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Review Article

# Societal Culture and Financial Reporting Quality of Companies in Kampala, Uganda

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## ABSTRACT

Financial reporting quality is the main type of financial reporting which is sought after by majority of financial report users due to the growing cases of business failures arising from inconsistent reporting over years. The study examines financial reporting quality, and specifically assesses the influence of societal culture on financial reporting quality. The objective of the study is to examine the relationship between societal culture and financial reporting quality. The study tested 9 hypotheses which were formulated on the 9 dimensions of societal culture and financial reporting quality. Quantitative data was collected from 293 respondents, sampled from a population of 28,128 of companies operating in Kampala that file financial reports with Registrar of Companies in accordance with companies' Act. Data was analysed using Statistical Package for Social Scientists (SPSS) version 20. The correlation result shows that societal culture significantly relates with financial reporting quality, and the hierarchical regression model proves that societal culture explains the variance in financial reporting quality, and through the coefficients, all the 9 hypotheses are accepted since they prove the relationships with financial reporting quality. The study concludes that societal culture influences financial reporting quality, and dimensions of societal culture relate with financial reporting quality.

**Keywords:** Societal culture; Financial reporting quality

## INTRODUCTION

Extant literature avers that companies communicate performance results to stakeholders through a set of financial statements, anchored on robust financial reporting system, effective governance, and quality financial standards [1]. The stakeholders then use the financial statements to make informed decisions, especially based on statement of financial position, statement of financial performance, and cash flow statement, especially when they are authentically prepared [2,3]. The financial statements are collectively referred to financial reports, which when published, they become open source of information, the composition, contents and forms are unified by basic principles thus enabling users to read, analyze, and compare over successive periods or with similar organizations [4,2]. The major goal of financial reporting is to enable users to independently make decision using the figures presented [5,6]. Opine that the fundamental goal of financial reporting is to provide users with relevant financial information for economic decision-making, support effective management, and to explain financing and investment policies of organisations to stakeholders. Caution that financial reports are not a conclusive output for appropriate decision making due to the influence of other disclosure procedure, for instance, accounting policy choice by management, and the knowledge of users to effectively analyse financial reports to support decisions [7]. A number of studies have discussed financial reporting quality (FRQ) with many of them providing recommendations for firms to expand the scope and quality of financial information they provide in order to support the needs of market participants to make investment decisions, credit decisions, and policy formulation amongst others. Aver that extensive literature on FRQ exists in different parts of the world, and many of the authors have discussed its benefits to reporting entities which include; positive financial effect, reduced information risk, and enhanced liquidity [8]. A host of studies ratify that many published financial reports do not epitomise the true financial position of underlying activities in companies, nor do they conclusively reflect a complete state of transactions and/or events that take place in the firms [9]. These studies affirm that a number of firms' published financial reports do not satisfy the qualitative characteristics of financial reporting as provided by the Conceptual Framework for Financial Reporting . The studies argue that many publish financial reports do not mitigate agency costs associated with accounting policy choice, and moral hazards [10].

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The paradox of defective financial reporting leaves many users with limited understanding of the summary financial figures 9 [6]. This defect renders fair value measurement inexpedient, unstable and contradictory to the market participants' perspectives.

Existing literature recognises that societal culture influences the perception of managers in financial management, documentation of financial records, and financial reporting quality. Document that culture shapes the values, beliefs, and practices of people's perception about sharing of financial information, and they aver that financial reporting quality varies from one culture to the other due to differences in values, and beliefs of the societies. Establish that societal culture guides the collectivities to espouse certain values, beliefs, and practices that are acceptable within their context [11]. These studies conclude that values, beliefs, and practices shape people's perception and orientation in financial reporting and disclosure of financial information. These studies also emphasise that societies that promote culture of information sharing (i.e. Australia), restrictive information (i.e. Chinese) are spread throughout the world. and note that the European Union (Anglo-Saxon), the United Kingdom and the United States of America (Common Law) have developed varying financial reporting systems; for instance, the Anglo-Saxon model of financial reporting system is oriented towards satisfaction of the Anglo-Saxon business model while the common law societies focus on business models that fit within their values attributes. These studies posit that existing financial reporting standards currently used globally are developed from the two societal blocks which embed the cultural attributes of societies in those countries. The financial reporting standard is deemed to promote standardisation of financial management, and financial reporting in terms of consistent application of standards throughout the countries that adopt them; and. Nonetheless, existing studies caution that IFRS adoption and compliance is not a complete solution to defective financial reporting due to differences in beliefs, values, and practices that influence application of standards recommend that effective accounting and financial reporting requires embedding cultural attributes of target societies that it is designed to serve. Therefore, what remains debatable is how societal culture in sub-Saharan Africa influences financial reporting quality which is the pre-occupation of this very study [6].

## Objectives of the study

To examine the relationship between societal culture and financial reporting quality of URSB-complaint companies in Uganda

## Study hypotheses

*h1: power distance is related with financial reporting quality.*

*h2: institutional collectivism is related with financial reporting quality*

*h3: in-group collectivism is related with financial reporting quality*

*h4: gender egalitarianism is related with financial reporting quality*

*h5: assertiveness is related with financial reporting quality*

*h6: future orientation is related with financial reporting quality*

*h7: performance orientation is related with financial reporting quality*

*h8: uncertainty avoidance is related with financial reporting quality*

*h9: humane orientation is related with financial reporting quality*

# LITERATURE

## Culture

Current literature explicates culture in diverse ways but without agreement on a common definition thus making culture an elusive construct to understand and measure. Hofstede and Minkov define culture as "a software of the mind" while Shweder and Levine define it as the interpretive framework through which individuals make sense of their own behaviour, and that of others in the same group. Define it as a shared motive, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of one group that are transmitted across generations [12,13]. Brown defines it as "patterns of thought" of people in one setting. Reviewed several studies on culture in their paper titles "*Culture: a critical review of concepts and definitions*" where they identified at least 164 definitions of culture, which they broadly classified into six groups, namely: *descriptive, historical, normative, psychological, structural and socio-genetic* [14]. The definitions of each category are summarised below; Group A: *culture is descriptive*; This group focuses on the enumeration of the content; as for the case of for instance, Tylor who defines culture as "that complex whole which includes knowledge, belief, art, law, morals, custom and other capabilities and habits acquired by man as member of society". Group B: *culture is historical*; This group emphasises the social heritage and/or traditions, as in the case of Park and Burgess who explain culture as "the culture of a group is the sum total and organization of the social heritages which have acquired a social meaning because of racial temperament and of the historical life of the group" . Group C: *culture is normative*; this group bases its definition of culture on the "rule" at the center of their content. As an example; for Wissler who explain culture as "the mode of life followed by a community or tribe is regarded as a culture ... It includes all standardised social procedures ... a tribal culture is ... the aggregate of standardised beliefs and procedures followed by the tribe". Group D: *culture is psychological*; This group defines culture as a problem-solving stratagem; an example of the group includes who consider culture as "the total equipment of techniques, mechanical, mental, and moral, by use of which the people of a given period try to attain their ends . . . according to this group "culture" consists of the means by which men promote their individual or social ends" [15]. Group E: *culture is structural*; this group focuses on the patterning of culture; a typical example of this group who defines culture as a "system of interrelated and interdependent habit patterns of response". Group F: *culture is socio-genetic*; this group sees culture as a product or artifact. An example of this group is Folsom who defines culture as "the sum total of all that is artificial". This group describes culture as a complete outfit of tools, and habits of living, which are invented by man and then passed on from one generation to another". The many facets of culture as presented by different scholars confirm the ambivalence in the way different scholars understand and measure culture, although what is common to all these groups about culture is that it influences the values held by individuals, and these values affect their attitudes and behaviour. Belkaoui views culture as the way the individual or group behave, work or communicate with others or within a group, and he explains in his book that cultural acts exist in groups' minds, family structures, educational structures, professional structures, and work organizations. Asserts that culture can be understood from verbal statements and other behaviours of the individual or group of people [16]. Establishes that managerial skill is culturally specific, and he explains that a technique or philosophy that applies in one culture may not necessarily be appropriate in another, and it defines the uniqueness of each group [16].

