic Characteristics of respondents (e)

Work Experience	Description	Frequency	Percentage
	1-5 years	22	59.5
	6-10 years	13	35.1
	11-15 years	1	2.7
	16 years and above	1	2.7
	TOTAL	37	100

**Source: Primary Data (2023)**

The findings in table 2 above shows the age range of respondents, which indicated that most respondents were between the age of 20-30 years with a rate of 62.2%, followed by the age range of 31-40 years with a rate of 18.9%, followed by those of 41-50 years with a rate of 13.5%, and finally the age range of 51 years and above who had a percentage rate of 5.4%. This indicates that majority of the respondents were between the age of 20-30 years, implying that they were mature enough to give reliable responses for the study, but also implies that all age groups took part in the study hence making it more relevant since data was collected from most of the people who have some knowledge about family businesses and can relate to it.

In table 3 above, findings indicate the relationship of the workers with the owner of the business. It indicates that 8 respondents with a percentage rate of 21.6% were family relatives, 4 (10.8%) of the respondents were close friends, and 25(67.6%) were others, meaning their relationship with the owner is not family related or close friends. This analysis indicates that majority of the respondents are not related to the owners of the businesses through birth or family, even though some of the employees, who are few in number are still related to the business owners.

When it came to level of education, which is portrayed by table 4 above, respondents who had attained their first degree were 18, with a percentage rate of 48.6% were the majority. These were followed by respondents with a diploma who were 8(21.6%), followed by respondents with a Master's degree, with a contribution of 6 (16.2%), followed by the category of others who had other education levels with a contribution of 3(8.1%), and the respondents who had finished the secondary level 2(5.4%), and lastly the category of PhD respondents who didn't participate in the study at all. The findings above indicate that majority of the respondents had acquired knowledge at higher levels which implies that their responses are reliable and relevant to the study, since they are believed to have some

knowledge that was required during the study. It also indicates that most of the family business runners have the required knowledge about the fields they are dealing with.

Table 5 goes ahead to introduce to us the level of professionalism of the respondents when it comes to accounting. From the table 5 above, we can see that 27 of the respondents, with a percentage rate of 73% were not professional accountants, 9 (24.3%) respondents were Certified Public Accountants (CPA), and 1 of the respondents was under the Association of Chartered Certified Accountants (ACCA). This information indicates that a few of the people in family businesses are actually professional accountants who are believed to have enough knowledge about the quality of accounting, hence implying that majority of the respondents during the study were just people with ideas about accounting and the quality of accounting information.

Results from table 6 introduce us to the work experience of the people in the family businesses. Table 6 indicates that 22 of the respondents with a percentage rate of 59.5% had a work experience of 1-5 years, followed by 13 (35.1%) respondents with a work experience of 6-10 years, followed by those with a work experience of 11-15 years and 16 years and above, each having 1 respondent with a percentage rate of 2.7%. This implies that majority of the respondents had a long work experience hence having enough knowledge about the are of study.

S/No	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
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### **4.3 Family Business**

Table 7: Descriptive Analysis for family businesses.

Rate	Freq	% age	Freq	% age	Freq	% age	Freq	% age	Freq	% age
<b>Family Commitment</b>										
The family is committed to maintaining transparency in financial reporting	12	32.4	15	40.5	6	16.2	2	5.4	2	5.4
The family is dedicated to upholding ethical accounting systems	5	13.5	17	45.9	11	29.7	1	2.7	3	8.1
The family promotes the professional development of accounting personnel	10	27.0	14	37.8	9	24.3	2	5.4	2	5.4
The family actively supports initiatives to improve the quality of accounting information	7	18.9	13	35.1	14	37.8	1	2.7	2	5.4

