THE EFFECT OF ACCOUNTING ETHICAL PRACTICES ON THE QUALITY OF FINANCIAL REPORTS OF MANUFACTURING COMPANIES IN UGANDA: A case study of Gulu Agricultural Development Company

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DECLARATION

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

Sign…………………………………………………….

Reg No: ……………………………………………….

Date: ………………………………………………….

APPROVAL

This is to certify that this research report titled "***The effect of accounting ethical practices on the quality of financial reports of manufacturing companies in Uganda, a case study of Gulu Agricultural Development Company"*** was carried out under my supervision and is now ready for submission to the College of School of Business.

Sign: ________________________________

MR. KISENYI VINCENT

Date: ________________________________

DEDICATION

I dedicate this work to the entire family, my father Mr. Oboth Charles, my dear mother Mrs. Nyamusolo Esther Oboth, my siblings and friends for their moral and financial support and guidance accorded to me through-out my life and academic journey.

ACKNOWLEDGEMENT

First and fore most my humbly thanks go directly to the Almighty God for enabling me reach this honorary level of education. My sincere and great thanks go to Mr. Kisenyi Vincent for his professional and parental guidance, without his supervision and guidance, this piece of work would not have been a success.

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ABSTRACT

The purpose of this study was to examine the relationship between accounting ethical practices and financial reporting quality of manufacturing companies, a case study of Gulu Agricultural Development Company Ltd. Accounting ethical practices are the moral principles and values that guide the behavior of accountants and auditors in their professional activities. Financial reporting quality is the degree to which financial statements reflect the true economic performance and position of a company. The study used a survey method to collect data from 104 Accounting Practitioners and those with knowledge of finance and accounts functionalities and employed multiple regression analysis to test the hypotheses. The results showed that accounting ethical practices have a positive and significant effect on financial reporting quality, indicating that companies with higher levels of ethical standards tend to produce more reliable and transparent financial reports.

The study also found out that the size, profitability, leverage, and audit quality of the companies moderate the relationship between accounting ethical practices and financial reporting quality. The study contributed to the literature by providing empirical evidence on the role of ethics in enhancing the quality of financial reporting in Uganda, a developing country with limited accounting regulations and enforcement mechanisms. The study also provided practical implications for managers, regulators, auditors, and investors who are interested in improving the quality of financial information in the manufacturing sector.

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

Several definitions of ethics have been given by different scholars in literature. Fisher and Lovell (2003) viewed 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, and 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 acts 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 1 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, objectivity, professional competence and due care and confidentiality.

The obligations of an accountant go 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 Objectives of the study

1.3.1 General objectives

To examine the effect of accounting ethics on the quality of financial reports of Ugandan organizations using a case study of Gulu Agricultural Development Company.

1.4 Specific Objectives

i).To examine the effect of disclosure on the quality of financial reports of Gulu Agricultural Development Company.

ii).To examine the effect of objectivity on the quality of financial reports of Gulu Agricultural Development Company.

iv).To evaluate the effect of professional independence on the quality of financial reports of Gulu Agricultural Development Company.

v) To assess the effect of competence on the quality of financial reports of Gulu Agricultural Development Company.

1.5 Research Questions

i).What is the effect of disclosure on the quality of financial reports of Gulu Agricultural Development Company?

ii).What is the effect of objectivity on the quality of financial reports of Gulu Agricultural Development Company?

iv).What is the effect of professional independence on the quality of financial reports of Gulu Agricultural Development Company?

1.6 Scope of the Study

1.6.1 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.

1.6.2 Geographical Scope

The study will be carried out at Gulu Agricultural Development Company, located at Layibi Division, Gulu City, on plot 151, P. 0. Box 1, Andrea Olal Road.

1.6.3 Time Scope

The study will cover the period 3 months from June, 2023 to October, 2023. This is because the time is considered to be enough for the researcher to investigate on the problem under study.

1.7 Significance of the study

This study will be of immense benefits in multiple ways.

First of all, the study 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.

The study will, via its findings assist stakeholders of organizations to make vital investment, finance and dividend decisions in order to promote the overall corporate performance of their organization.

The study 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, it will also act as a guide for students, researchers and academicians that might be willing to undertake further studies on the subject matter.

