



**ACCOUNTING ETHICAL PRACTICES, ORGANIZATIONAL CULTURE, AND
FINANCIAL REPORTING QUALITY IN BUSOGA SUB-REGION LOCAL
GOVERNMENTS**

BY

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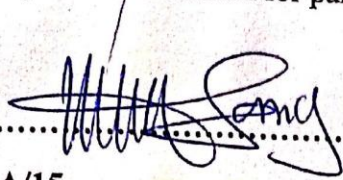
**A RESEARCH REPORT SUBMITTED TO DIRECTORATE OF GRADUATE STUDIES,
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DECLARATION

DECLARATION

I EKAJANG Stephen, declare that this research dissertation is my original work, except where due acknowledgement has been made. I declare that this work has never been submitted to this University or any other institution for partial fulfilment of any award.

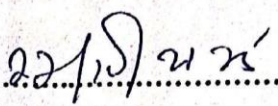
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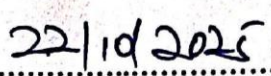
APPROVAL

Approval

This research dissertation has been submitted with our approval as university supervisors. Kindly refer to the research dissemination hand book on the same.

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DEDICATION

To my beloved wife and family for their continued support. I also dedicate it to God for his strength and wisdom and, to my colleagues and friends for standing with me, may the almighty God bless them.

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Great thanks to Almighty God for his goodness and mercies, and the sufficient grace upon my life for the strength and resilience to accomplish this proposal. Big applause to my supervisors; Assoc. Prof. Musenze Ibrahim Abaasi and Dr Kakuba Sultan Juma, for their tireless effort to impart to my knowledge that made this work a reality, Faculty of Management Sciences graduate school Lecturers and all my classmates, particularly Kenneth Aedu, and Kenneth Kabona

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ACCRONYMS

Ad	Adaptability
AG	Auditor General
C	Comparability
Co	Compliance
FY	Financial Year
FRQ	Financial Reporting Quality
GAO	Government Accountability Office
IASB	International accounting Standards Board
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
In	Integrity
Inv	Involvement
MC	Municipal Council
Mi	Mission
MoFPED	Ministry of Finance, Planning and Economic Development
Ob	Objectivity
PB	Professional Behaviour
PC	Professional Competence
PFMA	Public Financial Management Act
Re	Relevance
Ti	Timeliness
SPSS	Statistical Package for the Social Sciences
LGs	Local Governments

ABSTRACT

The study explored the mediating role of organizational culture in the relationship between accounting ethical practices and financial reporting quality in LGs in the Busoga sub-region, Uganda. The study was guided by the following objectives: to examine the relationship between accounting ethical practices and financial reporting quality of LGs in the Busoga sub-region in Uganda; to assess the relationship between accounting ethical practices and the organizational culture of LGs in the Busoga sub-region in Uganda; to assess the relationship between organizational culture and financial reporting quality of LGs in the Busoga sub-region in Uganda; and to establish the mediating role of organizational culture in the relationship between accounting ethical practices and financial reporting quality of LGs in the Busoga sub-region in Uganda. A study was rooted on the Stewardship and Contingency theories. A cross-sectional research design was adopted. A population of 172 with a sample of 120 was selected. A survey tool was used on quantitative approach. The study found that (1) the relationship between accounting ethical practices and financial reporting quality exists; (2) the relationship between accounting ethical practices and organizational culture was evident; (3) the relationship between organizational culture and financial reporting quality was confirmed; and (4) the mediating role of organizational culture in the relationship between accounting ethical practices and financial reporting quality was found to be partial. From 120 LGs in Busoga sub-region, 112 participated accounting for 93.3% response rate. This study makes the following important contributions to the financial reporting quality literature: (1) Organizational employees, particularly those involved in financial management, should receive regular training on ethical standards, relevant laws, and the consequences of unethical behaviour, in particular on the integral use of accounting systems, to enhance financial reporting quality. (2) Local governments should be grounded on a strong organizational culture that promotes integrity and good ethical behaviour, which are fundamental to accurate financial reporting; (3) finally, organizations should align financial reporting objectives with the company's core mission by ensuring that financial data not only meets regulatory and performance standards but also reflects the values and long-term vision of the organization. However, the study was limited to cross-sectional research design and quantitative approach which may not generalize to other organizations or local populations. Therefore, future research should consider a hybrid approach to provide deeper insights into FRQ in LGs to explore cause-and-effect relationships through repeated observations overtime.

CHAPTER ONE

INTRODUCTION

1.0 Introduction to the Study

This chapter contains the background to the study, problem statement, study purpose, specific objectives, hypothesis, study scope, significance of the study, and the conceptual framework.

1.1 Background to the Study

Worldwide, the need to improve the financial reporting quality of the government has turned as a main issue on the front burner, especially in developing countries such as Uganda (Abata, 2022). Local governments (LGs) are designated as centres of quality service delivery that largely drive front-line services in most basic service areas by ensuring quality financial information, transparency, regulatory controls, accountability and corporate decision-making for proper economic sustainability (MoFPED, 2024). This measure of command necessitates a tenet of robust financial reporting to meet the growing local governments' needs such as auditing, financial management, budgeting and accounting (Osunbor, 2022).

Financial Reporting Quality (FRQ) refers to the accuracy and relevance of the organization's reported financial information that reflects how well the financial statements depict the economic reality of the organization and the usefulness of the information for stakeholders in making decisions (Gardi & Aga, 2023). Financial reporting quality is crucial for transparency, accountability, good governance, trust and communication of financial information about the resources and performance of the organization (Alzoubi, 2020) and, can be measured in terms of its features, such as relevance, compliance, timeliness, and comparability of the financial reports. Despite the associated benefits of financial reporting, studies reveal declining financial reporting quality among local governments. For example, in Australia, according to Auditor General annual

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