<b>Family Involvement in Decision Making and Management</b>										
Family members actively participate in setting financial goals and strategies	13	35.1	14	37.8	5	13.5	5	13.5	0	0.0
Family members contribute to the monitoring and evaluation of financial performance	12	32.4	16	43.2	7	18.9	1	2.7	1	2.7
Family members provide support and guidance to the accounting department	9	24.3	16	43.2	6	16.2	5	13.5	0	0.0
Family members are involved in reviewing and approving financial reports	12	32.4	11	29.7	9	24.3	5	13.5	0	0.0
<b>Relationship between family members</b>										
Family members trust and respect each other's opinions in financial decision making	6	16.2	19	51.4	3	8.1	5	13.5	3	8.1
Family members	8	21.6	21	56.8	5	13.5	0	0.0	3	8.1

maintain open and constructive communication regarding financial matters										
Family members work together effectively to resolve accounting-related issues	8	21.6	16	43.2	8	21.6	2	5.4	3	8.1
Family members support each other in upholding high ethical standards in accounting practices	8	21.6	17	45.9	5	13.5	3	8.1	4	10.8
<b>Scale: Strongly Agree-5, Agree-4, Neutral-3, Strongly disagree-1, Disagree-2</b>										

**Source: Primary data (2023)**

According to the above, majority of the respondents, with a rate of 40.5% (15) agreed that the family is committed to maintaining transparency in financial reporting. In the contrary, 2 of the respondents disagreed to this objective with a rate of 5.4%, indicating that the family is hardly committed to maintaining transparency in financial reporting, and 6 (16.2%) respondents were neutral about this objective indicating that they were not sure whether the family is committed or not committed to maintaining transparency in financial reporting. This implies that majority of the family businesses engaged with during the study are committed to producing financial reports with transparency.

In the same regards, 45.9% (17) of the respondents agreed that the family is dedicated to upholding ethical accounting systems. However, 3 of the respondents, with a rate of 8.1%

disagreed to the objective indicating that some of the family businesses are not dedicated to upholding ethical accounting systems, and 11(29.7%) of the respondents were not sure whether the family is dedicated or not dedicated to upholding ethical accounting systems, hence implying that most of the family businesses are surely dedicated to upholding ethical accounting systems.

Also, according to table 7, 37.8% (14) of the respondents agreed that the family promotes the professional development of accounting personnels, and 2 of the respondents with a rate of 5.4% disagreed to this objective, indicating that the family businesses don't contribute to the development of personnel professional accounting. However, 9 (24.3%) of the respondents were not sure about this objective. This implies that majority of the respondents agree that the family develops the professional accounting of its personnel's, even though a relatively big number of the respondents is not sure where they develop or don't develop at all the professional accounting of personnel's.

In same regards, table 7 informs us that 13(35.1%) of the respondents agreed to the objective of families actively supporting initiatives to improve the quality of accounting information, 2 (5.4%) disagreed to this objective, and 14(37.9%) of the respondents were neutral, indicating that majority of the respondents were not sure whether the families support or don't support initiatives to improve the quality of accounting information

Furthermore, table 7 shows us that 14(37.8%) of the respondents agreed that family members actively participate in setting financial goals and strategies, 13(35.1%) strongly agreed to this objective, and 5(13.5%) strongly disagreed to this objective indicating that families hardly participate in setting financial goals and objectives. This therefore implies that majority of the families during the study actively participate in setting financial goals and strategies of the business.

According to the table above, 16 respondents with a rate of 43.2% agreed to the objective of family members contributing to the monitoring and evaluation of financial performance, 1 respondent with a rate of 2.7% disagreed to this objective, and 7 of the respondents with a rate of 18.9% were neutral about it indicating that they are not sure whether to agree or disagree. This implies that majority of the family members contribute to the monitoring and evaluation of financial performance.

According to the table above, 16 (43.2%) respondents agreed that the family members provide support and guidance to the accounting department, and 5 (13.5%) strongly disagreed

meaning they the accounting department hardly gets support and guidance from the family members. This implies that at least most of the family members provide support and guidance to their accounting department.

Also, according to the table above, 32.4% (12) respondents strongly agreed that family members are involved in reviewing and approving financial reports, 9 (24.3%) were not sure about this objective, and 5 (13.5%) respondents strongly disagreed indicating that family members are not involved in reviewing and approving financial reports. This implies that majority of the respondents agreed to the objective.

In regards to the table above, 19 respondents with a rate of 51.4% agreed that family members trust and respect each other's opinions in financial decision making, and 3 (8.1%) disagreed to this. This implies that majority of the family members trust and respect each other's opinions in financial decision making in family businesses.