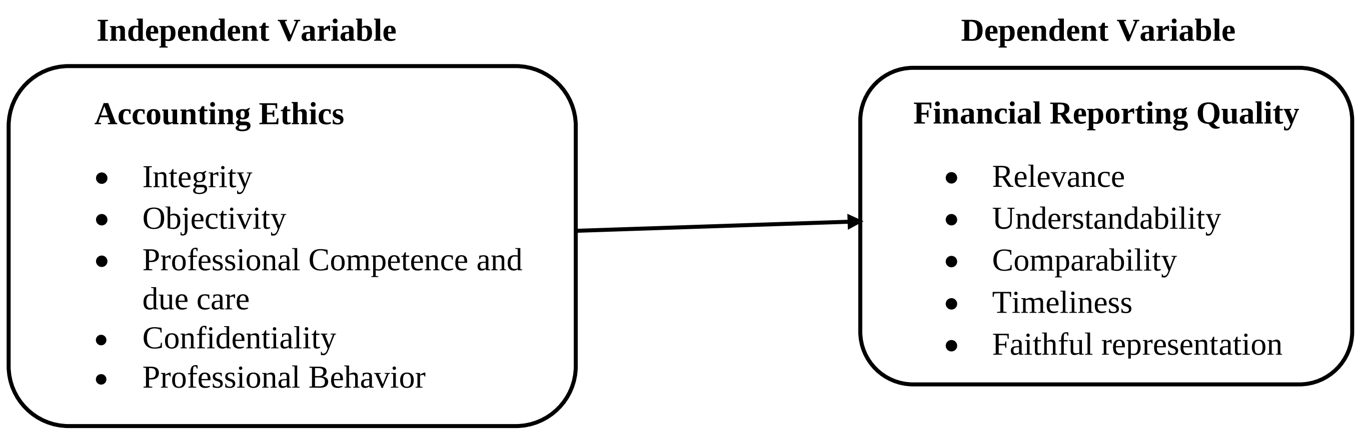
1.8 Conceptual Framework

The conceptual framework is a representation of the relationship expected between the variables in the study or the characteristics or properties that the study aims to establish/document. The conceptual framework can be written or visual and are generally developed based on a literature review of existing studies about the study topic.

Note that causal relationships often involve several independent variables that affect the dependent variable. For example, the quality of financial reporting can be influenced/affected by a number of factors such as the integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. This indicates that when the ethical principles above are adhered to, the quality of financial reporting can be attained.

This causal relationship between the dependent and independent variables can be illustrated by clearly showing the independent variable (the cause) and drawing arrows that point to the dependent variable (the effect).

Figure 1: Conceptual Framework (Model Specification)



Source: Bas Swaen & Tegan George, (2022)

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 behaviors of professionals in an organization. These theories are discussed below.

2.1.1 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. 201 7). 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 criticized for only focusing on the agent-principal relationship, and totally ignoring the stakeholders in an organization, such as the suppliers, creditors and the environment where the organization operates.

2.1.2 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. Martinez-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 etal., 2009). Another demerit is that it excludes non-financial components in the financial statement (Beest etal, 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 (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 practicing 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 behavior, confidentiality and professional competence and due care.

2.3.1 Impact of Professional Behavior on Financial Reporting Quality of Gulu Agricultural Development Company.

The principle of professional behavior 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. Raflee, 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, 2019).

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., 2016).

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 Gulu Agricultural Development Company.

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 Gulu Agricultural Development Company

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 etal., (2015). Their generalization was based on their estimation techniques (parametric test) and use of c-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 (2009), 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, 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.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 Gulu Agricultural Development Company.

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 will use descriptive cross-sectional research design. It involves 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.2017). 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 will be used in this study (Plano Clark, V. L. 2018).

The quantitative data will be obtained using structured questionnaires from different categories of people such as respondents from the Gulu Agricultural Development Company, while the qualitative data will be obtained from key informants, interviews and observations (Mugenda O, M and Mugenda, A. G.(2015). Qualitative approach will be 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 will be opted for in cases where data needs to be tabulated or represented in graphs or pie charts for easier comprehension (Kothari, C.R. 2014).