**Societal Culture:** Posit that societal culture sums the values, attitudes, beliefs, and behaviours that are shared by the vast majority of people in a group or nation [17,18]. These studies also point out that culture consists of a mixture of artifacts or practices, values and beliefs and hidden assumptions that members of one society have in common about appropriate behavior. Explains societal culture as a set of shared values, beliefs, assumptions, and practices that shape and guide members' attitudes and behavior in the society [19]. Evaluate societal culture in different contexts, and confirm that people have specific ways of doing things which make them different from those in other groups, and they also explain that people should be informed and be made to understand that they are different to others [20]. McEwan defines values as the principles or standards that people use individually or collectively to make judgments about what is important or valuable in their lives. Explain that values are communicated through social connections which vary in different cultures and countries [21]. Establish that experts in international business agree that success in a global business requires flexibility in effectively responding to different practices and values that may be drastically different from what they understand [13]. Developed 9 dimensions of societal cultural that have been adopted and used in many leadership and management studies world over [13]. The existing cultural literature appears to suggest that societal culture influences work practices, outputs, and outcomes tied to the core value attributes of the people. The literature attests that people who belong to the same profession possess remarkably varying work attributes due to different societal values, beliefs, attitudes or behaviours they espouse at work.

## Cultural Practices and Values

Establish that globally, culture is interconnected and the business world is also becoming globally linked, and this study reaffirms that many global organisations face global employees, customers, suppliers, competitors, and creditors, and concludes that societal culture and social world influence the values held by individuals [13]. McEwan refers to values as the principles or standards that people use individually as valuable in their lives, and asserts that values are critical in determining the behaviours of employees. Describe values as social connections which vary in different cultures and different countries, and whose understanding is critical to understand the behaviours of workers in organizations [21]. The GLOBE project explains culture as shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generations [13]. The GLOBE Project operationalised societal culture to consist of commonly experienced language, ideological belief systems (including religion and political belief systems), ethnic heritage and history, which vary significantly from country to country.

Culture remains a critical area of study since 1980s when Hofstede pioneered work cross national cultural which resulted to his cultural theory. Although the actual studies on culture started much earlier than 1980. Culture is a powerful, latent, and often unconscious set of forces that determine our individual and collective behaviour, the way we perceive, and the way our patterns of thinking and values work. The advent of globalization opened up many opportunities for business, but it also created many challenges for managers to understand and successfully manage in order to excel, including understanding different cultures. One of the important challenges for business managers is to acknowledge and appreciate cultural values, practices, and subtleties of different people all over the world. Trkan establish that many experts in international business agree that in order to succeed in global business, managers need to be flexible and respond positively and effectively to practices and values that may be different from what they are accustomed [13].

## Societal Cultural Dimensions

**Power distance:** Hofstede posits that power distance is the degree to which an individual prefers to be told what to do and how to do it by persons in higher power positions than themselves as opposed to them deciding on their own. Hofstede explains that the norms of power distance explain power differences in decision-making power between those who are high power positions against those who are in low power positions. Avers that power distance is the degree to which members of an organization or society expect and agree that power should be stratified and concentrated at higher levels of organization or government [13]. Power distance determines what subordinates do on their own or they have to wait for supervisors to instruct them of what to do. In societies where power distance is low, decisions are taken at lower levels and work tends to move faster while is societies where power distance is high, instructions have to be issued by people in high power position before work can be handled.

**Uncertainty avoidance:** Assert that uncertainty avoidance is the extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices [13]. The study explains that people in high uncertainty avoidance cultures actively seek to decrease the probability of unpredictable future events that could adversely affect the operation of an organization or society, and to remedy the success of such adverse effects.

**Institutional collectivism:** Explains institutional collectivism as the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action [13].

**In-group collectivism:** Describes In-group or Collectivism II as the degree to which individuals in the group express pride, loyalty and cohesiveness in their organizations or families. Westerman, Beekun, Stedham and Yamamura explain peers has a direct influence in the way in which societal culture evolves, and they conclude that collective position taken by a group influences their cultural orientation through the values, practices and beliefs they hold [13].

**Gender egalitarianism:** This is the degree to which an organization or a society minimizes gender role differences while promoting gender equality. Provide an elaborate explanation on egalitarianism by attributing individuals in egalitarian societies see themselves as moral equals and everyone shares the same basic interest as human beings. Schwartz further asserts that in such societies people are socialised to internalise a commitment to cooperate and to feel concerned for everyone's welfare. The values associated with egalitarian societies include social justice, and caring for the weaker members of the society, honesty, equality, sympathy, and working for the good of others [18].

**Assertiveness:** States that assertiveness is the degree to which individuals in the society are assertive, confrontational and aggressive in social relationships. Maheshwari and Kanwaljit establish that age, sex, high level of education, knowledge, confidence and experience determine the level of assertiveness among people, and he stresses that these vary from one culture to another [13].

**Future orientation:** Assert that future orientation is the degree to which individuals in societies engage in future oriented behaviours such as planning, investing and delaying individual or collective gratification. Hill argues that the difference between African-American middle class with their white counterpart remains clear despite the fact that they both belong to the same social class. The study establishes that the difference in future orientation between the two groups is directly related with the origin of the people where the African American has low degree future orientation as opposed to the white Americans who have high future orientation. The study concludes that future orientation is not the same for different societies [13].

**Humane orientation:** Kabasakal and Bodur explain humane orientation from an individual inference which they refer to as the individual possessing attributes of being caring, altruistic, and kind to others. Schlosser suggest a differentiating attribute of humane orientation toward in-group members toward out-group members, and they attest that individuals should not only practice humane orientation within the society but also to individuals outside the societal membership. Wuthnow asserts that religious teachings influence humane behaviours while aver that religious people have low antisocial behaviour towards individuals they know.