Furthermore, 21 respondents with a rate of 56.8% agreed that family members maintain open and constructive communication regarding financial matters in family businesses, and 3 respondents with a rate of 8.1% disagreed with this objective. This implies that majority of the members in family businesses maintain open and constructive communication regarding financial matters.

According to the table above, 16 respondents with a rate of 43.2% agreed to the objective of family members working together effectively to resolve accounting related issues, 8 (21.6%) respondents were neutral about this indicating that they were not sure whether to agree or disagree, and 3 respondents with a rate of 8.1% disagreed to this objective indicating that some of the family members don't work together for the good of the accounting related issues. This however implies that most of the family members work together to effectively resolve accounting related issues.

Also, according to table 7, 17 respondents with a rate of 45.9% agreed that family members support each other in upholding high ethical standards in accounting practices, and 4 respondents with a rate of 10.8% disagreed to this objective indicating that some family members don't support each other in upholding high ethical standards in practicing practices. This however implies that most of the members in family businesses support each other in upholding ethical standards in accounting practices.

#### 4.4 Quality of Accounting Information

Table 8: Descriptive Analysis of the Quality of Accounting Information.

S/No	Strongly Agree		Agree		Neutral		Strongly Disagree		Disagree	
	Freq	%ag	Freq	%ag	Freq	%ag	Freq	%ag	Freq	%ag
<b>Transparency</b>										
The family business provides comprehensive and easily understandable financial disclosures	4	10.8	18	48.6	7	18.9	5	13.5	3	8.1
The family business discloses relevant information regarding the financial performance and position	4	10.8	14	37.8	10	27.0	6	16.2	3	8.1
The family business communicates its accounting policies and	6	16.2	14	37.8	9	24.3	6	16.2	2	5.4

practices effectively										
The family business demonstrates transparency in its reporting of related transactions	8	21.6	12	32.4	7	18.9	9	24.3	1	2.7
<b>Reliability</b>										
The financial reports of the family business are prepared with accuracy and attention is paid to every detail	11	29.7	11	29.7	9	24.3	6	16.2	0	0.0
The family business ensures consistency in its accounting methods and practices over time	10	27.0	14	37.8	7	18.9	4	10.8	2	5.4

The family business follows the recognized accounting standards and principles	6	16.2	11	29.7	7	18.9	4	10.8	2	5.4
The family business undergoes regular external audits to enhance the reliability of financial information	6	16.2	9	24.3	9	24.3	8	21.6	5	13.5
<b>Timeliness</b>										
The family business ensures timely preparation and delivery of financial reports to stakeholders	7	18.9	15	40.5	7	18.9	4	10.8	4	10.8
Financial reporting deadlines are consistently	6	16.2	9	24.3	9	24.3	5	13.5	8	21.6

met by the family business										
The family business promptly communicates any significant financial events or changes to stakeholders	6	16.2	16	43.2	8	21.6	3	8.1	2	5.4
The family business reconciles transactions throughout the month	9	24.3	13	35.1	9	24.3	5	13.5	1	2.7
<b>Scale: Strongly Agree-5, Agree-4, Netral-3, Strongly Disagree-1, Disagree-2</b>										

**Source: Primary data (2023)**

According to the table above, 18 (48.6%) respondents agreed that family businesses provide comprehensive and easily understandable financial disclosures, 4 (10.8%) strongly agreed to this objective, 7 (18.9%) respondents were not sure whether to agree or disagree, 5(13.5%) strongly disagreed with the objective, and 3(8.1%) respondents disagreed with the objective. This implies that majority of the family businesses provide comprehensive and easily understandable financial disclosures to their members.

In the same regards, table 8 indicates that 14 (37.8%) respondents agreed with the objective that family businesses disclose relevant information regarding its financial performance and

position, 7 (18.9%) were neutral, and 3 (8.1%) disagreed with the objective, indicating that some family businesses don't disclose relevant information regarding its financial performance. This still implies that majority of the family businesses disclose relevant information about their financial performance.

