

**FINANCIAL REPORTING TRANSPARENCY AND SHAREHOLDER
INVESTMENT DECISIONS IN MANUFACTURING FIRMS IN UGANDA :A CASE
STUDY OF QUALITY CHEMICALS INDUSTRIES LIMITED**

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DECLARATION

I, MAYANJA SAMUEL MUBIRU, declare that this research dissertation titled: *“Financial Reporting Transparency and Shareholder Investment Decisions in Manufacturing Firms in Uganda: A case study of Quality Chemicals Industries Limited”* is my original work and has not been submitted to any other institution for any academic award. Any references to the works of other authors have been duly acknowledged.

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APPROVAL

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ABSTRACT

This research examined the impact of the transparency of financial reporting on shareholder investment decisions within Uganda's manufacturing industries, using Quality Chemical Industries Limited (QCIL) as the study focus. Utilizing a descriptive and correlational study design, incorporating a quantitative method, the study looks into the effect of the accuracy, timeliness, and completeness of financial disclosure on shareholder actions. Data was obtained from 189 respondents, comprised of 137 potential shareholders, 26 financial analysts, 6 investment managers and 20 other participants. The total sample population was 405 respondents. The total sample size was 242 respondents. Pearson correlation and regression tests indicate that the accuracy and completeness of financial disclosure significantly ensure shareholder investment choices, as indicated by positive association measures that show their effectiveness in minimizing asymmetries of information and boosting investor confidence. Worthwhile, timeliness of reporting is insignificant, thereby revealing that quality outruns speed for most shareholders. These results present an insightful picture of the essentiality of proper and extensive financial reporting for building confidence and making informed choices within Uganda's manufacturing industries. It is recommended that manufacturing companies such as QCIL intend to define robust internal auditing processes, apply international reporting standards, and enhance disclosures for non-financial measures such as ESG factors. Moreover, an enhanced body of corporate governance, as well as investor enlightenment, can help reporting processes converge toward shareholder expectations. Future scholars can examine limited effects of reporting promptness and cross-comparison of transparency processes between various African countries to expand the body of knowledge on investor preferences within emerging nations.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background of the study, problem statement, objective of the study i.e. main and specific objectives, research questions, scope of the study i.e. context, geographical and time scope, justification of the study, significance of the study and conceptual framework.

1.1 Background to the study

1.1.1 Conceptual background

Financial reporting transparency refers to the extent to which businesses provide accurate, timely, and comprehensive financial information to stakeholders. It entails disclosing financial data in a manner that is consistent, accessible, and comparable, thereby enabling investors to make well-informed investment decisions (Alardi & Altass, 2021). Transparency minimizes uncertainty by supplying detailed information on company performance, risks, and growth prospects, while simultaneously reducing the risk of misinformation (Mohammadi & Nezhad, 2015). Shakespeare (2020) emphasizes that transparent reporting strengthens investor confidence by enhancing credibility and promoting market trust.

Key attributes of financial reporting transparency include accuracy in revenue recognition, clarity in financial statement presentation, and adequate risk disclosure. Accurate revenue recognition aligns reported revenues with established standards, thereby reducing manipulation and increasing consistency (Jamaludin et al., 2024). Clear financial statements that reflect the true economic position of a firm allow stakeholders to understand financial health with ease (Le et al., 2023). Furthermore, disclosure of financial and operational risks equips investors to evaluate potential uncertainties more objectively (Dratwińska-Kania et al., 2023). When organizations excel in these areas, they earn sustained investor trust and long-term financial commitment (Wang, 2024).

Transparent disclosures reduce information asymmetry by giving investors equal access to critical information, thereby increasing decision confidence and decreasing speculative risks (Roychowdhury et al., 2019). Le et al. (2023) further note that high-quality reporting reduces

uncertainty and promotes efficient capital allocation, ensuring shareholder resources are optimally deployed. By providing investors with tools for comparing firm performance, transparent reporting facilitates rational decision-making in competitive environments (Xie, 2024).

Corporate governance plays a complementary role in fostering transparency. Effective governance structures such as independent boards and audit committees ensure accountability, ethical behaviour, and compliance with reporting standards (Alduais et al., 2023). Wanjau et al. (2018) emphasize that these practices safeguard against manipulation and promote credibility, while Bui and Krajcsák (2024) stress that strong governance reduces the likelihood of earnings misrepresentation. Moreover, transparent governance mechanisms empower investors to monitor managerial activity more effectively, improving accountability and enhancing financial performance (International Finance Corporation, 2018).

Transparency also addresses the problem of information asymmetry, where one party has superior information to another, leading to unfair advantages in investment markets (Biehl et al., 2024). Comprehensive disclosures help bridge this gap, boosting investor confidence (Mohammadi & Nezhad, 2015). Transparency ensures that financial information remains reliable and credible by curbing earnings management where firms deliberately distort results to meet targets (Roychowdhury et al., 2019). According to Wang (2024), financial accountability reinforces transparency by requiring managers to adhere to ethical and accurate reporting standards.

Shareholders' investment choices are shaped by their perceptions of a firm's financial strength, growth potential, and risk exposure (Yoro, 2024). Transparent reporting provides detailed data for analyzing current performance and future outlooks (Shakespeare, 2020). Theoretical models further support this connection. For example, the Efficient Market Hypothesis argues that transparent disclosures improve the ability of markets to price securities fairly (Le et al., 2023). Similarly, Signaling Theory suggests that firms providing detailed disclosures signal strength and reliability, thereby attracting greater investor interest (Xie, 2024). Collectively, these perspectives confirm that financial reporting transparency significantly shapes investor attitudes and behaviours.

1.1.2 Contextual Background

The manufacturing industry presents unique challenges to financial reporting transparency due to its operational complexity, diverse revenue streams, and asset-heavy structures. Manufacturing firms often struggle with maintaining consistency in reporting as a result of fluctuating raw material costs, complicated cost structures, and large capital investments (Le et al., 2023). These challenges heighten the risk of producing inaccurate statements unless robust standards are followed (Biehl et al., 2024). Mohammadi and Nezhad (2015) highlight persistent issues such as inaccurate inventory valuation, underreported depreciation, and miscalculated production costs—all of which can distort financial positions. Conversely, firms adopting strict reporting practices reduce investor uncertainty and inspire confidence (Alardi & Altass, 2021).

The sector's complexity is further compounded by global concerns around supply chains, sustainability, and regulatory requirements. For instance, environmental standards and waste management regulations demand detailed disclosures, particularly for manufacturers in developing economies (Dratwińska-Kania et al., 2023). Without adequate reporting, such complexities expose firms to investor distrust and heightened fiscal risk (Yoro, 2024). In contrast, firms that transparently disclose costs, risks, and sustainability practices create a stronger perception of financial health (Bui & Krajcsák, 2024).

International frameworks such as IFRS and GAAP establish strict procedures for revenue recognition, inventory valuation, and asset management, ensuring consistency and clarity (IRIS Carbon, 2023). According to Roychowdhury et al. (2019), these frameworks minimize manipulation by compelling disclosure of material risks. The International Monetary Fund (2018) further emphasizes that standardized reporting enhances cross-border investment by producing comparable financial statements. Thus, compliance with such frameworks not only ensures credibility but also attracts foreign capital (Shakespeare, 2020).

At the regional level, local governance structures complement international best practices. For instance, the International Finance Corporation underscores that regional bodies promote ethical financial disclosure standards in emerging economies. Alduais et al. (2023) found that Yemeni firms embracing regional standards recorded increased investor confidence, while Wanjau et al. (2018) showed that East African manufacturers adopting transparency programs enhanced both

performance and trust. These findings highlight the role of context-specific governance in addressing fiscal risks unique to local economies (Wang, 2024).

Empirical evidence from case studies illustrates both the benefits and risks of transparency practices. Alardi and Altass (2021) observed that manufacturers with comprehensive risk disclosures and accurate cost reporting attracted strong foreign investment and long-term shareholder trust. Conversely, Biehl et al. (2024) identified firms that concealed production costs or overstated asset values, leading to investor disillusionment and declining stock performance. Similarly, Xie (2024) documented how falsified revenue reporting triggered regulatory penalties and investor losses. These examples demonstrate how transparent or opaque reporting can directly influence investor outcomes and corporate sustainability.

In Uganda, manufacturers are legally required to comply with IFRS, with oversight from the Institute of Certified Public Accountants of Uganda (ICPAU). Compliance ensures accurate revenue recognition, asset valuation, and disclosure of financial information. Studies such as Wanjau et al. (2018) reveal that Ugandan manufacturers adhering to standards exhibit improved financial performance and higher investor confidence. However, challenges persist, including irregular recordkeeping, underreporting of expenses, and low adoption of digital accounting technologies. Small and medium-sized manufacturers, in particular, face obstacles such as limited resources and a shortage of certified accountants (Yoro, 2024). Nevertheless, firms that comply with both global and local standards enjoy greater access to investment opportunities, underscoring the growing importance of transparency in Uganda's manufacturing sector.

1.1.3 Historical Background

The evolution of financial reporting has been shaped by global economic crises, corporate scandals, and regulatory reforms. In earlier periods, accounting practices were fragmented, with each country adopting its own standards. The introduction of International Financial Reporting Standards (IFRS) marked a pivotal moment, enabling multinationals to adhere to a unified global framework (Picker & Tas, 2024). This shift enhanced comparability and improved investor confidence, particularly in emerging economies (Tawiah, 2019).

In the United States, the Sarbanes-Oxley Act of 2002 followed corporate scandals such as Enron and WorldCom, imposing stricter disclosure requirements and greater corporate accountability

(Barth & Schipper, 2008). The Act underscored the link between transparency and investor trust, prompting reforms worldwide. The 2008 Global Financial Crisis further exposed weaknesses in disclosures, leading regulators to enforce more rigorous standards. Roychowdhury et al. (2019) note that these reforms curtailed financial manipulation, while Shakespeare (2020) stresses their role in strengthening investor protections through risk and asset valuation disclosures.

Historical cases of poor transparency underscore the consequences of manipulation. Enron and WorldCom exemplify how earnings misrepresentation and off-balance-sheet financing eroded investor trust, resulting in market instability and regulatory intervention (Barth & Schipper, 2008). In contrast, studies such as Daske et al. (2008) demonstrate that firms adopting IFRS benefited from reduced information asymmetry and greater investor participation. Together, these historical developments highlight the centrality of transparency in promoting market stability and investor confidence.

1.1.4 Theoretical Background

Three major theories guide the relationship between financial reporting transparency and shareholder investment decisions: Agency Theory, Signaling Theory, and Efficient Market Theory.

Agency Theory emphasizes conflicts of interest between managers and shareholders, arising from information asymmetry. Managers may pursue self-serving goals, such as earnings manipulation, at the expense of shareholders (Shapiro, 2005). Transparent disclosures reduce these conflicts by providing shareholders with accurate, up-to-date information, thereby limiting managerial discretion. Alduais et al. (2023) affirm that robust governance practices enhance investor trust by ensuring accountability and minimizing asymmetry.