**Performance orientation:** Explain that it is possible for certain individuals to remain ethical in societies embedded with corruption. They also emphasise that those that take the path of ethics tend to perform better compared to their counterparts who tend to engage in pervasive corruption [22]. Posit that performance orientation is the degree to which a society encourages and rewards group members for performance improvement and excellence [13]. The study further avers that societies that are performance orientation tend to develop faster than those that are not. Emphasize that the only way performance can be enhanced in a corrupt society is when the culture of whistle blowing is well protected [4]. Specifically, emphasize that culture influences infrastructure positively. In contrary, explain that influences anxiety among youth depending on the prevailing cultural attributes [23,24]. Further still, explain that the culture of corruption affects human capital development and growth domestic product amongst many other devastation effects, and the study concludes that in number of countries this is a critical knowledge causes the eroding characters of the younger generation who engage in cheating during examinations thus weakening a country's capital development opportunities, stunted economies which is badly managed due to corruption, and the unwanted income inequalities in a number of societies [25]. Assert that culture affects employee performance, and this experienced in a number of societies [26]. The study further puts that developed economies have some basic characteristics in their culture that embed some aspects of hard working, and performance as an orientation while in other societies, a lot of time is wasted on things that make people idle and therefore no performance. Establish that health work cultures influences performance of employees [27].

**Financial information:** Financial information is a unified system of data on the property and financial position of the company and the results of its activities prepared and presented at a specified time. Explain financial information as a "set of financial report that communicates the performance, position of firms' rights and obligation in a given time". They elaborate that financial information is provided in regular intervals, in order to inform users about the operations of the organisation. They further assert that financial information influences the behaviour of financial information users in two ways: Firstly, by the information itself while acting as a recipient, and Secondly, by information inductance when acting as a sender. Coined the process through which the behaviour of an individual is affected by information he/she receives, which they describe as "*the individual is required to communicate the results from the sender's perspective to anticipate a possible use of information, its consequences arising from the use, and reactions to the consequences*". This is a typical description of financial information which is communicated by companies to users to make relevant decisions.

**Financial reporting:** assert that items are communicated in order to provide information to others to facilitate their decisions, and the report must inform users about the monetary effect of the specific items whether in aggregate with other elements of financial statements or not, and they assert that financial reporting is a managed process which involves discretionary accounting decisions of managers.

## The objectives of financial reporting

The FAS, AASB issued guidelines for primary objective of financial reporting to provide high-quality financial reporting information concerning the economic entities, primarily financial in nature that is useful for making economic decisions. The accountancy bodies (FASB & IASB) emphasize that high quality financial reporting information is important because it positively influences capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions to enhance overall market efficiency. Note that although FASB and IASB specify the primary goal of financial reporting, its measures vary considerably and this has created confusion in some cases. Emphasize that different user groups have dissimilar preferences; therefore the perceived quality of financial reports tends to deviate among constituents [28]. The users within a group may also perceive the usefulness of similar information differently given its context. Therefore, many scholars measure the quality of financial reporting indirectly by focusing on the attributes that are believed to influence quality of financial reports such as earnings management, financial restatements, and timeliness. Earnings quality is "the degree to which reported earnings capture economic reality, in order to appropriately assess a company's financial performance. Financial reporting quality is a broader concept that not only refers to financial information, but also to disclosures, and other non-financial information useful for decision making included in the report [28]. The study explains that accrual and value relevance model focus on earnings quality measurement. The accrual models are used to measure the extent of earnings management under current rules and legislation, and the models assume that managers use discretionary accruals, i.e. accruals over which the manager can exert some control to manage earnings. The value relevance model measures the quality of financial reporting information by focusing on the associations between accounting figures and stock-market reactions. Accrual model and value relevance literature focus on information disclosed in financial statements to assess the financial reporting quality.

**Financial reporting quality:** The Conceptual Framework for Financial Reporting and guide the measurement of the financial reporting quality of a set of financial report that conform to the qualitative characteristics, and that it is useful for the decisions of users of financial information [28]. The IASB considers relevance as a qualitative characteristic since it's able to measure the possibility of financial reporting information having impact on the decision-making of financial report users: *"financial information is capable of making a difference in the decisions if it has predictive value, confirmatory value, or both"*. Considers relevance as the disclosure of non-financial information focusing on business opportunities and risks, and it provides insight into possible future situations for the organization [7]. Examine faithful representation as it involves examining items on financial statements that are associated with the likelihood of misrepresentation, including the reasoning behind the assumptions, estimations, and discussions for choices of accounting methods, accountants' intentions, unqualified audit reports, and corporate governance statements [28]. Opine that the financial information is faithfully presented when it is "free from bias", and suggest that faithful representation can also be measured by an unqualified auditor's report [28]. Conclude that auditors' report adds value to the financial statement quality by providing assurance that the financial statement presents information faithfully. establish that applying accounting standards that require recognition of amounts that are intended to faithfully represent a firm's underlying economics better explain the quality of financial statements, and they conclude that minimal opportunistic managerial discretion results in better quality financial statements. The Accounting Standards Board provides a guideline for financial reports to be considered 'quality financial report', by adding that it should satisfy both primary and secondary qualities, and it should be able to influence the behaviour of the users.

**Measures of financial reporting quality:** The comprehensive measurement of financial reporting quality consists of the complete annual report, including financial and nonfinancial information. The measurement also focuses on the assessment tools that measure the quality of specific elements of the annual report in depth and includes both financial and non-financial information, and it should evaluate the influence of presenting specific information in the annual report on the decisions made by the users. The Methods that operationalise the qualitative characteristics of financial reports aim to assess the quality of different dimensions of the financial information to determine the decision usefulness of financial reporting information. The IASB and FASB classify understandability, comparability, and timeliness to be less important than relevance and faithful representation but a comprehensive assessment includes them in the measurement of financial reporting quality. The measures should include the complete annual report since financial reporting refers to both financial and non-financial information.

**Relevance:** IASB, FASB and AASB state that relevance is a primary measure of financial reporting quality and it denotes the capability "of making a difference in the decisions made by users in their capacity as capital providers". The measures of relevance take into account four items which refer to the predictive and confirmatory value of information. A number of studies measure financial reporting inappropriately by measuring earnings quality instead of on financial reporting quality [29,30]. Earlier studies inappropriately measured financial reporting quality by completely ignoring non-financial information and excluding 'future' financial information available to the users of the annual report, for example on future transactions. The study adopts financial reporting quality measures recommended in to appropriately measure financial reports which focus on predictive of financial and non-financial information [28].

IASB explain the predictive value of the firm's ability to generate future cash flows: "*information about an economic phenomenon has predictive value if it has value as an input to predictive processes used by capital providers to form their own expectations about the future*". The standard body considers predictive value as the most important indicator of relevance in terms of decision usefulness and measurement of predictive value using three items. The first item measures the extent to which annual reports provide forward-looking statements which is able to describe management's expectations for future years of the company. For capital providers and other users of the annual report, this information is relevant since management has access to private information to produce a forecast that is not available to other stakeholders. The second item measures to the extent the annual report discloses information in terms of business opportunities and risks which complements the financial information by providing non-financial information, when referring to predictive value, and the knowledge that can be obtained of business opportunities and risks, since it provides insight into possible future scenarios for the company. The third item measures company's use of fair value; prior literature refers to the use of fair value versus historical cost when discussing the predictive value of financial reporting information which it often times claims that fair value accounting provides more relevant information than historical cost because it represents the current value of assets, instead of the purchase price.

IASB further explain that the predictive and confirmatory values contribute to the relevance of financial reporting information, and it denotes that information has confirmatory value "if it confirms or changes past (or present) expectations based on previous evaluations". The earlier studies argue that if the information in the annual report provides feedback to the users of the annual report about previous transactions or events, this will help them to confirm or change their expectations. Although some scholars were able to confirm that the financial statements and sections in the annual report are assessed to gain insight into the confirmatory value of the information [28,7].