According to the table above, 14 (37.8%) agreed with the objective that family businesses communicate their accounting policies and practices effectively, 6 (16.2%) strongly agreed with the objective, 9(24.3%) were neutral, 6(16.2%) strongly disagreed, and 2 (5.4%) disagreed with the objective. This indicates that some of the family businesses don't communicate their accounting policies and practices effectively, though majority of the family businesses effectively communicate their accounting policies and strategies.

Furthermore, table 8 indicates that 12 (32.4%) respondents agreed that family businesses demonstrate transparency in reporting of related transactions, 8(21.6%) strongly agreed, 7(18.9%) were not sure, 9(24.3%) strongly disagreed, and 1 (2.7%) disagreed, indicating that some of the family businesses hardly demonstrate transparency in reporting related transactions. This however implies that majority of the family businesses demonstrate transparency in reporting of related transactions.

According to the table above, 11 respondents agreed and strongly agreed that financial reports of family businesses are prepared with accuracy and attention is paid to every detail with rates of 29.7% respectively. 9 (24.3%) were not sure, and 6 (16.2%) strongly disagreed indicating that some family businesses don't pay attention and are not accurate while preparing their financial reports.

In regards to the same table, 14(37.8%) agreed that family businesses ensure consistency in their accounting methods and practices over time, 10 (27.0%) strongly agreed with the objective, 7(18.9%) were not sure whether to agree or disagree, 4(10.8%) strongly disagreed, and 2(5.4%) disagreed, indicating that some of the family businesses lack consistency in their accounting methods and practices.

Also, according to table 8, 11 (29.7%) respondents agreed that family businesses follow the recognized accounting standards and principles, 6(16.2%) strongly agreed, 7(18.9%) were neutral, 4(10.8%) strongly disagreed, and 2(5.4%) disagreed indicating that there's a possibility some family businesses don't follow the accounting standards and policies when preparing their financial documents.

Table 8 furthermore indicates that 9(24.3%) agreed with the objective that family businesses undergo regular external audits to enhance the reliability of financial information, 6(16.2%) strongly agreed with this, 9(24.3%) were neutral about the objective, 8(21.6%) strongly disagreed, and 5(13.5%) respondents disagreed with the objective implying that some of the family businesses only carry out internal audits.

According to table 8, 15 respondents with a rate of 40.5% agreed that family businesses ensure timely preparation and delivery of financial reports to stakeholders, 7(18.9%) strongly agreed with this, 7(18.9%) were not sure, and 4 (10.8%) strongly disagreed and disagreed with the objective respectively. This implies that some family businesses don't prepare and deliver financial reports to their stakeholders on time.

Table 8 also indicates that 9(24.3%) respondents agreed that financial reporting deadlines are consistently met by the family business, 6(16.2%) strongly agreed, 9(24.3%) were neutral, 5(13.5%) strongly disagreed, and 8(21.6%) disagreed indicating that a number of some family businesses are not consistent about the financial reporting deadlines.

Also, table 8 indicates that 16(43.2%) agreed with the objective that family businesses promptly communicate any significant financial events or changes to stakeholders. On the contrary, 3(8.1%) strongly disagreed, and 2(5.4%) disagreed with this objective implying that some of the family businesses hardly communicate any significant financial events or changes to stakeholders.

According to the table above, 13 respondents with a percentage rate of 35.1% agreed that family businesses reconcile transactions throughout the month, 9(24.3%) strongly agreed, 9(24.3%) were not sure, 5(13.5%) strongly disagreed, and 1 respondent with a rate of 2.7% disagreed, indicating that a few of the family businesses don't reconcile transactions throughout the month.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, RECOMMENDATIONS, AND CONCLUSIONS.**

#### **5.0 Introduction**

This chapter discusses the findings from the study in respect of the study objectives, recommends for possible improvements to future researchers and readers, and makes conclusions about the study of family businesses and the quality of accounting information in Mukono, Central division.

#### **5.1 Summary of Findings.**

##### **5.1.1 Accuracy and transparency of accounting information**

Research objective one aimed at assessing the accuracy and transparency of accounting information in family-owned businesses. Using descriptive analysis, the study found out that most of the family businesses in Mukono, central division ensure that their accounting information is transparent and accurate. This showed that the transparency and accuracy of accounting information has a positive effect on family businesses and highly affects their progress in the business sector. This is because most family business are known for preparing their accounting information the way they want without following the GAAPS.