3.3 Study Population

According to New Vision report, 16 Feb (2015), the population of Gulu Agricultural Development Company and partners was estimated to be 237 workers who operate in different departments including; 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	Stratified
Production department	35	19	Simple random
Packaging department	66	27	Simple random
Total	**237**	**148**	

Source: Sampled using Slovene's formula (2007)

A representative sample, according to Gall (2009) gives results that can be generalized to the study population. The sample in this study will be restricted to the information required and for the purpose of this study; a sample size will be 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 will employ the purposive sampling technique (Kothari C.R. 2019). A representative sample, according to Gall (2009) gives results that can be generalized to the study population. The sample in this study will be restricted to the information required and for the purpose of this study; a sample size will be determined using Slovene's Formula to come up with appropriate sample size to be used in the study (Mugenda 0, M and Mugenda, A. G (2015)

3.5 Sample size determination

The study will take into consideration a representative sample of 148 respondents with qualifications, skills, experience and expertise in the accounting and finance field. This population will provide the required data needed to successfully carry out the study on ***"****the effect of accounting ethical practices on the quality of financial reports of manufacturing companies in Uganda.****"*****.** This sample size comprises of employees in thr accounting and finance department of GADC in the districts of Gulu, Kitgum, Rhino Camp and Kasese plus the partnering entities such as Odomomit Ginnery, Olam, Agri-Exim, and Africot etc.

3.6. Data Collection Methods

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

3.6.1 Questionnaires:

This study will be conducted using self-administered questionnaires with closed-ended questions. The respondents will be determined and guided by the research questions to the respondents to avoid irrelevant information from the respondents (Yin R. 2014). This method is good especially when acquiring information from head of departments of Gulu Agricultural Development Company who tend to be busy doing their work and have little time to attend to external duty (Kothari, C.R. 2017).

3.6.2 Interview guide

Kakinada (2023), an interview is a face to face conversation between the researchers and will be conducted for the purpose of obtaining information. (Bell. E. & A. 2019), 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 will be conducted to obtain primary data from different respondents from different departments of Gulu Agricultural Development Company. This type of method is credited for allowing the interviewers room for probing and gathering more information depending on the knowledge, ability and experience of the respondents. In using this method, interviews will be conducted with the respondents to establish facts about supplier collaboration and service performance of manufacturing companies like Gulu Agricultural Development Company.

3.7 Sources of Data

3.7.1. Primary Data Sources.

Primary data will be collected using two methods; that is the questionnaire method and interview method. However, it should be noted that care and thought will be given in the application of these methods since this study has taken a single case study dimension. All sources will be generally 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.

3.7.2. Secondary Data Sources

Therefore, for the purposes of this study, secondary data will be 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 will be used. The literature survey further provides a useful background of the study topic in question.

3.8 Procedures of Data collection

An introduction letter will be obtained from the Faculty of Business and Management for the researcher to solicit approval to conduct the study from respective management of Gulu Agricultural Development Company. When approved, the researcher will secure a list of qualified respondents from Gulu Agricultural Development Company authorities in charge and select through systematic random sampling from this list to arrive at the minimum sample size. The respondents will be explained to about the study and will be requested to sign the Informed Consent Form. During my research, I will distribute the questionnaires to the respondents and brief them on the questions, and therefore request 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 will be checked if all are answered. Thus, the data gathered will be collected, edited, coded and summarized into the computer.

3.9 Data Processing, Presentation and Analysis.

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

3.10 Ethical Consideration

In order to abide by the general best practices that guide empirical studies at the Gulu Agricultural Development Company, the following process will be adhered to, to ensure that this study is ethically done. The researcher will be required to obtain an introductory letter of authorization from the university which will introduce her to the officials and staff of Gulu Agricultural Development Company and the data collected will be used for only academic purposes and permission will be sought from respondents before recording their responses.

The participant that will be interviewed will be 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 need regarding this study.

The researcher will assure the participants about confidentiality and that the information given to the researcher that it will only be used for purposes of this study. The researcher will also ensure that the research process is devoid of any strenuous psychological or physical risks.

3.11 Limitations in the Study

i). During the study, I might encounter a challenge of uncooperative behavior of some respondents, un-approachable respondents and those who are 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 the research project. An introductory letter however will be 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 will be 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 was gathered by the researcher from the respondents in selected departments of Gulu Agricultural Development Company Ltd 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 Gulu Agricultural Development Company Ltd (GADCo).