Signaling Theory posits that financial disclosures serve as signals of a firm's quality and growth prospects. Transparent firms communicate strength, ethical conduct, and reliability to investors (Steigenberger & Wilhelm, 2018). This signaling effect is especially critical in emerging markets, where uncertainty is higher (Yoro, 2024). Through transparency, firms differentiate themselves, building reputational capital and attracting investment.

Efficient Market Theory (EMT) highlights transparency as essential for accurate price determination in capital markets. In efficient markets, stock prices reflect all publicly available

information, making transparency indispensable (Malkiel, 1989). Transparency also deters insider trading and speculative behaviour, ensuring that prices remain credible indicators of value (T̄iṭan, 2015). By enabling informed decision-making, transparency reduces volatility and enhances market stability..

1.2 Problem Statement

Despite the on-going efforts to enhance the quality of financial disclosures, gaps continue to exist in understanding the impact of increased financial reporting transparency on investor behavior in entities like Quality Chemical Industries Limited (QCIL). Though progress has been realized in the domain of Uganda's financial disclosure, concerns continue to exist on disclosures' adequacy, timeliness, and impact on investment judgments.

Recent developments regarding QCIL highlight the importance of transparent reporting systems. In the year 2023, a Mauritius-headquartered firm purchased a controlling stake of 51.18% in QCIL at UGX 94.6 billion, reflecting a form of investor optimism with respect to improved disclosure methodologies (Senyonyi, 2023; Uganda Business News, 2023). However, it followed Cipla's controversial exit, reflecting the uncertainties of shareholders due to concerns regarding future financial performance. The concise annual reports in 2024 by QCIL reflected greater financial progress; however, inadequate disclosures regarding liabilities, cash flow details, and risk evaluations pose challenges to investors in an effort to achieve a comprehensive understanding (Quality Chemical Industries Limited, 2024; African Financials, 2024).

Although Uganda's Uganda Securities Exchange (USE) has advocated for enhanced financial reporting practices to boost investor confidence, gaps remain in the alignment of disclosure frameworks with investor expectations (Nassuuna, 2024). QCIL's interim dividend declaration in February 2024 marked a positive step in reassuring investors; however, analysts raised concerns about the firm's limited clarity regarding debt levels and future cash flows (Twaha, 2024; Busiinge, 2024). These information gaps have historically undermined shareholder confidence, especially in volatile sectors like pharmaceuticals.

Efforts to enhance financial transparency have been made through updated annual reporting practices (CiplaQC*i*, 2020a; CiplaQC*i*, 2020b; CiplaQC*i*, 2021). However, limited research exists regarding the direct relationship between QCIL's financial reporting practices and

shareholder investment behaviour. Nywezakyolina et al. (2023) emphasize that financial reporting quality significantly affects resource management in Ugandan firms, yet their study lacked specific insights on how manufacturing firms like QCIL influence investor decision-making through transparency.

This study sought to bridge this gap by examining the specific influence of financial reporting transparency on shareholder investment decisions in QCIL.

1.3 Objective of the study

The main objective was to establish the influence of financial reporting transparency on shareholder investment decisions in manufacturing firms in Uganda.

1.4 Specific Objectives

- i. To evaluate the impact of financial disclosure accuracy on shareholder investment decisions in Ugandan manufacturing firms.
- ii. To determine the effect of timely financial reporting on shareholder investment decisions in Uganda's manufacturing sector.
- iii. To explore how the completeness of financial disclosures shapes shareholder investment decisions in manufacturing firms in Uganda.

1.5 Research Questions

- i. What is the impact of financial disclosure accuracy on shareholder investment decisions in Ugandan manufacturing firms?
- ii. What is the effect of timely financial reporting on shareholder investment decisions in Uganda's manufacturing sector?
- iii. How does the completeness of financial disclosures shape shareholder investment decisions in manufacturing firms in Uganda?

1.6 Hypotheses

Ho1. Financial disclosure accuracy has a significant positive impact on shareholder investment decisions in Uganda manufacturing firms.

Ho2. Timely financial reporting has a minimal effect on shareholder investment decisions in Uganda manufacturing sector.

Ho3. Financial disclosure completeness significantly shapes shareholder investment decisions in manufacturing firms in Uganda.

1.7 Scope of the study

1.7.1 Context scope

This study focused on Quality Chemical Industries Limited (QCIL), a leading pharmaceutical manufacturer based in Kampala, Uganda. The researcher analyzed financial reporting practices within the company and assessed their influence on shareholder investment decisions.

1.7.2 Geographical scope

Geographically, the study was conducted within Kampala District which is in the central region of Uganda.

1.7.3 Time scope

The research covered financial reports, shareholder responses, and investment patterns between 2020 and 2024, a period marked by Cipla's divestment, QCIL's restructuring, and changes in financial reporting practices (CiplaQCi, 2020a; CiplaQCi, 2020b; CiplaQCi, 2021; Quality Chemical Industries Limited, 2024). The study primarily addressed financial reporting transparency practices within accounting and financial management disciplines, ensuring its findings are applicable to Uganda's broader manufacturing industry. The research was carried out between January to August 2025.

1.8 Justification of the study

The need to carry out this study stemmed from the rising importance of transparency in financial reporting as a driving factor shaping the investment behavior of investors, especially in Uganda's manufacturing sector. Quality Chemical Industries Limited (QCIL), Uganda's top pharmaceutical producer, has experienced significant financial and structural changes in the recent past, generating concerns over the adequacy of its financial disclosures. Despite progress in Uganda's regulatory environment, as demonstrated by stronger reporting standards promoted by the Uganda Securities Exchange (USE), there remain gaps in understanding the direct effect of transparency in financial reporting on shareholders' investment behavior (Nassuuna, 2024). This study is considered necessary as it endeavors to close these gaps by examining QCIL's financial

reporting practices, thus shedding light on the effects of transparency in financial reporting on investor confidence, decision-making, and firm value. Through an analysis of QCIL's annual and quarterly reports, this study provides important insights for stakeholders, which can be employed to improve reporting standards and strengthen investor confidence.

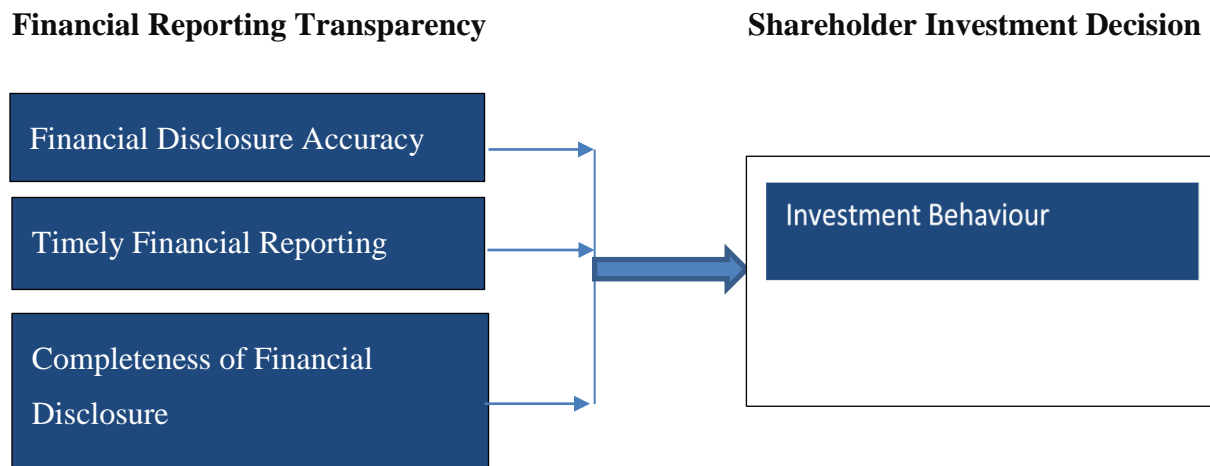
1.9 Significance of the study

The results from this research are projected to positively impact different areas. First, it furnished Uganda's manufacturing industry with relevant knowledge, concerning what can be gained from increased accounting transparency in supporting investor confidence. Coming to QCIL's recent deal, more concretely, buying 51.18% for UGX 94.6 billion, research highlighted how increased disclosures may mitigate shareholders' concerns about Cipla's exit (Senyonyi, 2023; Uganda Business News, 2023). Additionally, accounting regulatory institutions, like ICPAU and USE, can apply this knowledge to develop more refined accounting standards, more closely meeting market needs (Nassuuna, 2024). Investors can also gain by knowing how increased transparency impacts risk evaluation and financial viability, which in turn impinges on their investing endeavours. Lastly, this research aims to add to the bodies of knowledge by filling gaps or shortcoming pointed out by previous research, especially concerning QCIL's accounting disclosures that were not adequately covered by previous research by Nywezakyolina et al. (2023) and Kibrai (2021); these works failed to adequately assess how accounting transparency impacts shareholders' behavior.

1.10 Conceptual Framework

The conceptual framework presented in Figure 1 illustrates the relationship between financial reporting transparency as the independent variable (IV) and shareholder investment decisions as the dependent variable (DV) in the context of manufacturing firms in Uganda.

Figure 1; Conceptual framework



Source: Researcher's conceptualisation, 2025

Financial reporting transparency encompasses three critical elements—financial disclosure accuracy, timely financial reporting, and completeness of financial disclosure—which collectively determine the credibility of information provided to investors. These aspects align with Yoro (2024), who emphasizes that transparency in reporting, through timely and high-quality disclosures, is a cornerstone of corporate governance and plays a pivotal role in shaping investor decision-making. Similarly, Roychowdhury, Shroff, and Verdi (2019) demonstrate that accurate reporting reduces perceived risk, thereby enhancing investor confidence and attracting institutional investors, while Le et al. (2023) provide empirical evidence that frequent and comprehensive disclosures improve shareholder participation.

On the dependent variable, shareholder investment decisions were conceptualized through one construct: investment behaviour. This construct was selected because it captures the multidimensional nature of investment decision-making in uncertain and information-driven markets. Investment behaviour reflects the actual allocation and trading actions taken by shareholders, which are closely tied to the availability and quality of financial information. For example, transparent reporting reduces information asymmetry and supports efficient investment behaviour aligned with rational decision-making models (Healy & Palepu, 2001).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter includes the review of literature in relation to the relationship between financial reporting transparency and shareholder investment decisions. This chapter presented the theoretical, conceptual and empirical studies of related studies that explored financial reporting transparency and shareholder investment decisions while also highlighting research gaps to be addressed by the study.

2.1 Theoretical review

The study on the influence of financial reporting transparency on shareholder investment decisions in Ugandan manufacturing firms finds strong theoretical grounding in Agency Theory, Signaling Theory, and the Efficient Market Theory. Each theory presented distinct insights into how financial transparency affects investor behaviour, yet their practical applicability varies.