##### **5.1.2 Reliability and completeness of accounting information**

Research objective two aimed at assessing the reliability and completeness of accounting information in family-owned businesses. The study found out that majority of the family businesses in Mukono district, central division highly prepare and deliver reliable and complete financial documents. This helped them earn trust from their stakeholders, family members, and other employees that are involved in family businesses.

##### **5.1.3 Influence of family concentration**

Research topic three sought to establish the influence of family concentration on the quality of accounting information. The study yielded results that showed that majority of the family members are concentrated, involved, and highly take part in the development, upholding, monitoring, reviewing, and maintaining ethical accounting information in family businesses.

This indicated that most of the family members have passion towards the family businesses which greatly affects the accounting information positively.

## **5.2 Recommendations of the Study**

In reference to the findings from the study carried out, the following recommendations were made on family businesses and the quality of accounting information in Mukono district, central division.

### **5.2.1 To the family businesses**

During the study, it was found out that family members partially support the accounting departments. Therefore, family members should offer more support to the accounting department in order to greatly improve the quality of accounting information from family businesses.

It was found out that some family members have limited time for reviewing accounting information and making a proper follow up on all accounting information of the business. Therefore, family members should dedicate more time to their businesses so as to critically pay attention to the way accounting documents are prepared by the accounting departments.

It was also found out that most of the people in family businesses are partially qualified for the accounting departments. Therefore, family members are advised to only involve qualified people in their businesses which will have a positive effect on their accounting information.

### **5.2.2 To the students/future researchers**

Ensure that the questionnaires to be used during the study are summarized as brief as possible to avoid getting half answered questionnaires or completely not answered questionnaires from the study because they claimed they were too long. This is because during the study most of the respondents were biased about answering long questionnaires hence some being left out unanswered.

Ensure to always carry out the field work part of the study on time in order to have more time dedicated to analyzing the results from the study. Results from the study require ample time to analyze and explain them accordingly in order to get relatable perfect work.

Ensure to engage as many relevant respondents as possible to capture enough data from the field which later highly makes data analysis easy. This will help the researcher to have enough data to relate to during the discussion of the results.

### **5.3 Conclusion**

In conclusion, this dissertation delved into the complex relationship between family businesses and the quality of accounting information. Through an exploration of the existing literature and use of an empirical study, several key insights have become evident.

The findings of this research emphasize the significance of family concentration and their influence on the quality of accounting information in their businesses. The unique combination of family behaviors and business operations has been shown to impact the transparency, reliability, accuracy, timeliness, and completeness of accounting information, which gives ideas on how accounting practices should be done within family businesses.

Furthermore, this study greatly contributes to the broader academic and practical understanding the quality of accounting information in family businesses, by highlighting the variables between family businesses and the financial reporting environment. These results from the study offer regulators and policy makers relatable perspectives for restructuring accounting standards within family businesses.

The study also concluded that family business highly affects the quality of accounting information. Their concentration, time invested, resources used, determine whether the quality of accounting information in family businesses is good or poor. Therefore, family businesses should ensure that in everything done within their businesses, the quality of accounting information is credible and in line with the accounting standards.

### **5.4 Limitations of the study**

The study was only conducted on the family business that were selected from Mukono district, central division, meaning that the data collected from the study was only from the few family businesses within the selected sample size, leaving out other family businesses in other areas that could have greatly contributed to the study. Therefore, future researchers should not limit their population of study when collecting data, as it will allow them to relate to data with different areas of study from various places in the country.

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## **Appendix II**

### **QUESTIONNAIRE**

Dear Sir/Madam,

My name is Nalubiri Daphine Dorothy, a student at Uganda Christian University, Mukono, pursuing a bachelor's degree program in Business Administration. As part of fulfilling the requirements for the program, I am undertaking a study on family business and the quality of accounting information. In this respect, you have been chosen as a member of the study sample. I would like to interest you to take part in the completion of this study, by sparing some of your time to complete this questionnaire. You are not required to expose your identity when completing this questionnaire. You are requested to be rest assured that your response will be treated strictly in regards with the above study and academic purposes only.