This is based on the following specific objectives: To examine the effect of disclosure on the quality of financial reports of Gulu Agricultural Development Company Ltd in Uganda, To examine the effect of objectivity on the quality of financial reports of Gulu Agricultural Development Company Ltd in Uganda, To examine the effect of integrity on the quality of financial reports of Gulu Agricultural Development Company Ltd in Uganda, To evaluate the effect of professional independence on the quality of financial reports of Gulu Agricultural Development Company Ltd in Uganda and To assess the effect of competence on the quality of financial reports of Gulu Agricultural Development Company Ltd 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.

4.1 Demographic Profile of Respondents

This is based on the age of the respondents, education and the information data is analyzed as presented below

4.1.2 Findings on Age Categories of Respondents

Here the researcher is interested in getting the age bracket of respondents’ information and it’s presented in the table 1.

Table 1: Age categorization

Age category	**Frequency**	**Percentage**
Between 20-25 years	56	53.84%
Between 26-30 years	23	22.11%
Between 31- 35years	16	15.38%
Between 36-40years	5	4.80%
Between 45-50 years	4	3.84%
51 and above years	00	00%
Total	**104**	**100%**

Source: Primary data, August 2023

Results in table 1, present findings on the age of respondents. 20-25 where the majority age group with 56 (53.84%) of respondents followed by 26-30 years with 22.11%, next were 36-40 years with 15.38%, next were 36-40 with 4.80% and followed by 45-50 years with 3.84% and none of the respondents were of 51 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 presents a mature understanding which implies that age categorization prevails in the study.

4.1.3. Findings on Educational Level of Respondents

Here the researcher is interested in gathering information on the education of respondents and information is presented in the table 2 below;

Table 2: Educational level of respondents

Educational level	**Frequency**	**Percentage**
PhD	8	7.69%
Diploma	19	18.26%
Degree	62	59.61%
Masters	15	14.42%
Total	**104**	**100%**

Source: Primary data, August 2023

According to the findings in table above, it is seen that the majority of the respondents were degree holders with 59.61%, followed by respondents with Diploma at 18.26%. 14.42% of respondents amongst staff working in Gulu Agricultural Development Company Ltd are Masters Holders, while only 7.69% of staff working in Gulu Agricultural Development Company Ltd are holders of PhD and these were majorly among the management and supervisors. This implies that Gulu Agricultural Development Company Ltd is dominated by casual laborers only holding Diplomas and secondary level certificates.

4.1.4. Findings on Working Experience of Respondents

Here the researcher was interested in getting the years of experience of the respondents, information given is presented in the table 3.

Table 3: Level of Experience

Experience (Years)	**Frequency**	**Percentage**
1-5 years	53	50.96%
6-10 years	36	34.61%
11-15years	10	9.61%
16 years and above	5	4.82%
Total	**104**	**100%**

Source: Primary data, August 2023

The findings from the table above show that, 50.96% of workers in Gulu Agricultural Development Company Ltd have worked for 1-5 years, 34.61% have worked for 6-10 years, and 9.61% have worked for 11-15 years while only 4.82% have worked for over 16 years in the company.

4.2 Financial reporting quality in Gulu Agricultural Development Company Ltd.

The first objective of the study was to examine the effect of disclosure on the quality of financial reports of Gulu Agricultural Development Company Ltd. The data got is presented and interpreted as shown below in table 4;

Table 4: Responses on financial reporting quality

STATEMENTS	SD		D		NS		A		SA		Total	
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**
Relevance												
The annual reports disclose forward looking information	19	13.57	12	11.54	6	5.77	29	27.88	38	36.53	104	100
The annual reports disclose information in term of business opportunities and risk												
The firms in Uganda uses fair value measurement basis	26	25.00	17	15.54	7	8.78	21	19.59	33	31.08	104	100
The annual report provides feedback information on how various market events	20	18.91	26	24.32	6	6.75	24	25.67	28	24.32	104	100
Understandability												
The annual report is well organized	6	5.40	12	9.45	7	6.75	30	33.10	49	45.27	104	100
The notes to the balance sheet and the income statement are clear	22	18.91	25	24.32	18	19.59	13	12.16	26	25.00	104	100
Graphs and tables clarify the information presented	9	12.16	5	4.05	10	11.48	22	24.32	58	47.97	104	100
The use of language and technical jargon is easy to follow in the annual reports	6	6.08	10	11.48	8	7.43	34	32.43	46	42.56	104	100
Comparability												
The notes to changes in accounting policies explain the implications of the change	19	20.94	22	22.29	20	19.59	18	16.89	25	20.27	104	100