Agency Theory

The work of Jensen and Meckling (1976), Agency Theory highlights the inherent conflict of interest between managers (agents) and shareholders (principals). This theory argues that managers may pursue self-serving objectives, such as misrepresenting financial data, unless mechanisms like transparent reporting mitigate such risks. As highlighted by Shapiro (2005), agency concerns are particularly pronounced in firms where managerial decisions are hidden to investors, reinforcing the need for robust financial disclosure practices.

In the Ugandan manufacturing context, this theory was applicable. Following Cipla's exit, Quality Chemical Industries Limited (QCIL) experienced investor uncertainty. However, the company's 2024 abridged results improved investor confidence by enhancing the perceived reliability of financial information (Quality Chemical Industries Limited, 2024; Uganda Business News, 2023). This aligns with Agency Theory, which highlights transparency as a vital tool in mitigation of opportunistic behaviour and improve investor trust.

Despite its strengths, Agency Theory has faced criticism for oversimplifying the principal-agent relationship. Scholars argue that it often assumes investors respond uniformly to disclose

information, overlooking the diversity in shareholder risk tolerance and decision-making approaches (Nassuuna, 2024; Senyonyi, 2023). Nevertheless, the theory remains applicable to this study as it highlights the role of financial disclosure accuracy and completeness in improving investor confidence.

Signaling Theory

Put forward by Spence (1973), Signaling Theory holds that firms communicate to investors through disclosures concerning their financial health, performance figures, and strategizing actions. The existing theory can be used in high-uncertainty situations, where firms resort to correct accounting reporting as a way to signal soundness, future growth prospects, or governance practice improvements (Steigenburger & Wilhelm, 2018).

In the case of QCIL, the signaling mechanisms were effective after Cipla's divestiture. The company's enhanced disclosures during 2024 acted as a strong signal of financial strength, thereby eliciting increased involvement from shareholders (Ali Twaha, 2024; Busiinge, 2024). This resonates with Signaling Theory, which argues that transparent and timely financial disclosures can affect investor actions and also help create confidence in decision-making.

However, critics argue that signaling frameworks are not always a faithful reflection of organizational resilience. For instance, some firms overestimate their account performances as a means of drawing potential investors in. In addition, the effectiveness of financial signaling generates mixed outcomes depending on the level of investor knowledge of financial information (Malkiel, 1989; Tıtan, 2015). Despite these limitations, Signaling Theory forms the basis of the research for this study since it explains how open disclosures affect shareholder choice, particularly in the context of volatile markets.

Efficient Market Theory

Based on research by Fama (1970), the Efficient Market Hypothesis asserts stock markets absorb all available information, which, in turn, makes stock prices accurate representations of firms' intrinsic value. The hypothesis indicates that effective disclosures foster ex ante expectations in achieving reasonable valuations within market environments, thereby aiding investors in making well-informed judgments. Much support has been offered to this hypothesis by academicians, as

Malkiel (1989) and Tıtan (2015) agree markets rely mainly on accurate and up-to-date information to function efficiently.

On Uganda's manufacturing scene, improved fiscal transparency has been linked to increased investor trust and increased share ownership. For example, QCIL's move to report transparent financial results after Cipla's exit increased investor trust considerably and reaffirmed EMT values (Quality Chemical Industries Limited, 2024; Nassuuna, 2024). Translucent reporting has, therefore, reduced information gaps, giving shareholders more faith in their decision-making procedures and more impetus to be active investors.

In spite of this, Efficient Market Theory (EMT) has been criticized for assuming that all investors rationally process financial data. Empirical studies prove that investor sentiment, cognitive biases, and herding behavior can compromise market efficiency (Ali Twaha, 2024; Busiinge, 2024). In addition, critics argue that the theory fails to capture the role played by incomplete or uncertain disclosures, which can occur even in seemingly transparent markets.

2.2 Empirical review

2.2.1 Financial Disclosure Accuracy and Shareholder Investment Decisions

The availability of reliable financial reporting is a core driver of shareholder confidence and investment levels. The reliability of reported revenues, expenses, and profit margins has a significant effect on investor choices by reducing information asymmetry and enhancing market efficiency (Barth & Schipper, 2008; Wang, 2024). For instance, a study by Wanjau, Muturi, and Ngumi (2018) showed that firms listed on the East African securities exchange with high levels of financial transparency witnessed an increase in share price stability of between 15% and 20%, as investors showed increased confidence in the credibility of their disclosures while Elberry and Hussainey (2020) highlighted a significant correlation between corporate investment efficiency and the quality of financial disclosures, with findings showing that firms with improved disclosure standards attracted 25% more capital investments than firms with poor disclosure standards.

An essential aspect of financial disclosure is the reconciliation of differences between expected and realized performance, increases credibility and builds confidence. Brown-Liburd, Cohen, and Zamora (2018) illustrated that firms whose disclosure included comprehensive variance

analyses had lower stock volatility, as investors perceived them to be more reliable while Li, He, and Xiao (2019) examined the effect of risk disclosure in annual reports on investment efficiency and determined that firms with comprehensive risk reporting attracted 30% more institutional investors than those with narrow risk disclosures. This implies that open reconciliation not only prevents misrepresentation but also creates an appropriate climate for investment.

The proper evaluation of assets, inventory, and property greatly increases shareholders' confidence. Alduais, Alsawalhah, and Almasria (2023) suggested that strict compliance with the fair value accounting principle ensures asset valuations to be neither artificially inflated nor deflated, consequently lowering investment risk. Their findings showed that institutions following international standards of valuation demonstrated discrepancies in revaluation of less than 5%, while institutions using conventional cost-based approaches indicated variations of over 12%. Biehl, Bleibtreu, and Stefani (2024) supported the finding by illustrating that firms following consistently accurate methods of asset valuation had price-to-book ratios of 15–18% more, reflecting higher market trust.

The extent to which businesses adhere to global reporting standards has a significant impact on the levels of investment by shareholders. Tawiah (2019) examined the use of IFRS in different African markets and found that companies using IFRS saw an average boost of 22% in foreign direct investment, thanks to enhanced comparability with international markets while Roychowdhury, Shroff, and Verdi (2019) examined the quality of financial disclosures under different regulatory regimes and found that high compliance with reporting standards, as seen in the Sarbanes-Oxley Act, reduced the dangers of earnings manipulation by up to 40%. This highlights the influence of standardized financial reporting in attracting investors looking for credible and transparent financial information.

Interim and annual financial statement alignment is of utmost importance in building investor confidence and facilitating financial transparency. Shakespeare's (2020) research underscores the importance of consistency in reporting as a way to reduce information asymmetry, thus enhancing shareholder confidence. The work of Roychowdhury, Shroff, and Verdi (2019) reveals that organizations with a high level of consistency in financial reporting are likely to entice institutional investors due to perceived risk reduction. Similarly, Elberry and Hussainey (2020) examined the trend of financial disclosure and found that differences between interim and

annual reports negatively affect the stability of the stock price, leading to a 3.5% increase in share price volatility for firms with such discrepancies. Barth and Schipper (2008) argued that investors' reliance on quarterly financial disclosures to predict annual performance, and differences between these reports create scepticism, thus reducing the effectiveness of capital markets.

The disclosure of implicit assumptions underlying financial projections greatly increases the credibility of corporate disclosures. Liu and Tian (2021) empirically examined Chinese corporations, showing that firms which issued explicit disclosures of economic and operational assumptions saw a 12% boost in investor confidence, reflected in the volatility of stock prices after they were announced. Le, Lai, Phan, and Pham (2023) examined the financial reporting habits of manufacturing companies, demonstrating that the lack of assumption disclosures results in inaccurate risk assessments by investors, often causing the inflation or deflation of stock prices. More so, Biehl, Bleibtreu, and Stefani (2024) showed that firms which clearly present their projection methods tend to have tighter bid-ask spreads, hence improving market efficiency. In addition, a study by Dratwińska-Kania, Ferens, and Kania (2023) supported this view by showing that firms whose assumption disclosures meet industry standards saw an average decrease in capital costs of 8.2% compared to firms without such disclosures.

Tax transparency is a key element that enhances the quality of financial reporting. Dou, Wong, and Xin (2019) examined the impact of tax disclosure policy and found that companies with more extensive tax reporting had 9.7% higher foreign direct investment (FDI) inflows compared to companies with poorer tax disclosure procedures. Bui and Krajcsák (2024) also highlighted the role of deferred liabilities, stating that companies that reconcile their tax liabilities after prior underestimation typically see a 4% stock price drop within the quarter following such announcements. Jamaludin et al. (2024) examined contingent asset disclosures and found that firms that have open disclosure of contingent liabilities recorded average equity valuations that were 5.3% higher compared to companies without disclosure of future liabilities. Picker and van der Tas (2024) recognized that companies consistently adhering to IFRS standards in the reporting of deferred taxes have higher credit ratings since the predictability of future burdens is higher.

A core principle of maintaining financial integrity is the coordination of forecasted numbers with reality. Wanjau, Muturi, and Ngumi (2018) proved that businesses that did not rectify misalignments between forecasts and outcomes suffered an average loss of 6.8% in investor trust, reflected by capital flight. Ben-Amar, Bujaki, McConomy, and McIlkenny (2022) researched transparency in financial reconciliations and found that companies that actively worked to correct mismatches during earnings calls were 14% more likely to retain institutional investors. Mohammadi and Nezhad (2015) indicated that companies with transparent reconciliation disclosures in their reports faced fewer regulatory sanctions and cases of accounting restatements. Xie (2024) used text analysis to analyze the transparency of financial disclosure and identified that firms presenting full explanations of mismatches showed less behaviour of earnings management, leading to a 7% improvement in predictability of the stock price.

The volatility in global markets requires a clear and unambiguous disclosure of the effect of foreign exchange (FX). In his research, Tawiah (2019) tested the implementation of IFRS in Africa and found that firms with clearly defined FX disclosures had an 11% decrease in earnings volatility. Alardi and Altass (2021) evaluated shareholder reactions to financial losses due to FX and found that companies with clear information on currency risk changes had higher investor retention rates, indicated by a 2% shareholder attrition rate compared to 9% for companies with unclear FX disclosures. Malkiel (1989) found a relationship between the clarity of currency risk reporting and better capital allocation, as investors tend to prefer firms that show consistent adjustments in cash flow due to FX changes. In addition, Weinberg (2013) researched the consequences of the Great Recession and found that companies failing to disclose the effect of FX on earnings were subject to increased regulatory attention, resulting in an average total of \$450 million in fines across different companies.

A detailed cost analysis improves the understanding of financial stability among investors. Chen, Collins, Kravet, and Mergenthaler (2018) researched profitability related to acquisitions and found that firms disclosing detailed cost data witnessed a decline of 9.1% in their cost of equity capital. Brown-Libur, Cohen, and Zamora (2018) researched the effects of expenditure disclosures related to corporate social responsibility (CSR) and found that investors were 16% more likely to invest in firms that offered a clear break-up of CSR-related expenditures.