**Faithful representation:** IASB prescribe faithful representation as the second fundamental qualitative characteristic elaborated in the Exposure Draft (ED). To faithfully represent economic phenomena that information purports to represent, annual financial report must be complete, neutral, and free from material errors. IASB posits that economic phenomena represented in the annual financial report are *"economic resources and obligations and the transactions and other events and circumstances that change them"*. Consistent with empirical literature, faithful representation is measured using five items referring to neutrality, completeness, freedom from material error, and verifiability. It is difficult to measure faithful representation directly by only assessing the annual report since information about the actual economic phenomenon is necessary to assure faithful representation. The estimates and assumptions that closely correspond to the underlying economic constructs can enhance faithful representation. Some studies focus on items in the annual report that increase the probability of faithfully represented information and those items do not always directly refer to the GAAP or IFRS, yet they provide an indirect proxy of faithful representation of financial reporting information prepared in accordance with certain accounting standards. The first proxy refers to the issue 'free from biases. IASB explain that an annual report can never be completely free from bias, since economic phenomena presented in annual reports are frequently measured under conditions of uncertainty. Although complete lack of bias cannot be achieved, a certain level of accuracy is necessary for financial reporting information to be decision useful.

**Understandability:** IASB aver that the first secondary qualitative characteristic of financial reporting is understandability. The IASB framework posits that understandability increases when information is classified, characterized, and presented clearly and concisely. Affirm that understandability is enhanced when quality of financial information enables users to comprehend their meaning. The standard body avers that understandability is measured using five items that emphasize the transparency and clearness of the information presented in annual reports. Firstly, financial information is classified and characterized refers to how well-organized the information is presented in the annual report. If the annual report is well-organized it is easier to understand where to search for specific information. Furthermore, a disclosure of information, particular the notes to the statement of financial position and statement of comprehensive income, may be valuable in terms of explaining and providing more insight into earnings figures. The framework also provides that the narrative explanations provided in annual report help to increase the understandability of information. The preparers of the annual report should combine words and sentences that are easy to understand, the reader will be more likely to understand the content as well. The fourth measure of faithful representation refers to the unqualified auditor's report. Various researchers examined the impact of an audit and the auditors' report on the economic value of the firm. Extant studies conclude that the auditors' report adds value to financial reporting information by providing reasonable assurance about the degree to which the annual report represents economic phenomena faithfully. Finally, an increasingly important consideration in the annual report related to faithful representation is the corporate governance statement. Some scholars establish that corporate governance can be defined as the mechanisms by which a business enterprise, organised in a limited liability corporate form, is directed and controlled. Several researchers examine the association between financial reporting quality and corporate governance, internal control, earnings manipulations and fraud, and find that poor governance and internal controls reduce the quality of financial reporting. Earlier studies assert that corporate governance information adds value to capital providers. Some studies provide that corporate governance information increases the probability of faithfully represented information.

**Comparability:** IASB provides the second secondary qualitative characteristic is comparability, which "is the quality of information that enables users to identify similarities in and differences between two sets of economic phenomena". This implies that similar situations should be presented the same way, while different situations should be presented differently. Comparability is measured using six items that focus on consistency. Four items refer to the consistency in use of the same accounting policies and procedures from period to period within a company. Provide two items used to measure the comparability in a single period across companies which involve consistency, and it refers to the use of the same accounting policies and procedures, either from one period to another within an entity or in a single period across entities. The Exposure Draft provides that companies should strive for comparability by means of consistency. Some studies operationalise consistency by referring to coping with change and uncertainty. The new information, rules or regulation cause companies to change their estimates, judgments, and accounting policies. Consistent reporting refers to using the same accounting procedures every year; this implies that year's figures should be comparable to the previous years' figures. It also implies that a company provides an overview in which to compare the results of different years, even when no changes in estimates, judgements, or accounting policies occurred, this will improve the comparability of financial reporting information. Comparability does not only refer to the consistency of the use of accounting procedures by a single company, it also refers to comparability between different companies. When assessing the comparability of annual reports of different companies, the accounting policies used, the structure of the annual report, and the explanation of transactions and other events are of special importance. In addition, ratios and index numbers can be useful when comparing companies' performance

## METHODOLOGY

### Research design

The study adopted a descriptive survey design, majorly quantitative leaning, and supported by qualitative approach explains descriptive research as an approach a researcher uses to present a picture of the specific situation in details, the social setting, or relationship, and asserts that many of the social research found in scholarly journals or used for policy decisions are descriptive. The descriptive survey design which combines quantitative and qualitative approaches are widely used in many management and social sciences research projects. Descriptive survey was used to investigate research problems when focusing on a large number of respondents, and at the same time aiming to obtain in-depth findings from the study within a reasonably shorter time. A descriptive survey supports knowledge generating through positivistic paradigm. It allows reasonable number of participants to take part in a study within reasonably shorter time. It commonly follows the natural science approach of setting up the population design, sample size and sampling methods, and it tends to generate credible and trustworthy results that are generalizable.

Since descriptive survey also allows the qualitative approach, the researcher conducted interviews with key informants to gain in-depth understanding on the variables of study through sharing of their experiences. The qualitative approach is linked with the constructivist paradigm which dates back to the works of, through their elaborate work on '*positivist research*' whereby they oppose the hypothesis testing type of research and instead they describe it as ... '*simply the primary basis of scientific enquiry*' and opine that '*while that assumption may be appropriate to the kind of data processed by the natural sciences, social and management scientists have to bear in mind that social variables are intrinsically more difficult to isolate and test*'. Notes that much as qualitative research approach would obtain in-depth data and generates knowledge that is associated with the real situation, it takes a lot of time to gather such data, and be able to conclude the study.

The participants were selected purposely from different companies. The researcher engaged two research assistants who administered the questionnaires. The research Assistants were trained on techniques of administering questionnaires. The questionnaires are constructed with different measurement scales, mainly using nominal and ordinal scales. The questionnaires were administered to individual business managers, suppliers, and customers together with informed consent forms. The respondents read and understood the informed consent forms before they signed them. Then thereafter, they responded to questionnaires. The questionnaires were designed in to obtain responses from participants using 5-point Likert scale rating, measured from the lowest point to the highest point, designated as; **strongly disagree**-rating value **1**, **disagree**-rating value **2**, **not sure**-rating value **3**, **agree** -rating value **4**, **strongly agree**-rating value **5**.