The notes to revisions in accounting estimates and judgments explain the implications of the revisions	18	16.21	5	6.08	15	13.51	24	20.94	42	43.24	104	100
The results of current accounting period are compared with results in previous accounting period	4	6.08	10	11.48	8	7.43	36	32.43	46	42.56	104	100
Information in the annual reports is comparable to information provided by other organizations	19	18.91	28	24.32	18	18.24	15	13.51	24	25.00	104	100
Faithful representation												
The annual report explains the assumptions and estimate made clearly	10	15.54	12	13.51	8	9.45	25	25.67	43	35.81	104	100
The annual reports explain the choice of accounting principles clearly	25	25.00	17	15.54	10	8.78	20	19.59	32	31.08	104	100
The reports include an unqualified auditor's reports	21	18.24	28	24.32	4	6.75	26	26.35	25	24.32	104	100
The annual reports extensively disclose information on corporate governance issues	22	20.94	19	17.56	2	2.02	40	40.54	21	18.91	104	100

Source: Primary data, August 2023

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 while17.56 % 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, and 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 is followed by 47.97% of the respondents who strongly agreed, 24.32% agreed, 11.48% of the respondents who 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 following 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.

4.3 Ethical Accounting Practices

The general objective of the study was to examine the effect of accounting ethics on the quality of financial reports of Gulu Agricultural Development Company Ltd. The data collected is presented as shown below;

Table 5: Responses on Ethical Accounting Practices

#	STATEMENTS	SD		D		NS		A		SA		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
	Integrity												
19	Adherence to high ethical standards helps boost the integrity of financial statements.	25	25.00	16	15.54	8	8.78	18	19.54	37	31.08	104	100
20	Accountants engaging in insider dealings tend to compromise the integrity of financial reports.	18	18.91	26	24.32	6	6.75	28	25.67	26	24.32	10 4	100
21	Acceptance of gift items by professional accountants affects the integrity of financial report.	22	20.94	21	17.56	1	2.02	42	40.54	18	18.91	10 4	100
22	Violation of ethical core values undermines the integrity of financial reports.	8	18.91	14	16.21	10	6.75	40	32.88	31	23.64	10 4	100
	Objectivity												
23	The objective presentation of financial statement is not affected by ethical values prevalent in an organization.	16	14.18	7	6.75	17	16.2 1	40	39.18	24	21.62	10 4	100
24	Financial statements should be prepared	26	24.32	16	17.56	6	6.75	34	29.72	22	25	10 4	100

	and presented in accordance with ethical guidelines within the organization.												
25	Ethical standards are duly observed in the presentation of financial statement of Nigerian firms	16	18.91	26	24.32	14	12.16	14	12.16	34	47.29	104	100
26	Professional accountants are always objective in the preparation of financial statements	13	11.48	4	4.72	13	11.48	29	23.64	45	21.62	104	100
	Professional Competence and due care												
27	Ethics has a significant effect on the faithful disclosure of financial reports.	16	14.18	6	6.75	19	16.21	38	39.18	25	21.62	104	100
28	Disclosure of items in the financial statement is affected by personal interest of the professional accountant.	25	24.32	20	17.56	7	6.75	29	29.72	23	21.62	104	100
29	Financial statement disclosure is affected by the professional competence of	17	18.91	24	24.32	21	18.24	15	12.16	27	25	104	100

	accountants.												
30	Quality disclosure of items in the financial statement is a reflection of compliance with ethical standards.	13	11.48	5	4.72	13	11.48	28	23.64	45	47.29	104	100
	Confidentiality												
31	Information acquired as a result of professional and business relationships should not be used for the personal advantage	23	20.94	18	17.56	19	18.91	9	8.10	35	34.45	104	100
32	Business dealings should be strictly business	7	6.75	10	2.16	14	13.51	42	40.54	31	27.02	104	100
33	Accountants do uphold to high standards on confidentiality	12	12.83	10	2.16	13	13.51	21	17.56	48	44.59	104	100
34	Personal information should not be brought in to the business scenario	23	22.29	16	14.86	17	18.91	9	8.10	39	38.51	104	100
	Professional Behavior												
	Accountants strictly adhere to the local professional standards and rules	10	15.54	12	13.51	8	9.45	25	25.67	43	35.81	104	100