Roychowdhury, Shroff, and Verdi (2019) found that firms presenting systematically structured operating expense reports achieved a market value higher than firms reporting costs in aggregate by 5%. Shapiro (2005) linked cost transparency to agency theory, and argued that managers disclosing complex cost structures face less agency problems, hence improving firm value and investment efficiency.

The accuracy of financial reports is crucial for evaluating corporate valuation and promoting shareholder trust. Picker and Tas (2024) researched adherence to International Financial Reporting Standards (IFRS) and found that organizations with error-free financial reports had a 22% higher chance of securing funds at reduced interest rates. Jamaludin et al. (2024) provided evidence that companies with accurate financial disclosures performed better than their peers in capital markets by an average of 15% over five years. The International Finance Corporation (2018) showed that multinational companies with error-free balance sheets had a 12% improvement in the stability of their credit ratings, making them more appealing to institutional investors. Additionally, Weinberg (2013) researched cases of financial misstatements after the 2008 financial crisis and observed that financial reporting omissions led to an average decrease of 18% in shareholders' equity, highlighting the drastic consequences of financial misreporting.

2.2.2 Timely Financial Reporting and Shareholder Investment Decisions

The periodicity with which a company makes its financial information available—whether quarterly, biannually, or annually—affects the shareholders' investment choices considerably, as the transparency of disclosures impacts market efficiency and investor confidence differently. The literature indicates that more frequent disclosures improve investment efficiency by reducing the information asymmetry that prevails between firms and shareholders. In their attempts to explore the quality of financial reporting and its impacts on investment efficiency among manufacturing companies in emerging economies, Le et al. (2023) concluded that firms offering quarterly financial disclosures saw a 12.4% increase in shareholder engagement compared to firms that offered annual disclosures. Likewise, Roychowdhury et al. (2019) analyzed the impacts of financial disclosures on investment by firms and found that firms practicing more frequent disclosures attracted 20% more investors than their peers that offered less frequent disclosures. In their analysis of listed companies in Vietnam, Viet et al. (2018) argued that the timeliness of financial reports accounted for an 18% movement in share prices

due to ambiguities concerning corporate performance, leading to increased vigilance by investors. Overall, the difficulties of financial disclosures have far-reaching impacts on shareholders, influencing the market efficiency of investors, the development of investor trust, and the investment behavior of companies, as shown by findings from the existing literature.

Timely and rigorous release of annual reports after audit provides a vital underlying condition to shareholder decision-making, as it considerably checks speculative trading actions and promotes increased openness. Aksoy et al. (2021), in their analysis of the connection between board composition, regulatory demand, and timeliness of financial reporting in Turkey, found that firms showing stable compliance with submission deadlines of audit files within a three-year timeframe showed an average increase of 10.3% in institutional investors' holdings. In another related research, Jamaludin et al. (2024) found, based on their case analysis in Malaysia, that organizations which delayed announcements of audited reports after regulatory deadlines found, on average, a 7.8% reduction in stock liquidity, as investors took such actions to imply existing or emerging levels of fiscal turmoil. Similarly, Amahalu (2020) noted in his analysis of bank institutions in Nigeria that institutions following the planned date of reports' release enjoyed a 15% larger share turnover ratio vis-a-vis institutions showing persistence in delaying submission of reports.

The timely and effective release of profit warnings or changes in earnings has a significant impact on investor assessments and market risk perceptions. In their analysis, Dobija and Puławska (2022) investigated the impact of board directors who have cross-border experience on the timeliness of financial disclosures. They found that firms who quickly made changes to their earnings showed a 9.6% decline in share price volatility relative to firms who waited multiple months to correct similar figures. Similarly, Mappadang et al. (2021) noted that Indonesian companies who delayed profit warnings by more than two months received an average decline of 6.2% in stock prices when releasing their final earnings reports, thus demonstrating reporting delays' impact on investors' risk perceptions.

The timely release of performance information intensifies investors' ability to estimate and develop strategies more accurately. Shakespeare (2020) proved that the early release of half-yearly financial reports led to a 4.3% improvement in the price-earnings (P/E) ratio of companies, thereby emphasizing the huge value that early access to performance measures

brings to investors. On the other hand, Dratwińska-Kania et al. (2023) found that companies that delayed releasing their first performance information announcements had a 5% loss in market capitalization because of the late response of investors. Additionally, Murti (2021) found that in Indonesia's banking industry, firms releasing monthly operations reports faced a 2.7% reduction in bid-ask spread, which was accompanied by improved market optimism.

Prompt release of dividend announcements and transparent communication of payout dates remain essential in maintaining investor trust, as shareholders rely on dividend predictability to effectively manage their investment portfolios. Zandi and Abdullah (2019) investigated the timely release of Malaysian firms' financial disclosures and found that firms announcing dividends within 48 hours following announcements of earnings saw stock prices gain 4.8% when compared to firms announcing dividends at a later date. Olayinka (2022) investigated investment behavior in different African countries and found that timely dividend announcements led to a 7.1% increase in share purchase behavior. Similarly, Abernathy et al. (2018) noted U.S. firms meeting timely scheduling enjoyed 5.6% savings in capital cost, thus highlighting the value of access to recent data in reducing risk premiums and improving investor trust.

Promptness of disclosures following major events plays a crucial role in influencing investor perceptions and informing decision-making procedures. Almuzaiqer (2018) explored annual reporting timeliness in the United Arab Emirates, uncovering that entities furnished with competent audit committees were capable of making major disclosures significantly sooner following major events, thus reducing stakeholder-based information asymmetry. In another investigation, Zandi and Abdullah (2019) studied Malaysian corporations in Malaysia's industrial product market, finding 72% of such corporations made disclosures within legislatively dictated timescales following major events; however, corporations displaying poor governance tended to incur, on average, 18-day delays. Abernathy, Kubick, and Masli (2018) highlighted managerial ability as a crucial determinant, demonstrating that entities managed by apparently competent-appearing managers possessed an 11.5% increased likelihood of submitting their report filings sooner following events, thus maintaining constant shareholder trust. Conversely, Vietnam suffered delays; Viet, Hung, and Thanh (2018) documented 34% of listed corporations not meeting market-imposed deadlines to submit annual reports, which elicited negative market

responses. Overall, these investigations highlight that timeliness of disclosures following major events has a direct implication upon market efficiency and investor trust.

Efficient and prompt communication regarding corporate actions, especially mergers and acquisitions, is critical given its weighty impact on shareholder investment decisions as a consequence of its significant impact on stock valuation and risk evaluations. Dou, Wong, and Xin (2019) assert that companies that adopted SFAS No. 123R saw an improvement in financial reporting quality, which in turn allowed for more informative merger announcements and yielded a 15% rise in stock price volatility in the announcement month. Rahmawati (2018) investigated studies aimed at emerging economies and found that 60% of firms that released late announcements progressively disclosed their divestiture plans, hence negatively influencing investor sentiment and leading to decreased stock liquidity. Bowman (2025), in evaluating the impact of the Sarbanes-Oxley Act, illustrated that the passage of strict regulations led to better disclosures by U.S. firms, thus reducing uncertainty following mergers by 22%. Olayinka (2022) established that companies disclosing acquisition information within a two-day window after completion observed a 7% increase in stock value, while delayed announcements were correlated with a mean decline of 3.8%.

The extent to which corporations update their financial disclosures to comply with regulatory changes is important for investor confidence and meeting compliance needs. Jamaludin et al. (2024) proved how corporations listed on the Malaysian stock exchange, which timely updated their financial disclosures after regulatory changes, encountered a 12% improvement in investor retention levels. Le et al. (2023) showed that corporations in emerging market economies that delayed their compliance announcements by more than three weeks experienced an average decline of 9.4% in stock valuations. Shakespeare (2020) argued that expected financial disclosures arising from IFRS changes caused a 20% rise in investor confidence, due to a reduction in uncertainty levels. Likewise, Mohammadi and Nezhad (2015) established that timely disclosures of compliance announcements on regulatory changes in financial statements mitigated earnings manipulation risks, hence promoting long-term security for investment.

The frequency of disclosures of financial information within prescribed reporting periods has a significant impact on both investor expectations and market reactions. Roychowdhury, Shroff, and Verdi (2019) illustrated that companies reporting earnings at the beginning of the reporting

duration had an abnormal stock return that was greater than that of companies releasing their reports later by 5.2%, which was largely due to increased investor optimism. Further, Dratwińska-Kania, Ferens, and Kania (2023) examined the component of transparency in the COVID-19 pandemic and found that companies releasing quarterly earnings reports earlier faced a 17% decline in stock price volatility compared to companies that released later. Picker and Tas (2024) argued that compliance with IFRS reporting deadlines promoted more consistent investor sentiments, especially in the manufacturing sector. Further, Savitri, Andreas, and Surya (2019) found that companies releasing reports at the end of the financial period faced heightened sell-off pressure, with 24% of shareholders selling their shares within one week of the delayed release.

The delay in financial reporting has often sparked concerns about the effectiveness of management and the effectiveness of corporate governance mechanisms. In their research on Turkish businesses, Aksoy et al. (2021) found that companies that had a history of regularly delaying the release of financial reports saw a 13% drop in shareholder confidence, which was further linked with a 9% boost in share price volatility. Dobija and Puławska (2022) found that companies with board members of international caliber were 21% less likely to encounter episodes of delayed financial reporting, thus boosting market credibility. Uyioghosa and Amede (2019) noted that companies under CEOs with great financial skills reported earnings 1.7 times faster compared to those under CEOs who did not. Steigenberger and Wilhelm (2018) examined the effect of inducement rhetoric and found that companies seeking to justify delay in reporting for vague reasons saw a 6% drop in shareholder trust.

2.2.3 Financial Disclosure Completeness and Shareholder Investment Decisions

Disclosure of financial information regarding specific segments in diversified firms enhances shareholder confidence greatly through provision of a better view of the risk profile and profitability of particular business segments. Alduais et al. (2023) examined corporate governance practices in Yemen and established that companies that practiced extensive segments reporting had a 12% boost in investor confidence, attributed to stability in their share prices. Similarly, Wang (2024) demonstrated that improved segment disclosures resulted in an 18% decrease in information asymmetry, making it easier to judge the performance of firms by investors. Xie (2024) also corroborated this argument based on textual content analysis of corporate reports, with the evidence that firms reporting detailed financial information had a

5.7% decrease in bid-ask spreads, an indicator of increased market confidence. On the contrary, Wanjau et al. (2018) affirmed that East African firms with poor segments reporting faced increased share price volatility due to uncertainty among investors, hence the need for explicit disclosures.