**Study population and sample size:** The unit of analysis of the study is the Uganda Registration Services Bureau (URSB)-Compliant companies operating in Kampala Capital City Authority (KCCA) based on Companies Act 2012. The URSB-compliant companies are the ones that file annual audited financial reports, and other relevant information with the URSB on regular terms. The number of URSB-compliant companies that operate in KCCA, which is the study population is 28,129. These firms have google map location with telephone contacts, email addresses, and defined products they deal in on their websites. The unit of inquiry of the study is managers of the companies who are also the primary users of the financial reports of their companies. The managers are selected from among the sample companies to give responses either through interviews or by filling questionnaires. The study selects purposively manager from sampled company to respond to research tools. The researcher determined the sample size by using the table of sample size determination. The table has two columns; the first column represents study population (N) size, and second column shows the sample (S) size. The researcher followed a two-step procedure to determine sample size; First step is to locate the study population (URSB-compliant companies in KCCA) on the table population column, which is 28,129 companies (*unit of analysis*) on the table, and the Second step is to locate and identify a sample size on the table which corresponds with the study population (28,129), which gives a corresponding value 379 of sample size. Support the use of table as a scientific method for determining sample size. Therefore, the study is conducted in 379 URSB- Compliant companies operating in KCCA. The study corroborated the URSB figures with the ones obtained from KCCA generated figure which are normally used for assessing trading license on resident companies. However, the KCCA list includes companies that are not compliant. So for purpose of this study, the URSB list is the one preferred. The description of study population and sample size is presented in Table 1.

In the Krejice and Morgan (1970) model; $s = X^2NP(1-P)/d^2(N-1) + X^2P(1-P)$: Where; s = the required sample size; N = the population size; $X^2$ = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841); P = is the population proportion (assumed to be .50 since this would provide the maximum sample size), and d = is the tolerance error expressed as a proportion (.50 = 5%). Therefore, upon applying the formula, the sample size (s) is 379.

**Sample size distribution**: Before selecting the 379 URSB-compliant companies from the study population (28129), the companies are arranged according to sectors (i.e. telecommunication, manufacturing, banking, insurance, pharmaceutical and chemicals, software and web design, oil, gas, and power, professional services, water drilling and treatment, construction, breweries, and food chain, among others) to enable the investigator determine the number to select from each sector. The investigator then used proportionate sample distribution technique to calculate and allocate the respective samples to the sectors based on stratified sampling approach formula (*Sector population figure/Total population* *Sample size) for each category as listed in the table. The formula enabled the investigator to generate the sample distribution column. Accordingly, the study population and sample sizes for each of the sectors compliant to URSB are presented in Table 2.

**Table 1:** Study population and sample size determination.

| Companies | Population | Sample |
|---|---|---|
| URSB-registered companies in Kampala | 28,129 | 379 |
| Total | 28,129 | 379 |

**Sampling procedure for quantitative approach**

The researcher followed a **two stage** process in selecting sample:

**Stage one:** the researcher selected companies from each sector using stratified sampling method from the sample frame and the corresponding sample sizes for each sector already established. Since some sectors have fewer numbers of study population, the corresponding sample equally became small, with some represented by only one company selected, others two while others had a couple of companies selected depending on the size of population. **Stage two;** at this stage, the researcher determined the unit of inquiry (actual respondents) as participants to respond to the research tools. The researcher purposively selected one respondent (manager, supplier, or customer) from each sampled company to respond to the research tool. A total of 379 respondents are selected to participate in the study (Tables 3 and 4).

## Results

Examining the relationship between societal culture and financial reporting quality;

**Table 2:** Sample size distribution.

| SN. | Industry | Population | Sample |
|---|---|---|---|
| 1 | Financial institution | 41 | 1 |
| 2 | Insurance | 23 | 1 |
| 3 | Pharmaceutical & Chemical | 84 | 2 |
| 4 | Software and Web design | 57 | 1 |
| 5 | Construction | 127 | 2 |
| 6 | Drilling and treatment | 6 | 1 |
| 7 | Security services | 26 | 1 |
| 8 | Equipment hire, transport & forwarding | 28 | 1 |
| 9 | Professional services | 31 | 1 |
| 10 | Fabrication and furniture | 119 | 2 |
| 11 | Manufacturing | 97 | 2 |
| 12 | Oil, Gas, and Power | 160 | 2 |
| 13 | Real estate and property management | 27 | 1 |
| 14 | Telecommunication | 5 | 1 |
| 15 | Education institutions | 289 | 4 |
| 16 | Health services | 156 | 3 |
| 17 | Printing and documentation | 1743 | 24 |
| 18 | Food chain | 9,562 | 129 |
| 19 | Trade and commerce | 15,423 | 197 |
| 20 | Hotel and hospitality | 102 | 2 |
| 21 | Auto parts and Garages | 23 | 1 |
| | Total | 28129 | 379 |

**Table 3:** A correlation analysis: study global variables.

| Variable | M | SD | 1 | 2 |
|---|---|---|---|---|
| SC (1) | 256.59 | 12.19 | 1 | .507** |
| FRQ (2) 132.28 | 6.91 | | | |

**Table 4:** b Hierarchical regression of societal culture, and financial reporting quality.

| Model | R | $R^2$ | Adj.$R^2$ | SEE | $R^2\Delta$ | F$\Delta$ | df1 | df2 | SigF$\Delta$ |
|---|---|---|---|---|---|---|---|---|---|
| 1 | .046[a] | 0.002 | -0.001 | 6.925 | 0.002 | 0.607 | 1 | 293 | 0.436 |
| 2 | .507[b] | 0.257 | 0.252 | 5.984 | 0.255 | 99.401 | 1 | 292 | 0 |

a = predictors: (constants), sex

b = predictors: (constant), sex, societal culture

The above table presents the model which shows that societal culture explain variance in financial reporting quality by up to 25.5% (.255 * 100%), at F = 99.401 Significance (p = .000). The ß-coefficient of model of societal culture is .505, t = 9.970 significant (p = .000). The correlation table 4.1a shows that there is significant relationship between societal culture and financial reporting quality. The results in table's 4.1a and 4.1b support the assertion in which affirms that the culture of managers influences the skills they possess, and it determines their performances [17]. Asserts that cultures are specific to societies, and he emphasises that techniques or philosophies that apply in one society may not necessarily be appropriate for others because of the unique values, beliefs or practices of the different societies [17]. Explain that societal culture influences people's work behaviour, priorities and values. aver that there is a relationship between societal culture and organisation performance, and this includes financial performance which is assessed from financial reports. State that the global world presents that contemporary business managers recognise that cultures of societies are interconnected and they influence stakeholder behavior and organizational performance [13]. Attest that values determine social connections which vary in different cultures, and being thoughtful about these values is critical in effective management of the managers in organizations [21]. Their study emphasises that societal values influence organisational performance. Elucidates that international business experts recognise that the successes of global business calls for flexible responses to different values in their companies [31] (Table 5).

## Hypotheses testing

The study developed 9 hypotheses through an extensive literature review which are presented in chapter one. The study sets to test the hypotheses using underlying data, and the results are presented; (Table 6).

Table 4.3 above presents the model which shows that power distance explains variance in financial reporting quality by up to 5.7% ($R^2\Delta$ = .057 * 100%), at F$\Delta$ = 17.568 Significance (p = .000). The ß-coefficient of model of power distance is .239, t = 4.191 significant (p = .000). Table 4.2, it also reveals that power distance significantly correlates with financial reporting quality (r = .338, $p \leq 0.05$). The study establishes that there is relationship between power distance and financial reporting quality which supports hypothesis ***h1***. This result shows that power sharing, sharing of responsibilities and assignment of duties to different officials, as well as sharing resources among work groups are common phenomena in the society. It reveals that activities are implemented by different people at various levels which is a bases for staff commitment to company targets leading to improved performance and quality financial reporting. The study brings out a new knowledge that lower level staffs support the practice of company managers superintending over them, and they participate in executing tasks that are assigned to them by managers, and this influences their commitment to company targets, and in financial reporting quality. Based on the result, it can be deduced that there is high power distance in Ugandan society which is explained by concentration of power at the level of managers which they exercise through issuing instructions to junior staffs. This result is consistent with the assertion in, who asserts that members of societies expect and agree that power should be stratified and concentrated at higher levels of organization, and subordinates receiving instructions from supervisors to perform tasks or activities. This finding is consistent with, who assert that power distance involves people at lower hierarchies in organisations waiting for instructions from those at higher levels before work can commence, and it leads to effective and efficient delivery of services in organizations [12-13] (Table 7).