	Accountants strictly adhere to governments rules and regulations guiding the profession	25	25.00	17	15.54	10	8.78	20	19.59	32	31.08	104	100
	Accountants religion affect his professional Behavior	21	18.24	28	24.32	4	6.75	26	26.35	25	24.32	104	100
	Accountants display high professional competence in doing the work	22	20.94	19	17.56	2	2.02	40	40.54	21	18.91	104	100

Source: Primary data, August 2023

Results in table 9, present findings on whether respondents agreed 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, 54% strongly disagreed, and 25% of the respondents disagreed.

The study findings on whether respondents agreed 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% disagree.

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 disagree and 20.94% disagree.

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 organization. 12.16% agreed, 18.24% disagree and 24.32% of the respondents were not sure and 18.91% of respondents strongly disagreed.

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 agree, 23.32% agreed 11.48% were not sure, 4.72% disagree and 11.48% strongly disagree that incentive Collaboration increases ownership integration.

24.32% of the respondents who strongly agree, 21.62% strongly agree, 39.18% agree, 16.21% are not sure 6.75% disagree and 14.18% strongly disagree 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, 1 6.21% disagreed and 18.91% strongly disagreed with 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 sure, 14.86% disagreed and 22.29% strongly disagreed that Personal information should not be brought into the business scenario.

4.4 The relationship between Accounting Ethical Practices and financial reporting quality

Table 6. 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	104	104
Financial reporting quality	Pearson Correlation	.674**	1
	Sig. (2-Tailed)	.000	
	N	104	104
	**. Correlation Is Significant at the 0.01 Level (2-Tailed)		

Source: Primary data, August 2023

Table 6 indicates 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 is computed at 0.000 which indicates that the results are not obtained by chance. The threshold for significance stands at 0.05 above which a relationship will be deemed insignificant. The Pearson Correlation coefficient is computed at 0.674 which is 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 findings, 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 THEFINDINGS

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 ethical practices in Gulu Agricultural Development Company Ltd.

5.1 Discussion of Findings

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

Professional Behavior significantly and positively affect financial reporting quality, our findings is 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 is 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 etal (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 Gulu Agricultural Development Company Limited. Our result is consistent with the works of Ogbonna and Ebimobowei (2011) and Enofe etal (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 is found out that professional due care and competency have 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 is 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 be with integrity in all professional, business and financial relationships. The 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 maybe 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 influencers which accountants believe have impact on their professional conducts like policies and rules of companies like Gulu Agricultural Development Company Limited where accountants work, religion was 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, Gulu Agricultural Development Company Limited 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 Gulu Agricultural Development Company Limited 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. Gulu Agricultural Development Company Limited 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 AWORI MARGARET, a student pursuing a degree program in Business Administration from Uganda Christian 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 contribute to the completion of 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 – How old are you?

1). 20 – 25 years ☐

2). 26 – 30 years ☐

3). 31 – 35 years ☐

4). 36 – 40 years ☐

5). 41- 45 years ☐

6). 46 – 50 years ☐

7). 51 and above years ☐

Q2: What is your status as an accountant?

1). Practicing Accountants ☐

2). Non-Practicing Accountants ☐

Q3- What is your Professional Qualification?

l). ACA

2). CNA

3). ACTI

4). Others

7**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). 1-5years

2). 6-10years

3). 11-l5years

4). l6 and above

SECTION B: FINANCIAL REPORTING QUALITY

Below are lists of statement that may affect your assessment on financial reporting qualify in Uganda. 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/No	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	es 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 results 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					
	Faithful representation					
15	The annual report explains the assumptions and estimate made clearly					
16	The annual reports explain the choice of accounting principles clearly					

17	The reports include an unqualified auditor's reports					
18	The annual reports extensively disclose 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/No	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 organization.					
25	Ethical standards are duly observed in the presentation of financial statement of Uganda 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					
33	Accountants do uphold to high standards on confidentiality					
34	Personal information should not be brought in to the business scenario					
	Professional Behavior					
35	Accountants strictly adhere to the local professional standards and rules					
36	Accountants strictly adhere to governments rules and regulations guiding the profession					
37	Accountants religion affect his professional Behavior					
38	Accountants display high professional competence in doing the work.					

THANK YOU