The assurance of transparency in accounting policies and their adjustments is an important component of achieving total financial disclosure. Barth and Schipper (2008) established that companies that made changes in their accounting policies known clearly experienced a 15% decrease in the risk of litigation as stakeholders were in a position to freely analyze financial reports. In the same way, T̄iṭan (2015) contended that adherence to transparent accounting standards reinforces the Efficient Market Hypothesis, thus ensuring that all publicly held information is properly incorporated into stock prices. Tawiah (2019) examined the adoption of IFRS in the African context and found that firms that voluntarily disclosed changes in accounting policies faced a 7.4% decline in financial misstatements, hence increasing investor confidence. At the same time, Zeff (2013) researched the historical development of financial reporting goals and found that changes in regulation should be reported in a standardized format to prevent misinterpretation by investors.

The overall revelation of executive remuneration and related party transactions has a strong impact on shareholder confidence. Yoro (2024) noted that organizations making full revelations of their executive remuneration policy saw a 20% decline in investor distrust, particularly where the variable aspects, such as performance bonuses, were made explicit. De Villiers et al. (2023) noted in a study that 68% of investors preferred companies voluntarily disclosing related party transactions, hence showing the immediate link between disclosure and investment decisions. In addition, Tarmidi et al. (2019) noted that institutions with non-disclosed information relating to executive remuneration experienced a 9.2% decline in institutional holding, thus showing that major investors prefer remuneration packages disclosed transparently. On the contrary, Kagiri (2023) noted that the lack of internal audit of related party transactions was responsible for 32% of financial statement errors in the companies under review, thereby eventually eroding shareholder confidence.

Detailed inventory reporting, including a range of valuation methods, is critical to the preservation of accurate financial reporting. Malau and Murwaningsari (2018) reported that 74%

of firms using FIFO valuation had more stable earnings compared to firms using LIFO. This result is supported by a study by Feuerriegel and Pröllochs (2021) in which the authors established that firms with divulgable inventory data had a 6.5% higher market valuation, an effect due to decreased investor uncertainty. Reverte (2021) also presented evidence showing that sustainability-conscious investors were 32% more likely to be sure of firms reporting environmentally oriented inventory control policies. Concurrently, Bahri and Amnia (2020) illustrated that firms whose inventory valuation policies were not disclosed had average audit delays of 47 days, thus confirming the colossal practical implications of a lack of transparency.

Use of sensitivity analysis to determine exposure to financial risk is globally agreed to be a standard of quality for financial reporting obligations. Tawiah (2019) examined empirical evidence for financial risk disclosure in the markets of Africa and observed that firms that used scenario-based risk assessment reduced investors' default risk perception by 14%. In a similar study, Abdulshakour (2020) set that banks which utilize comprehensive risk exposure analysis had a 9% increased probability of long-term investment, showing a preference for banks which show a concern for possible risks. Weinberg (2013) highlighted the importance of forward-looking financial disclosures by demonstrating that the failure to conduct stress testing before the 2008 financial crisis led to significant losses for shareholders. In addition, Xie (2024) found that real estate firms using sensitivity analyses in their financial reports had a 5.2% decrease in stock price volatility, thus reflecting that careful risk disclosures help stabilize market responses.

Provision of detailed financial disclosures, including complex information in the context of debt structures, interest rates, and repayment policies, is required for building confidence among shareholders. Empirical evidence has shown that increased transparency over debt information is related to reduced costs of capital and a decline in information asymmetry (Wang, 2024). Barth and Schipper (2008) noted that transparency of financial statements enhances market efficiency, allowing effective investors' decisions. Wanjau, Muturi, and Ngumi (2018) conducted a study on listed companies of the East African Securities Exchange, finding that such companies that reported structured debt repayment policies saw their investor confidence boost by 12.5%, reflected in greater shareholding retention levels. Feuerriegel and Pröllochs (2021) used topic modeling to examine financial disclosures and found that transparency about debt had a positive influence on investor sentiment, which led to a 5% decline in stock price volatility. The study

showed that if companies declare explicitly their financing options and debt commitments, the stakeholder and shareholders become more confident in the company's ability to deal with financial risk effectively.

Among the key arguments of this study is the consideration of capital spending habits and investment policies that maximize shareholder confidence. De Villiers et al. (2023) found that investors tend to pay a premium for firms that articulate their long-term investment goals along with capital spending strategies in a transparent way. This perception is corroborated by Reverte (2021), who examined the Spanish stock exchange and determined that firms with high disclosures of capital expenditure attracted 18% more institutional investors than firms distinguished by low levels of disclosure activity. In addition, Aksoy et al. (2021) ratified this trend, showing that ownership structures that entail elaborate reports on investments are linked to a 9.2% increase in market value, thereby highlighting the importance of transparent capital spending policies.

ESG risk disclosure has been the key facilitator of building confidence amongst the shareholders. Kagiri (2023), while conducting a study on the savings and credit cooperative societies in Kenya, determined that the availability of ESG-related disclosures had led to a 14% improvement in financial performance, in addition to shareholder confidence. Xie (2024) utilized text analysis to illustrate that increased transparency for ESG issues was associated with a 7.3% increase in firm valuation, which was due to improved investor sentiment towards corporate responsibility. Additionally, research by Firmansyah, Husna, and Putri (2021) in the chemical, plastic, and packaging industries in Indonesia identified that firms with disclosure of sustainability-related risks in their financial reports had a 20% higher chance of obtaining long-term finance.

The general disclosure of contingent liabilities and off-balance sheet items is an imperative element towards achieving greater shareholder confidence. Tawiah (2019) made a study on IFRS compliance in the African context and determined that companies with high off-balance sheet disclosures have 6.8% lower stock price volatility. Likewise, Zeff (2013) studied the development of financial reporting across the years and claimed that undisclosed liabilities create enormous financial inaccuracy and thus weaken shareholders' faith. Abdulshakour (2020) studied decision-making practice and found that companies with low disclosure of contingent liabilities are 22% more likely to be targeted by regulatory bodies.

Compliance notes that come with financial statements play an important role in enabling the understanding of intricate financial data by investors. Seifzadeh et al. (2021) analyzed the relationship between managerial characteristics and the readability of financial statements, and they established that companies with more readable explanation notes achieved a 10% improvement in retail investor participation. Tarmidi, Fitria, and Ahmad (2019) asserted that the response of investors to financial reporting was enhanced by 15% when companies provided detailed footnotes to explain financial anomalies. Additionally, Alardi and Altass (2021) constructed a transparency index in determining the level of disclosures and established that companies that are ranked in the leading quartile of the index achieved shareholder retention by 13.5% higher.

2.2.4 Shareholder Investment Decisions

Investment Behaviour

Investment choices therefore depend on timeliness and completeness of disclosures of finances. Roychowdhury, Shroff, and Verdi (2019) assert that firms implementing best practices in financial reporting can gain more inflows of investments, as this makes it easier for investors to assess profitability opportunities. Jamaludin et al. (2024) further posit that improved governance transparency enhances increased trust by investors, leading to increased levels of ownership. Wang (2024) further emphasizes that informative and timely reporting improves investor opinion by offsetting risk linked to forecasting finances. Overall, these works establish that open reporting procedures help gain fresh investments and keep existing shareholders.

2.3 Literature Gap

Notwithstanding the large-scale studies linking the quality of financial disclosure to investor confidence, a significant gap continues to exist in understanding the impact of sector-specific factors on this relationship in Uganda's manufacturing sector. Existing literature has largely concentrated on wider financial markets and prominent economic areas, without often considering the special challenges faced by manufacturing businesses in Uganda, such as Quality Chemicals. These include supply chain volatility, currency risks, and sectoral taxation policies, which have a significant bearing on the manner in which financial transparency impacts investor choice. Additionally, although previous research has gauged the implications of the timeliness of

financial reporting on shareholder action, this specific aspect has remained relatively uninvestigated within Uganda's manufacturing sector. Most inquiries have been placed on emerging economies in Asia and prominent financial hubs in Africa, without considering Uganda's unique economic landscape and regulatory environment. Further, the combined impact of both financial reporting transparency and timeliness on investment decisions has not been exhaustively researched, leading to a critical gap which this study seeks to fill. Through the examination of these underresearched dynamics, this study will provide significant insights that may reinforce corporate governance and strengthen investor confidence in Uganda's manufacturing sector.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This paper outlines the methodology framework used to examine the role of financial statements in guiding shareholders' investment decisions in Quality Chemicals Industries Limited. It presents the research framework, the studied population, the sampling strategies, the data collection techniques, and the data analysis procedures.

3.1 Research Design

The research used descriptive and correlational research methods to analyze the association between financial reporting transparency and shareholders' investment decision-making processes. Descriptive research aims to systematically describe and summarize the characteristics of a specified population, while correlational analysis explains the magnitude and direction of relationships between variables (Bryman & Bell, 2018). The use of these research methods enabled the determination of contextual patterns, trends, and relationships that shed light on the impact of financial reporting transparency on the investment decisions of shareholders in Uganda's manufacturing industry, particularly in Quality Chemicals Ltd. The use of a quantitative research design provides a solid structure for assessing the impact of financial reporting transparency on shareholders' investment decisions in Uganda's manufacturing industry, in particular, in Quality Chemicals Ltd, as it focuses on the gathering of numerical data, conducting statistical analysis, and developing objective recommendations, thus providing quantifiable analysis into shareholder behavior (Creswell & Creswell, 2017).

3.2 Area of Study

Information was gathered in Uganda, with special focus on local drug production, specifically highlighting Quality Chemicals Industries Limited (QCIL), a leading company in drug production known for its role in the production of antiretroviral and anti-malarial drugs in East and Central Africa (Uganda Investment Authority, 2023). Much of the research was conducted in Kampala district. The choice of location was driven by easy access to potential shareholders who make the investment decisions, certified financial experts for their financial expertise and

investment managers for their investment expertise. Each of these respondents was given structured questionnaires to respond to.

3.3 Sources of Information

To enable a comprehensive understanding of transparency in financial reporting and its impact on shareholders' investment decisions, the research used a mixed-methods research approach to data collection, involving both primary and secondary data sources.

Primary data were collected by sending structured questionnaires to potential shareholders, investment managers, and certified financial analysts. The survey tool had closed-ended questions created on a 5-point Likert scale to measure significant constructs like investor trust, accounting disclosure perceptions, and decision-making behaviours. These structured instruments were effective in collecting quantifiable information from participants while maintaining high consistency and objectivity levels (Babbie, 2016; Patten, 2016; Sekaran & Bougie, 2020). This methodological design is especially apt for studying behavior-based responses to corporate reporting practices, as it allows for the use of statistical methods and the performance of inferential generalizations.

Secondary Data were collected from publicly available financial reports, including annual reports, financial statements, and investment evaluations released by Quality Chemicals. Additionally, official reports given by leading regulatory institutions, the Uganda Securities Exchange (USE), and the Uganda Manufacturers Association (UMA), were analyzed. These secondary sources are an important element in the analysis of past fiscal information, market trends, and disclosure tendencies, allowing for contextual analysis of the primary data that were collected (Morgan, 2022). Using different sources makes the research more robust with the use of triangulation, thus allowing the verification of findings through multiple channels of data (Campbell et al., 2020; Bhandari, 2023).