Table above presents the model which shows that institutional collectivism explains variance in financial reporting quality by up to 10.5% ($R^2\Delta$ = .105 * 100%), at F$\Delta$ = 34.065 Significance (p = .000). The ß-coefficient of model of institutional collectivism is .325, t = 5.837 significant (p = .000). In a similarly way, table 4.2 reveals that institutional collectivism significantly correlates with financial reporting quality (r = .318, $p \leq 0.01$). The study establishes that there is relationship between institutional collectivism and financial reporting quality ***h2***. This result suggests that employees in many of the companies follow appropriate methods to share benefits to individual staffs in the companies, managers also disseminate information to junior staffs in the companies to support each other which they use to support team operations in task accomplishments and it leads to quality outputs of companies as well as quality financial reports. This study brings out a new knowledge regarding organisational set up in which team members support each other which influences overall performance and timely presentation of financial reports. The result is consistent with, who posit that institutional collectivism is the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action by members of organisations in order to achieve their objectives [13,17] (Table 8).

Table above presents the model which shows that in-group collectivism explains variance in financial reporting quality by up to 10.3% ($R^2\Delta$ = .103 * 100%), at F$\Delta$ = 33.218 Significance (p = .000). The ß-coefficient of model of in-group collectivism is .321, t = 5.764 significant (p = .000). The result in table 4.2 also shows that in-group collectivism significantly correlates with financial reporting quality (r = 322, $p \leq 0.01$). The study establishes that

**Table 5:** Correlation analysis: dimensions of societal culture and financial reporting quality.

| Variable | M | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pd (1) | 25.48 | 2.26 | 1 | .266* | .340** | .246** | .193** | .170** | .175** | .063 | .047 | .238** |
| Ic (2) | 25.48 | 2.86 | | 1 | .317** | .230** | .196** | .180** | .196** | .255** | .237** | .318** |
| Igc (3) | 34.33 | 3.33 | | | 1 | .439** | .230** | .256** | .230** | .126** | .236** | .322** |
| Ge (4) | 30.29 | 2.69 | | | | 1 | .319** | .209** | .186** | 0.079 | .294** | .384** |
| As (5) | 43.91 | 2.97 | | | | | 1 | .183** | 0.091 | 0.02 | .142* | .331** |
| Fo (6) | 26.52 | 2.3 | | | | | | 1 | .163* | 0.075 | .126* | .218** |
| Po (7) | 26.52 | 2.02 | | | | | | | 1 | .130* | .243* | .181** |
| Ua (8) | 17.91 | 1.62 | | | | | | | | 1 | .163** | .145* |
| Ho (9) | 26.35 | 2.09 | | | | | | | | | 1 | .255** |
| Frq10 | 132.27 | 6.91 | | | | | | | | | | 1 |

**Table 6:** Hierarchical regression model testing hypothesis 1.

| Model | R | $R^2$ | Adj.$R^2$ | SEE | $R^2\Delta$ | FΔ | df1 | df2 | SigFΔ |
|---|---|---|---|---|---|---|---|---|---|
| 1 | .046[a] | 0.002 | -0.001 | 6.91409 | 0.002 | 0.617 | 1 | 292 | 0.433 |
| 2 | .243[b] | 0.059 | 0.053 | 6.72528 | 0.057 | 17.568 | 1 | 291 | 0 |

A-predictors: (constant), sex

B-predictors: (constant), sex, power distance

**Coefficients**[a]

| Variable | ß | SE | t | sig |
|---|---|---|---|---|
| Sex | -0.046 | 0.81 | -0.785 | 0.433 |
| Power distance | 0.239 | 0.174 | 4.191 | 0 |

**Table 7:** Hierarchical regression model testing hypothesis 2.

| Model | R | $R^2$ | Adj.$R^2$ | SEE | $R^2\Delta$ | FΔ | df1 | df2 | SigFΔ |
|---|---|---|---|---|---|---|---|---|---|
| 1 | .046[a] | 0.002 | -0.001 | 6.91409 | 0.002 | 0.617 | 1 | 292 | 0.433 |
| 2 | .327[b] | 0.107 | 0.101 | 6.55187 | 0.105 | 34.065 | 1 | 291 | 0 |

A-predictors: (constant), sex

B-predictors: (constant), sex, institutional collectivism

**Coefficient**[a]

| Variable | ß | SE | t | sig |
|---|---|---|---|---|
| Sex | -0.046 | 0.771 | -1.379 | 0.169 |
| Institutional collectivism | 0.325 | 0.135 | 5.837 | 0 |

a. *Independent variable: financial reporting quality*

**Table 8:** Hierarchical regression model testing hypothesis 3.

**Model Summary**

| Model | R | $R^2$ | Adj.$R^2$ | SEE | $R^2\Delta$ | FΔ | df1 | df2 | SigFΔ |
|---|---|---|---|---|---|---|---|---|---|
| 1 | .046[a] | 0.002 | -0.001 | 6.91409 | 0.002 | 0.617 | 1 | 292 | 0.433 |
| 2 | .324[b] | 0.105 | 0.098 | 6.56045 | 0.103 | 33.218 | 1 | 291 | 0 |

A-predictors: (constant), sex

B-predictors: (constant), sex, in-group collectivism

**Coefficient**[a]

| Variable | ß | SE | t | sig |
|---|---|---|---|---|
| Sex | -0.027 | 0.77 | -0.479 | 0.637 |
| In-group collectivism | 0.321 | 0.115 | 5.764 | 0 |

a. *dependent variable: financial reporting quality*

there is relationship between in-group collectivism and financial reporting quality ***h3***. The result reveals that employees/members are humble, committed to work, they support each other in executing activities as they achieve organisational goals, they care and promote appropriate values in their organisations which lead to quality results and timely financial reports. This result brings out a new knowledge about the society which appears to support which explain that colleagues have a direct influence in the way in which societal culture evolves, and that the collective position taken by a group influences their cultural orientation through the values, practices and beliefs they hold on practices and outputs. The result is also consistent with which assert that in-group collectivism is the degree to which individuals in a group express pride, loyalty and cohesiveness in the organizations they work and the output [13] (Table 9).