#### **SECTION A: BIO-DATA OF RESPONDENTS.**

Please tick in one of the boxes provided to indicate the demography status that reflects you.

##### **Q1- How old are you?**

1. 20-30 years
2. 31-40 years
3. 41-50 years
4. 51 and above

##### **Q2- What is your relationship with the owner of the business?**

1. Family relative
2. Close friend
3. Other

##### **Q3- What is your level of education?**

1. PhD
2. Master's Degree
3. First Degree
4. Diploma
5. Secondary level

6. Other

**Q4- Are you a professional accountant? If yes, choose the most appropriate.**

1. ACCA

2. CPA

3. Others

**Q5- What is your Work Experience?**

1. 1-5 years

2. 6-10 years

3. 11-15 years

4. 16 and above years

## **SECTION B: FAMILY BUSINESS**

The table below consists of questions that may affect and best reflect your assessment on family-owned businesses and their influence on accounting information. You are kindly requested to put a tick under the extent to which you agree or disagree with the statements using the questionnaire;

Questionnaire guide: Strongly Agree (SA), Agree(A), Neutral(N), Strongly Disagree (SD), Disagree (D)

<b>S/No</b>	<b>STATEMENTS</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>SD</b>	<b>D</b>
	<b>Family Commitment</b>					
1	The family is committed to maintaining transparency in financial reporting					
2	The family is dedicated to upholding ethical accounting systems					
3	The family promotes the professional development of accounting personnel					

4	The family actively supports initiatives to improve the quality of accounting information					
	<b>Family Involvement in Decision Making and Management</b>					
5	Family members actively participate in setting financial goals and strategies					
6	Family members contribute to the monitoring and evaluation of financial performance					
7	Family members provide support and guidance to the accounting department					
8	Family members are involved in reviewing and approving financial reports					
	<b>Relationship between family members</b>					
9	Family members trust and respect each other's opinions in financial decision making					
10	Family members maintain open and constructive communication regarding financial matters					
11	Family members work together effectively to resolve accounting-related issues					
12	Family members support each other in upholding high ethical standards in accounting practices					

### **SECTION C: THE QUALITY OF ACCOUNTING INFORMATION**

The table below consists of questions that may affect and best reflect your assessment on the quality of accounting information in family-owned businesses. You are kindly requested to put a tick under the extent to which you agree or disagree with the statements using the questionnaire.

Questionnaire guide: Strongly Agree (SA), Agree (A), Neutral (N), Strongly Disagree (SD), Disagree (D)

S/No	STATEMENTS	SA	A	N	SD	D
	<b>Transparency</b>					
1	The family business provides comprehensive and easily understandable financial disclosures					
2	The family business discloses relevant information regarding its financial performance and position					
3	The family business communicates its accounting policies and practices effectively					
4	The family business demonstrates transparency in its reporting of related transactions					
	<b>Reliability</b>					
5	The financial reports of the family business are prepared with accuracy and attention is paid to every detail					
6	The family business ensures consistency in its accounting methods and practices over time					
7	The family business follows the recognized accounting standards and principles					
8	The family business undergoes regular external audits to enhance the reliability of financial information					
	<b>Timeliness</b>					
9	The family business ensures timely preparation and delivery of financial reports to stakeholders					
10	Financial reporting deadlines are consistently met by the					

	family business					
11	The family business promptly communicates any significant financial events or changes to stakeholders					
12	The family business reconciles transactions throughout the month					

**THANK YOU FOR YOUR COOPERATION**



**UGANDA CHRISTIAN  
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**SCHOOL OF BUSINESS**

1<sup>st</sup> Aug 2023

**TO WHOM IT MAY CONCERN**

Name: NALUBIRI DAPHINE DOROTHY Reg. No. 520805/272

A bachelor's student who is seeking permission from your office to collect data for his/her dissertation titled

"FAMILY BUSINESSES AND THE QUALITY OF ACCOUNTING INFORMATION"

We shall be grateful if you could render assistance to him/her in collecting the necessary data for his/her dissertation

The Uganda Christian University School of Business thanks you in advance

A handwritten signature in blue ink, appearing to read 'Mukisa Simon Peter'.

.....  
Mukisa Simon Peter  
Research coordinator