3.4 Population

The sample population comprised a wide range of stakeholders relevant to financial reporting and capital market investments in Uganda's manufacturing industry. This included potential shareholders, as well as certified financial analysts and licensed investment managers who were active in Uganda's capital markets. Their inclusion was based on their participation in evaluating

corporate announcements and in providing advice or recommendations related to investment decisions, thereby offering a representative set of diverse perspectives (Creswell & Creswell, 2017; Bryman, 2016; Neuman, 2014).

The study considered prospective investors totalling to a reasonable pool of 338, such as potential shareholders, who influence investment behaviour but had not yet committed resources. In addition, there are 61 Chartered Financial Analysts registered under CFA Society Uganda (Logging in, 2025) and 6 licensed investment managers (Annual Reports – Capital Markets Authority, 2024). This categorization allowed the study to capture perspectives from potential shareholders, thus reducing bias and ensuring representativeness (Saunders et al., 2019; Etikan, Musa, & Alkassim, 2016; Bell et al., 2019).

To determine the appropriate sample size, Slovin’s formula was applied.

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

Where: n = sample size,

N = target population,

e = level of significance

This formula provides a measured approach to sample size determination while maintaining statistical precision and reducing sampling error (Krejcie & Morgan, 1970). Given the study population of 405 respondents, the calculation ensured that the selected sample is neither excessively large, leading to resource inefficiencies, nor too small, which could undermine statistical significance (Yamane, 1967). The study aimed for a confidence level of 95% with an acceptable margin of error to support reliable and valid conclusions (Stratton, 2021).

The appropriate sample size for the study was 242 respondents. The sample size of 242 respondents were composed of 183 potential shareholders, 53 financial analysts and 6 investment managers was obtained using Slovin’s formula as illustrated in the table below:

Table 1; Sample size distribution

Category	Study Population	Sample Size
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Potential Shareholders	338	183
Financial Analysts	61	53
Investment Managers	6	6
Total	405	242

3.5 Sampling Techniques

To ensure representativeness and address concerns of limited variation, the study employed a stratified random sampling technique. Respondents were systematically grouped into three strata: potential shareholders, financial analysts, and investment managers. Stratification guaranteed that each category of stakeholders contributed proportionately to the sample, reducing bias and enhancing the generalizability of findings (Lohr, 2021). This technique ensured that potential investors were included, thereby providing balanced insights into how financial reporting transparency influences investment decision-making (Etikan, 2017). Stratification also minimized sampling error and ensured that minority groups (e.g., investment managers) were adequately represented in the dataset.

3.6 Variable Definitions and Measurements

This study examined the relationship between financial reporting transparency (independent variable) and shareholder/investor decision-making (dependent variable).

Independent Variable: Financial Reporting Transparency

Financial reporting transparency represents the degree to which financial information provided by firms is accurate, timely, and complete in meeting the needs of investors and other stakeholders. In this study, the construct was operationalized along three core dimensions widely recognized in accounting and investment research:

1. **Accuracy:** This dimension reflects the extent to which financial statements are free from material errors, misstatements, or deliberate manipulation, and whether they comply with accepted accounting standards such as IFRS and GAAP (Berndt, 2020). Accuracy was measured through investors' perceptions of the credibility, reliability, and audit assurance of financial reports. Items included confidence in audited accounts, concern about

misstatements, and reliance on financial statements to assess profitability. High perceived accuracy was expected to reduce information asymmetry and increase investor confidence, while low accuracy would heighten risk perceptions and discourage investment.

2. **Timeliness:** Timeliness captures the speed and regularity with which financial information is made available to investors, including the frequency of interim disclosures (quarterly, semi-annual, annual) and adherence to regulatory deadlines (De Villiers et al., 2023). This dimension was measured through items assessing preferences for timely reporting, effects of delays on investor perceptions, and the role of prompt reporting in portfolio planning and reacting to market conditions. Timeliness was expected to influence investors' ability to act quickly on available information, reducing uncertainty and enhancing market efficiency.
3. **Completeness:** Completeness relates to the adequacy and comprehensiveness of disclosures made in financial reports, including financial and non-financial information such as corporate governance practices, contingent liabilities, risks, and sustainability issues (De Villiers et al., 2023). Measurement focused on the degree to which investors perceived that firms disclosed all relevant information necessary to make informed decisions. This included governance details, risk disclosures, and transparency about liabilities and future obligations. Complete disclosures were expected to reduce perceived risk, increase trust in firms, and promote longer-term investment commitments.

Each of these three dimensions was captured using Likert-scale items in the questionnaire. By combining accuracy, timeliness, and completeness, the study provided a holistic measure of financial reporting transparency.

Dependent Variable: Shareholder/Investor Investment Decisions

Investment decisions were operationalized to capture how financial reporting transparency influences investor behaviour. Based on literature and panel guidance, the construct was broken into **one distinct dimension**, representing a measurable aspect of investment decision-making:

1. **Investment Behaviour:** Refers to the actual actions and intentions of investors, including their likelihood to initiate new investments, increase existing ones, or withdraw from

firms based on the quality of financial reporting (Reverte, 2021). Measured using items that captured the impact of transparent reporting on investment initiation, expansion, and long-term planning. This construct directly linked the independent variable (transparency) with practical, observable investment outcomes.

3.7 Procedure for Data Collection

Data collection process ensured to incorporate and combine primary sources of data and secondary sources of data, thereby enabling a more comprehensive and detailed evaluation of transparency of financial reporting practices in addition to shareholders' decision-making procedures.

1. **Distribution of well-crafted questionnaires:** An all-inclusive and well-contemplated survey tool was created with an acute focus on detail, and it was therefore distributed to a strategically chosen group of respondents who were meticulously picked. These respondents included specifically identified key stakeholders such as potential shareholders, investment managers, and certified financial analysts who were all actively involved and participating in the market. Thoughtfully crafted, the questionnaire comprised a well-contemplated balance of closed-ended questions, including questions based on the Likert scale, thereby yielding valuable quantitative data concerning the critical role that transparency plays in informing investment-related decision-making (Babbie, 2016). Respondents actively took some time to enter direct and well-reflective comments on different parts of Quality Chemicals' disclosures to the market, mainly focusing on issues such as clarity, timeliness, and overall completeness of disclosures made (Bryman & Bell, 2018).
2. **Scrutiny of publicly available financial reports:** Throughout the course of this research, a rigorous examination of the financial statements released by Quality Chemicals, together with numerous investor disclosures and earnings releases, was carried out. This exercise of scrutiny was aimed at strictly evaluating the extent of transparency that exists within the corporate reporting activities of the company. This secondary data scrutiny yielded useful insights that supplemented the information collected via questionnaires, thus greatly improving the overall validity as well as the strength of the findings reported in the study (Weinbaum et al., 2019).

3.8 Data Collection Instruments

A structured questionnaire served as the main instrument of data collection, specially crafted to systematically capture and measure diverse aspects of shareholders' perceptions, levels of knowledge in finance, and behavioural factors impacting their respective directions of investment decision-making. Utilising structured questionnaires has been found very effective in standardising received responses from respondent populations, thus enabling research to effectively and rigorously undertake quantitative data analysis, as opined by Kothari in 2016. Additionally, the method serves to eliminate biases generated by open-ended questions, a consideration highlighted by Patten in 2016. In an endeavour to ensure maximum precision in obtained results from this research, the questionnaire comprised mainly closed-ended questions using Likert scale measurement. Such a format not only serves to ensure consistency in respondents' provided responses, but it also enhances an easier undertaking of relevant statistical analysis, thus enabling sound inferences to be drawn from received data, as provided by Lohr in 2021. The application of Likert scale measurement proved to be very effective in undertaking an accelerated evaluation of shareholders' perceptions impacting clarity of disclosures in statements of financial reporting. This was achieved by fully measuring agreement levels on respective indices, such as clarity of disclosures, timeliness of disclosures, and completeness of disclosures, as discussed by Creswell and Creswell in 2017. Additionally, the questionnaire comprised diverse portions clearly crafted to capture respondents' levels of knowledge in finance. Cautious and meticulous construction of the questionnaire serves to ensure any discrepancies in levels of knowledge in finance remain fully compensated upon analysis of investment decision-making, as noted by Bryman and Bell in 2018. Through the strategic designing of the questionnaire in such a way, research effectively guaranteed received data portrayed reliability, as well as comparative data received from diverse shareholders' groups, at the same time combining to offer strong results to be generalised from research, based on assumptions made from research respondents, as noted by Grenier and McConnell in 2021.

3.9 Quality/Error Control

To help ensure that the data collected validity and reliability were confidently kept and upheld throughout all stages of the research venture, an extensive set of rigorous quality control procedures were systematically implemented and enacted within every single portion of the

research process. To deal very specifically with the matter of content validity, a meticulous and thorough investigation was conducted by a specialist group of professionals who happen to be experienced professionals themselves and possessing a significant amount of experience in finance, investment analysis, and corporate governance. Such scrutiny, therefore, took place on the questionnaire administered in our study, thus ensuring that their informative inputs came to play an integral part in sharpening aspects we explored further concerning our research thrust themselves. The expert validating process successfully ensured, therefore, that all salient dimensions pertinent to financial disclosure, i.e., accuracy, timeliness, and completeness, were adequately covered and properly represented within the survey instrument crafted by Morgan (2022). Before initiating full-scale data collection, thorough pilot testing took place to pinpoint any underlying uncertainties, gauge very well respondents' comprehension of questions asked, and implement any pertinent alterations to questionnaire wording to clarify well on issues covered (Berndt, 2020). The pilot research, therefore, involved the very careful manual selection of a small portion of research population to gauge clarity of response and ascertain effectiveness of instrument in extracting what it set out to capture, which happens to be research objectives concerning variables of interest themselves (Etikan, 2017).

The reliability analysis for this study was conducted using Cronbach's Alpha coefficient, one of the most widely accepted statistical measures for estimating the internal consistency of assessment instruments such as questionnaires. This procedure ensured a rigorous evaluation of the measurement quality of the constructs under investigation.

For the construct of shareholder investment decision, the reliability coefficient was 0.76, increasing to 0.79 when standardized across the seven items. Both values exceed the generally recommended cut-off of 0.70, which is commonly cited in methodological literature as evidence of acceptable to good reliability (Tavakol & Dennick, 2011; Gliem & Gliem, 2003). This result confirms that the items within this construct were cohesive and provided stable responses, thereby demonstrating strong reliability.

On the other hand, the construct of financial reporting transparency, comprising 25 items, yielded a Cronbach's Alpha of 0.68, which rose to 0.70 under standardization. While the raw coefficient falls slightly below the traditional 0.70 benchmark, it remains within the range that many scholars consider adequate, particularly when measuring broad and multidimensional

constructs (Taber, 2018; Peterson, 1994). The standardized value at 0.70 further supports that the instrument captured the construct with an acceptable level of consistency. Taken together, these findings demonstrate that both constructs met acceptable thresholds of reliability. The combination of multiple quality control procedures and careful item standardization minimized potential measurement errors, thereby enhancing the credibility, validity, and overall robustness of the study's results.