Table above presents the model which shows that gender egalitarianism explains variance in financial reporting quality by up to 14.6% ($R^2\Delta$ = .146 * 100%), at $F\Delta$ = 49.471 Significance (p = .000). The ß-coefficient of model of gender egalitarianism is .383, t = 7.034 significant (p = .000). The result in table 4.2 also shows that gender egalitarianism significantly correlates with financial reporting quality (r = 384, $p \leq 0.01$). The study was able to establish that there is a relationship between gender egalitarianism and financial reporting quality ***h4***. The result shows that employees promote gender equality, women activities, and honesty which promote production as well as quality financial reporting. The result shows that the cohesion among employees supports freedom, benefits for different gender categories in the society in organisations. The results also show that employees are sensitive on gender issues, they also support equal opportunities at work, they support and practice rules on vulnerable groups (especially persons with disability, women, and elderly) at work. The results reveal that the practices of gender equality, and uniform treatment of all gender at work places has created harmony in many companies that practice equality leading resulting to employee commitment and performance. This result is consistent, which posits that an egalitarian society sees its people as moral equals and it promotes practices whereby everyone shares the same basic interest as human beings. In a related study, emphasizes that in an egalitarian society, people are socialised to internalise a commitment to cooperate and to feel concerned for everyone's welfare (Table 10).

Table above presents the model which shows that assertiveness explains variance in financial reporting quality by up to 10.9% ($R^2\Delta$ = .109 * 100%), at $F\Delta$ = 35.423 Significance (p = .000). The ß-coefficient of model of assertiveness is .330, t = 5.952 significant (p = .000). The result in table 4.2 above also reveals that assertiveness significantly correlates with financial reporting quality (r = .331, $p \leq 0.01$). The study establishes that there is a relationship between assertiveness and financial reporting quality ***h5***. The study reveals that employees take positions on matters that confront them, the result also emphasises that employees who possess higher qualifications and experience are more aggressive than the less educated, and the study found that men are more aggressive than women. In a more specific manner, the study establishes that staffs in many of the companies are hard-working, some work beyond official working hours without demanding for overtime allowances. The study result further shows that a number of employees in companies work aggressively towards beating deadlines and producing financial reports in time. The result is a new knowledge that brings out empirical evidence on assertiveness of the employees at work places, and commitment to results in organisations. The result agrees with who aver that age, sex, level of education and knowledge, confidence and experience determine the level of assertiveness. The study also reveals that young and highly educated employees regardless of sex are more aggressive compared to their older counterparts. The study also establishes that the gender of workers does not matter when assessed on level of aggressiveness. It emphasises that there many female employees in organisations that are as aggressive as their male counterparts (Table 11).

Table above presents the model which shows that future

**Table 9:** Hierarchical regression model testing hypothesis 4.

| **Model** | **R** | **$R^2$** | **Adj.$R^2$** | | **SEE** | | **$R^2\Delta$** | **$F\Delta$** | **df1** | **df2** | **SigFΔ** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | .046[a] | 0.002 | -0.001 | | 6.91409 | 0.002 | 0.617 | 1 | 292 | 0.433 | |
| 2 | .385[b] | 0.148 | 0.142 | | 6.41088 | 0.146 | 49.471 | 1 | 291 | 0 | |
| A-predictors: (constant), sex | | | | | | | | | | | |
| B-predictors: (constant), sex, gender egalitarianism | | | | | | | | | | | |
| **Coefficient[a]** | | | | | | | | | | | |
| Variable | | | ß | | SE | | t | | sig | | |
| Sex | | | | -0.017 | | 0.755 | | -0.305 | | 0.761 | |
| Gender egalitarianism | | 0.383 | | 0.14 | | 7.034 | | 0 | | | |
| *Dependent variable: financial reporting quality* | | | | | | | | | | | |

**Table 10:** Hierarchical regression model testing hypothesis 5.

| **Model Summary** | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Model** | **R** | **$R^2$** | **Adj.$R^2$** | | **SEE** | | **$R^2\Delta$** | **$F\Delta$** | **df1** | **df2** | **SigFΔ** |
| 1 | .046[a] | 0.002 | -0.001 | | 6.91409 | 0.002 | 0.617 | 1 | 292 | 0.433 | |
| 2 | .333[b] | 0.111 | 0.105 | | 6.53818 | 0.109 | 35.423 | 1 | 291 | 0 | |
| A-predictors: (constant), sex | | | | | | | | | | | |
| B-predictors: (constant), sex, assertiveness | | | | | | | | | | | |
| **Coefficient[a]** | | | | | | | | | | | |
| Variable | | | ß | | SE | | t | | sig | | |
| Sex | | | | -0.03 | | 0.767 | | -0.34 | | 0.589 | |
| Assertiveness | | | 0.33 | | 0.129 | | 5.952 | | 0 | | |
| a. *dependent variable: financial reporting quality* | | | | | | | | | | | |

orientation explains variance in financial reporting quality by up to 4.7% ($R^2\Delta$ = .047 * 100%), at $F\Delta$ = 14.349 Significance (p = .000). The ß-coefficient of model of future orientation is .217, t = 3.788 significant (p = .000). The study result in table 4.2 above also shows that future orientation significantly correlates with financial reporting quality (r = .318, $p \le 0.05$). The study establishes that there is a relationship between future orientation and financial reporting quality ***h6***. The result reveals that individual employees in companies set up plans which they pursue, they also set aside resources to support them in the future. The workers prepare organisational plans, and they plan resources to execute them. The result supports the assertion in which states that future orientation is the degree to which individuals in societies or groups engage in future oriented behaviours such as planning, investing and delaying individual or collective gratification [13]. The result also supports the assertion in which argues that people's historical difference as well as their origin explain the character, behaviour, and lifestyle as regards to savings, expenditure behaviors, and investments (Table 12).

Table above presents the model which shows that performance orientation explains variance in financial reporting quality by up to 3.2% ($R^2\Delta$ = .032 * 100%), at $F\Delta$ = 9.693 Significance (p = .002). The ß-coefficient of model of performance orientation is .179, t = 3.105 significant (p = .002). The result in table 4.2 also shows that performance orientation significantly correlates with financial reporting quality (r = .181, $p \le 0.01$). The study results above establish that there is a relationship between performance orientation and financial reporting quality ***h7***. The result reveals that employees in companies support activities that lead to excellence at work places, they support high grades passes in schools, and they praise employees who accomplish major milestones. The result also discloses that employees in companies support innovative ideas, hardworking colleagues, and they recognise employees who perform exceptionally at work. The result also shows that many micro businesses operate on small scale, not able to generate sufficient funds in excess of expenditures thus making their survival difficult. The study brings out a new knowledge which upholds values and practices of hard work, work excellence, and high performance that support quality financial reporting in private organisations. The result is consistent on performance attributes presented in, in which characterizes performance orientation as the degree to which members in a society encourage and reward their colleagues who excel at work, innovate, and work hard in organizations [13]. Although the study result establishes that a number of employees sometimes depend on colleagues for survival and to succeed which creates burdens on those they deem successful, it constraints the savings, and investment of those workers and sometimes forcing them to engage in immoral practices. The result recognises the some of the incidences of corruption by some employees is due to distressing effect they experience from extended members which also affect service quality. The study outcome supports the exposition in, which avers that corruption affects human capital development negatively by negating growth of domestic product, and by setting in economic shocks through distortions in resource allocation and capital development [25]. The study outcome also supports the view provided in, which positions that the eroding characters among students engaging in cheating during examinations weakens a country's human capital development and it stunts the economy growth due to the entrenched corruption which is also exacerbated by increased income inequalities. opine that economies whose culture embed hard working, and innovativeness, and high performance orientation tend to focus on work and they generate results while societies whose cultures are orientated on dependence, idle talk and time wasting are not hard working and many of such groups are lazy and poor [25,26] (Table 13).