Table 2; Reliability Statistics

Variable	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
Shareholder investment decision	0.76	0.79	7
Financial reporting transparency	0.68	0.70	25

In assessing the suitability of the data for factor analysis, the Kaiser-Meyer-Olkin (KMO) Measure and Bartlett's Test of Sphericity were conducted. The KMO value was 0.721, which exceeds the minimum recommended threshold of 0.60 (Kaiser, 1974). This indicates that the sampling adequacy for the variables included in the analysis is acceptable, and the partial correlations among variables are sufficiently low to support factor extraction.

Furthermore, Bartlett's Test of Sphericity yielded a chi-square value of 845.213 with 561 degrees of freedom, and the result was statistically significant at $p < 0.005$. This was an indication that the correlation matrix is not an identity matrix and that significant relationships exist among the variables. Therefore, the data demonstrates adequate factorability. Together, these diagnostics confirm that the dataset meets the assumptions required for exploratory factor analysis, justifying the continuation of the analysis to identify potential underlying constructs.

Table 3; Validity of data Instruments

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.721
Bartlett's Test of Sphericity	Approx. Chi-Square	845.213
	df	561
	Sig.	0.00347

3.10 Data Processing and Analysis

The collected data was processed and analysed using the Statistical Package for the Social Sciences (SPSS), a widely recognized software for quantitative research (Peck, et al., 2020). The analysis involved descriptive statistics, including mean, standard deviation, and frequency distributions, to summarize and organize the data effectively. These descriptive measures provided insights into shareholder perceptions and financial disclosure trends, highlighting key patterns in the dataset (Wickham, 2016).

Inferential statistical tests were conducted to examine relationships between financial reporting transparency and shareholder investment decisions. Correlation analysis was used to determine the strength and direction of associations between financial disclosure variables and investment behaviour (Bryman & Bell, 2018). Regression analysis further explored the predictive power of financial reporting factors on shareholder confidence and decision-making, ensuring that the study derived statistically significant conclusions about the impact of financial disclosure practices (Scott, et al., 2020).

3.11 Ethical Considerations

Ethical values were integral to the study to ensure compliance with provided research protocol.

Informed Consent: The participants were informed in plain language about the aim of the study, potential risks, and rights before consent (Weinbaum et al., 2019). Written consent was required to guarantee voluntary participation without compulsion.

Confidentiality: To guarantee the protection of respondent identities, data collected was anonymized and stored securely. No personal information was disclosed, and data were only used for academic purposes (Creswell & Creswell, 2017).

Ethical Approval: Ethical approval was obtained from the Uganda Christian University research ethics committees before data collection. The action guaranteed that the study was in conformity with ethical standards of research and the protection of participants' rights (Bryman & Bell, 2018).

3.12 Methodological Constraints

The research faced a number of methodological constraints that affected data analysis, collection, and interpretation.

Restricted Access to Confidential Financial Information: The corporations limited the internal financial disclosure on account of proprietary interests and regulatory requirements. This constraint hindered in-depth analysis of the accuracy of financial reporting beyond publicly disclosed records (Bryman & Bell, 2018).

Response Bias: The respondents provided socially desirable answers rather than truthful answers regarding their investment decisions. Expectations such as loyalty to the company, confidentiality matters, or perceived expectations affected responses and further affected the validity of data (Campbell et al., 2020).

Time Limitations: The fluidity of shareholder investment behaviors poses a limitation in the capability of observing long-term patterns. Because investor decision-making is influenced by financial markets and firm-related events, the cross-sectional design study was limited in its capacity for observing change through time (Lauren, 2023).

Limited Generalizability: Since the study only addresses Quality Chemicals Industries Limited, a Ugandan manufacturing firm, the findings were not universally applicable to other firms in the sector. Although the study yielded company-specific results, external validity across different companies might be limited (Patten, 2016).

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.0 Introduction

This chapter presents the data collected from the field. It includes descriptive summaries, statistical analyses, and visual displays. Each section aligns with the study objectives. Patterns and trends are highlighted to show how the data addresses the research questions.

4.1 Demographic Findings

Table 4; Demographic Characteristics of Respondents

This table presents the distribution of respondents by age, gender, education level, professional position, years of investment experience, and size of investment in Ugandan manufacturing firms.

Category		Count	Column N %
Age Group	34-40	89	47.1%
	44-50	45	23.8%
	18-30	24	12.7%
	54 and above	31	16.4%
Gender	Female	89	47.1%
	Male	100	52.9%
Education	Bachelor's Degree	93	49.2%
	Diploma	33	17.5%
	Master's Degree or higher	57	30.2%
	Secondary	6	3.2%
Position	Financial Analyst	26	13.8%
	Investment managers	6	3.2%
	Other	20	10.6%
	Potential Shareholder	137	72.5%
Investment Experience	2-5 years	38	20.1%
	6-10 years	57	30.2%

	Above 10 years	60	31.7%
	Less than 2 years	34	18.0%
Investment Size	Above UGX 50M	23	12.2%
	Below UGX 5M	63	33.3%
	None	7	3.7%
	UGX 11M - 50M	45	23.8%
	UGX 5M - 10M	51	27.0%

Demography profile of respondent provided an overarching but narrow cross-representation of stakeholder spectrum variety within Uganda investment environment for manufacturing. Age breakdown provides for an immense concentration within the 34-40 band, where 47.1% of the sample are deployed as an implication where mid-career was the largest group of active investors or take-turn-to-pay finance-takers. This was where there is broad economic engagement coupled with mature thinking of disclosures. This was followed by those between 44-50 where 23.8% are deployed, followed by those between 54 and above where 16.4% of the set are deployed, reinforcing the number of mature investors within the set. By far, category 18-30 was the most youthful set, where only 12.7% of the set are deployed, as an implication where these youthful investors have relatively limited engagement across the sector.

From the viewpoint of gender, the differential was strikingly even, for 52.9% of the responses were made by males, 47.1% by females. This striking evenness was an indicator of an ever-increasing investment environment, but was itself an index of structural forces for which males' predominance of finance has an ever-marginal presence.

Education level of questionnaire users also provided assurance for validity of stored information. Almost 49.2% of users have reached the bachelor grade, creating an adequate academic basis for interpretation of complex disclosure of finance. Furthermore, 30.2% have reached or have a master's, registering an externally verifiable presence of capability for complex analysis for sampled users. 17.5% have diplomas, and only 3.2% of the users had reached secondary school level, providing support for the fact that the questionnaire had been returned overwhelmingly by users who had had adequate schooling for critical interpretation of reporting finance.

Occupational ranks of participants showed self-identifications of more than half (72.5%) as shareholder place them potential stakeholders most impacted by disclosures of accounting reports when making an investment decision. 13.8% of the sample as certified finance analysts, providing technical input into the database. Those classified as “Other” who took 10.6%, also of an auxiliary but influential group whose investment insights stemmed from supplementary working experiences. Finally, 3.2% of the sample being investment managers providing input based on their investment expertise.

Statistics of investment experience showed an experienced group of participants. As an overall total, 61.9% of them had 6 or more years of investment experience—the 6-10 years, 30.2%, and 10 or more years, 31.7%. This breakdown made investment-related inferences more reasonable, as they are based on an experienced basis. 20.1% had 2-5 years, and 18% under 2 years, as for modest but substantial representation of neophytes into the investment market.

Investment size ranges provided breakdown of detailed monetary investment of the respondents. Most (33.3%) had investment values lower than those of UGX 5 million, either due to risk-averse investment strategies or due to limited capital among that group. While 27% had investment values between those of UGX 5-10 million, 23.8% had investment values between those of UGX 11-50 million. Only 12.2% had investment values higher than those of UGX 50 million, suggestive of the fact that there was comparatively smaller group of high-capital investors. 3.7% had no existing investment, due perhaps to aspirational or other investors whose responses were still informative for an understanding of decision-making behaviour.

4.2 Financial reporting accuracy's impact on shareholder decisions.

Table 5; Impact of Financial Reporting Accuracy on Shareholder Investment Decisions

Mean scores and standard deviations reflect respondents’ perceptions regarding how the accuracy of financial disclosures influences their investment confidence, behaviour, and risk assessments.

Statement	N	Mean	Std. Deviation
Accurate financial statement influences my confidence in a company’s performance.	189	3.95	0.674

I review financial reports before making or considering investment decisions.	189	4.07	0.473
Firms with consistently accurate financial reports attract more investment interest.	189	4.33	0.737
Errors in financial reports affect my confidence in a company's reliability.	189	3.59	0.690
I rely on financial reports to evaluate the profitability of a firm.	189	4.02	0.668
Inaccurate financial disclosures influence me to reconsider my investment position.	189	4.03	0.676
Reliable financial disclosures encourage long-term commitment from investors.	189	4.01	0.692
I trust independently audited financial reports.	189	4.00	0.644
Consistently accurate financial reports signal strong financial stability.	189	4.05	0.650

Respondents also showed a strong tendency to corroborate the accuracy of financial information, indicated by the item, " I review financial reports before making or considering investment decisions," with a mean score of 4.07 (SD = 0.473). This response, one of the lowest varying in the data, indicated that investors do not interact passively with financial disclosures but instead actively scrutinize the data before investing capital, highlighting an evidence-based, disciplined approach to investment analysis.

A striking observation was the belief that precise financial reporting draws more investor interest. The item "Firms with consistently accurate financial reports attract more investment interest" had the highest mean value in this cluster, M= 4.33 (SD = 0.737). This suggested a common presumption that companies showing accuracy and openness in reporting develop a reputation edge, making them appear safer and more desirable targets for investment.

At the other end, there was cautious concern about the effects of misreporting. The statement, "Errors in financial reports affect my confidence in a company's reliability," had a lower but still moderate agreement (M = 3.59, SD = 0.690). Although the mean was still above the neutral midpoint, it was apparent that although errors are a concern, their effect on decision-making

might be contextual—perhaps offset by other compensating factors like firm reputation or auditor credibility.

Respondents also uniformly confirmed their use of financial statements in analysing profitability ($M = 4.02$, $SD = 0.668$), and admitted that inaccurate disclosures had in the past led them to re-strategize current or future investments ($M = 4.03$, $SD = 0.676$). These findings together confirmed that the integrity of financial statements does not only inform investment justification; it actively influences investor behaviour for both entry and exit decisions.

Long-term investor commitment was also dependent on reliability of data. With a mean score of 4.01 ($SD = 0.692$), the item, "Reliable financial disclosures encourage long-term commitment from investors," suggested that truthful financial disclosures act not just as capital entry points but as reaffirmations of sustained trust. In the same way, trust in third-party verification was indicated in strong agreement with the item, "I trust independently audited financial reports" ($M = 4.00$, $SD = 0.644$), reflecting institutional appreciation for credible third-party oversight.