Table above presents the model which shows that uncertainty

**Table 11:** Hierarchical regression model testing hypothesis 6.

| **Model** | **R** | **$R^2$** | **Adj.$R^2$** | | **SEE** | | **$R^2\Delta$** | **$F\Delta$** | **df1** | **df2** | **Sig$F\Delta$** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | .046[a] | 0.002 | -0.001 | | 6.91409 | 0.002 | 0.617 | 1 | 292 | 0.433 | |
| 2 | .222[b] | 0.049 | 0.043 | | 6.76076 | 0.047 | 14.349 | 1 | 291 | 0 | |
| A-predictors: (constant), sex | | | | | | | | | | | |
| B-predictors: (constant), sex, future orientation | | | | | | | | | | | |
| **Coefficient[a]** | | | | | | | | | | | |
| Variable | | | ß | | SE | | t | | sig | | |
| Sex | | | | -0.039 | | 0.793 | | -0.684 | | 0.495 | |
| Future orientation | | 0.217 | | 0.172 | | 3.788 | | 0 | | | |
| a. *dependent variable: financial reporting quality* | | | | | | | | | | | |

**Table 12:** Hierarchical regression model testing hypothesis 7.

| **Model** | **R** | **$R^2$** | **Adj.$R^2$** | | **SEE** | | **$R^2\Delta$** | **$F\Delta$** | **df1** | **df2** | **Sig$F\Delta$** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | .046[a] | 0.002 | -0.001 | | 6.91409 | 0.002 | 0.617 | 1 | 292 | 0.433 | |
| 2 | .185[b] | 0.034 | 0.028 | | 6.81368 | 0.032 | 9.639 | 1 | 291 | 0.002 | |
| A-predictors: (constant), sex | | | | | | | | | | | |
| B-predictors: (constant), sex, performance orientation | | | | | | | | | | | |
| **Coefficient[a]** | | | | | | | | | | | |
| Variable | | | ß | | SE | | t | | sig | | |
| Sex | | | | -0.034 | | 0.806 | | -0.686 | | 0.994 | |
| Performance orientation | 0.179 | | 0.614 | | 3.105 | | 0.002 | | | | |
| A. *dependent variable: financial reporting quality* | | | | | | | | | | | |

**Table 13:** Hierarchical regression model testing hypotheses 8.

| Model | R | $R^2$ | Adj.$R^2$ | SEE | $R^2\Delta$ | FΔ | df1 | df2 | SigFΔ |
|---|---|---|---|---|---|---|---|---|---|
| 1 | .046[a] | 0.002 | -0.001 | 6.91409 | 0.002 | 0.617 | 1 | 292 | 0.433 |
| 2 | .149[b] | 0.022 | 0.016 | 6.85566 | 0.02 | 5.981 | 1 | 291 | 0.015 |

A-predictors: (constant), sex

B-predictors: (constant), sex, uncertainty avoidance

| **Coefficient[a]** | | | | |
|---|---|---|---|---|
| Variable | ß | SE | t | sig |
| Sex | -0.034 | 0.806 | -0.768 | 0.443 |
| Uncertainty avoidance | 0.142 | 0.249 | 2.446 | 0.015 |

*a. dependent variable: financial reporting quality*

**Table 14:** Hierarchical regression model testing hypothesis 9.

| Model | R | $R^2$ | Adj.$R^2$ | SEE | $R^2\Delta$ | FΔ | df1 | df2 | SigFΔ |
|---|---|---|---|---|---|---|---|---|---|
| 1 | .046[a] | 0.002 | -0.001 | 6.91409 | 0.002 | 0.617 | 1 | 292 | 0.433 |
| 2 | .258[b] | 0.067 | 0.06 | 6.69771 | 0.065 | 20.106 | 1 | 291 | 0 |

A-predictors: (constant), sex

B-predictors: (constant), sex, humane orientation

| **Coefficient[a]** | | | | |
|---|---|---|---|---|
| **Variable** | **ß** | **SE** | **t** | **sig** |
| Sex | -0.044 | 0.785 | -0.768 | 0.443 |

*a. dependent variable: financial reporting quality*

avoidance does not explain variance in financial reporting quality by up to 2.0% ($R^2\Delta$ = .020 * 100%), at FΔ = 5.981 Significance (p = .015). The ß-coefficient of the model of uncertainty avoidance is .142, t = 2.446 significant (p = .015). The result in table 4.2 above however shows that uncertainty avoidance significantly correlates with financial reporting quality (r = .145, p ≤ 0.05). The study results in tables 4.15 and 4.2 are contradictory when assessed closely on ***h8***. The correlation result appears to support the hypothesis while the hierarchical regression is opposed, and if assessed on the correlation result, the result is partly consistent with who assert that uncertainty avoidance is the extent to which members avoid engaging in acts that they are uncertain about, by committing to the already established norms, values, and practices that they are familiar with. The finding also brings out a critical knowledge on attributes of employees which reveals that many of them commit to known values and practices, and only the young employees adapt to new practices to accomplish tasks in organisations. When the result is taken from the hierarchical regression, it supports the orientation of young employees who are known to behave contrarily and it is in line with the assertion in thus bringing out a new finding that younger employees do not avoid uncertainty, instead they enjoy working in uncertain tasks and this explains their involvement in innovation, and creativity especially in the field of ICT [13] (Table 14).

Table above presents the model which shows that humane orientation explains variance in financial reporting quality by up to 6.5% ($R^2\Delta$ = .065 * 100%), at FΔ = 20.106 Significance (p = .000). The ß-coefficient of the model of humane orientation is .254, t = 4.484 significant (p = .000).

The study result in table 4.2 above shows that humane orientation significantly correlates with financial reporting quality (r = .255, p ≤ 0.01). The study establishes that there is a relationship between humane orientation and financial reporting quality ***h9***. The result displays that members rewards their colleagues who are helpful to others, empathetic, honest, and truthful as they perform tasks in organisations. The result discloses that organisation that build attributes of honesty, helping, and truthfulness are effectively managed, and the employees are efficient and they produce quality financial reports. The result of the study supports the assertion which explains that humane orientation from an individual inference involving attributes of caring for others, altruistic by acting selflessly, and being kind to others are attributes which promote harmony in organizations and in societies attest that individuals should not only practice humane orientation within the society or in organisations but they should also do the same to individuals outside the societal or other members of organisations. In practice, kindness and caring for colleagues and others are common experiences witnessed among Ugandan society which asserted by interviewees as an empirical findings and as a new knowledge from this study.

## CONCLUSION

The values, beliefs, and practices summed as societal culture of Ugandans appear to influence accountants in their ways of managing financial records, application of accounting principles, policies, standards, and overall preparation of financial reports. These attributes collectively coined in main axis form the 9 dimensions of societal culture namely; power distance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation, uncertainty avoidance, and humane orientation tend to influence financial reporting quality. The 9 study hypotheses which were constructed on the dimensions of societal culture are all accepted after establishing that the relationships are all confirmed.

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