Two additional statements served to further emphasize the importance investors place on reporting quality. The acknowledgment that "Consistently accurate financial reports signal strong financial stability," ($M = 4.05$, $SD = 0.650$) indicated how discrepancies in financial reports are seen as early warning signs of general financial or operational instability.

4.3 Timeliness affecting shareholder investment choices.

Table 6; Effect of Timely Financial Reporting on Shareholder Investment Decisions

The table outlines respondents' views on the importance of timely financial reporting, including its influence on trust in management, responsiveness to market conditions, and investment behaviour.

Statement	N	Mean	Std. Deviation
I prefer investing in firms that publish financial reports on time.	189	4.05	0.481
Delayed financial reports affect my confidence in management efficiency.	188	4.09	0.688
The timeliness of reports affects my decision to increase or reduce investments.	189	4.05	0.698
Frequent delays in financial reports affect my perception of a firm's stability.	189	4.08	0.643
Timely reports enable me to respond quickly to market changes.	189	4.18	0.736
I am more likely to invest in firms that consistently report without delays.	189	4.05	0.713
Late publication of financial statements affects my willingness to invest.	189	4.12	0.744
Firms that provide quarterly financial reports are more attractive to me.	189	3.98	0.863
Timely financial reports aid portfolio planning.	189	4.11	0.655

A substantial number of participants indicated a strong preference for firms that release their financial reports punctually ($M = 4.05$, $SD = 0.481$), demonstrating that timeliness is not a secondary concern but a primary indicator of operational credibility. The low standard deviation further implied near-universal agreement, signalling minimal divergence in how respondents perceive reporting punctuality.

The statement, "Delayed financial reports affect my confidence in management efficiency," garnered one of the higher mean responses ($M = 4.09$, $SD = 0.688$), underscoring a direct link between reporting delays and perceived managerial competence. This suggested that timeliness

is not merely about access to information; it is interpreted as a reflection of internal control, transparency culture, and leadership discipline. Investors appear to read delays as symptomatic of broader inefficiencies or opacity in governance.

Participants also confirmed that the timeliness of financial disclosures influences their decisions to increase or reduce investment ($M = 4.05$, $SD = 0.698$). This suggested that timely communication aids momentum for capital expansion within firms, possibly by enhancing investor trust in managerial integrity and operational readiness. In contrast, “Frequent delays in financial reports affect my perception of a firm’s stability” was supported with a similarly high mean score ($M = 4.08$, $SD = 0.643$), further validating that investors perceive lateness not as a clerical inconvenience but as a substantive risk marker.

The strongest agreement emerged from the statement, “Timely reports enable me to respond quickly to market changes” ($M = 4.18$, $SD = 0.736$). This elevated score reinforced the idea that late or inconsistent reporting is treated by investors as an immediate red flag, one that casts doubt on the reliability of financial positions and heightens uncertainty regarding future performance. This response pattern signalled a deeply embedded expectation of transparency underpinned by punctual communication.

Additionally, timely financial reporting was perceived as a key enabler for proactive investment actions. The statement, “Timeliness improves market response speed” ($M = 4.05$, $SD = 0.713$), highlighted how access to current data equips investors to adapt swiftly to changing market dynamics. It aligned closely with the view that “Late publication of financial statements affects my willingness to invest” ($M = 4.12$, $SD = 0.744$), suggesting that regular, dependable disclosures serve as both a performance signal and a foundation for investor loyalty. This reluctance aligned with findings from the statement, “Timely financial reports aid portfolio planning” ($M = 4.11$, $SD = 0.655$), which highlighted the instrumental role of timing in aligning investment choices with broader strategic objectives.

Interestingly, the lowest mean score, though still above the neutral point, was recorded for “Firms that provide quarterly financial reports are more attractive to me” ($M = 3.98$, $SD = 0.863$). This suggested a moderate level of endorsement, possibly indicating that while quarterly reporting is valued, it may not be universally prioritized across investor types or may depend on industry-specific expectations.

4.4 Completeness of financial reports shaping shareholder investment behaviour.

Table 7; Role of Completeness in Financial Disclosures on Investment Behaviour

This table summarizes how the presence or absence of comprehensive and transparent financial information affects investors' perceptions of risk, trust, and firm stability.

Statement	N	Mean	Std. Deviation
Comprehensive disclosures increase my confidence in investing in a firm.	189	4.12	0.682
Availability of detailed information influence perceived investment risk.	189	4.07	0.701
I feel more secure investing in companies that provide full disclosure.	189	4.10	0.669
Disclosure of both financial and non-financial risks increases trust in a company.	189	4.05	0.693
Incomplete financial information influences my investment confidence in a firm's stability.	189	4.09	0.654
Governance-related disclosures (e.g., board composition, audits) enhance investor trust.	189	4.02	0.721
Clear disclosures of liabilities and obligations improve my willingness to invest.	189	3.98	0.734

The strongest agreement among participants was evident in the statement, "Comprehensive disclosures increase my confidence in investing in a firm," which yielded the highest mean score (M = 4.12, SD = 0.682). This response affirmed that investors value transparency not only in numerical data but in the firm's willingness to disclose uncertainties, contingencies, and exposures. Rather than deterring engagement, such candour appears to bolster confidence, possibly due to its association with proactive governance and risk-aware management practices. The relatively low standard deviation further suggested that this perception is widely shared, regardless of individual experience or investment size.

Closely aligned with this is the importance placed on governance-related disclosures. The item, "Governance-related disclosures (e.g., board composition, audits) enhance investor trust," received a high mean (M = 4.02, SD = 0.721), reinforcing the argument that investors regard

non-financial reporting as essential components of decision-making. Such information seemingly functions as a proxy for organizational integrity and was therefore weighted heavily when assessing the credibility of a potential investment.

A related, yet distinct, finding pertains to the role of comprehensive disclosures in cultivating emotional security. The statement, “I feel more secure investing in companies that provide full disclosure,” ($M = 4.10$, $SD = 0.669$) suggested that beyond rational calculations of risk and return, complete information fosters a psychological sense of assurance. Investment, particularly in volatile markets, often extends beyond data-driven logic to include trust-based confidence in the firm’s transparency and reliability. Investors appeared to view completeness as a form of reputational insurance; something that cannot be substituted by selective or partial reporting.

Respondents also affirmed the instrumental role of detail in mitigating perceived risk. The item, “Availability of detailed information influence perceived investment risk,” ($M = 4.07$, $SD = 0.701$) reflected an understanding that risk is not solely a function of market exposure but also of information asymmetry. The more granular and structured the disclosures, the more empowered investors feel to accurately assess potential threats. In this sense, completeness functions not only as a disclosure standard but as a risk management tool from the investor's perspective.

Notably, the statement, “Disclosure of both financial and non-financial risks increases trust in a company,” also received a strong endorsement ($M = 4.05$, $SD = 0.693$), reinforcing the cumulative effect of completeness on investor psychology. Unlike transparency in isolation, which emphasizes clarity of content, completeness encompasses both breadth and depth. Investors evidently view thorough reporting as a signal of organizational discipline and preparedness, which in turn enhances their readiness to allocate capital.

However, where completeness is lacking, investors appeared to respond with caution, if not outright avoidance. The item, “Clear disclosures of liabilities and obligations improve my willingness to invest,” although slightly lower in mean ($M = 3.98$, $SD = 0.734$), still reflected an agreement that clear disclosures are considered serious enough to influence investment behaviour. The standard deviation further amplified this finding it is not simply a matter of preference, but a shared norm among respondents that incomplete disclosure is a critical red flag.

In a nutshell, investors affirmed that “Incomplete financial information influences my investment confidence in a firm’s stability” (M = 4.09, SD = 0.654), confirming that gaps in reporting are not perceived as isolated weaknesses but as symptomatic of broader structural or operational issues. In the minds of investors, failure to report comprehensively does not merely obscure current performance—it calls into question the firm’s ability to sustain itself over time.

4.5 Shareholder Investment Decision

Table 8; Factors Shaping Shareholder Investment Decisions

The table captures insights into how financial disclosure attributes influence investment behaviour.

Factor	N	Mean	Std. Deviation
Investment behaviour	189	4.08	0.46

In contrast, investment behaviour exhibited a higher level of affirmation, with a mean score of 4.08 (SD = 0.46). This indicated that transparent and complete financial reporting does not merely influence investor sentiment it directly drives action. Respondents acknowledged that firms consistently practicing high-quality disclosure standards were more likely to attract additional investment. This pattern reflected the functional value of information clarity in shaping real-time portfolio decisions, particularly in emerging markets where gaps in data are often associated with operational or regulatory opacity. Investors appear to reward such firms with increased capital allocation, perceiving transparency as both a signal of stability and a mark of institutional integrity.

4.6 Financial reporting transparency and shareholder investment decisions

4.6.1 Correlations

Table 9; Pearson Correlation Matrix

	Financial Disclosure Accuracy	Timely Reporting	Completeness of Financial Disclosure	Shareholder Investment Decision
Financial Disclosure Accuracy	1	0.005	0.421**	0.321**
Sig. (2-tailed)		0.946	0.000	0.001
N	189	189	189	189

Timely Reporting	0.005	1	-0.066	0.028
Sig. (2-tailed)	0.946		0.367	0.700
N	189	189	189	189
Completeness of Financial Disclosure	0.421**	-0.066	1	0.287**
Sig. (2-tailed)	0.000	0.367		0.002
N	189	189	189	189
Shareholder Investment Decision	0.321**	0.028	0.287**	1
Sig. (2-tailed)	0.001	0.700	0.002	
N	189	189	189	189

Significant at 0.005

The correlation matrix above presents the interrelationships among four key financial variables: Financial Disclosure Accuracy, Timely Reporting, Completeness of Financial Disclosure, and Shareholder Investment Decision. The analysis employs Pearson’s correlation coefficient to evaluate the strength and direction of linear relationships among these variables.

A statistically significant positive correlation was observed between Financial Disclosure Accuracy and Completeness of Financial Disclosure ($r = 0.421, p < 0.001$). This indicated that as the accuracy of financial disclosures improves, their completeness also tends to increase. Similarly, Financial Disclosure Accuracy demonstrated a moderate, statistically significant positive association with Shareholder Investment Decision ($r = 0.321, p = 0.001$), suggesting that more accurate disclosures are meaningfully associated with more favourable investment decisions by shareholders. The direction and strength of these relationships implied that both accuracy and completeness are integral dimensions of disclosure quality that influence investor behaviour.

Timely Reporting revealed no statistically significant correlation with any of the other variables in the matrix. Specifically, its correlation with Financial Disclosure Accuracy ($r = 0.005, p = 0.946$), Completeness of Financial Disclosure ($r = -0.066, p = 0.367$), and Shareholder Investment Decision ($r = 0.028, p = 0.700$) remained weak and non-significant. These results indicated that timeliness, although often emphasized in regulatory frameworks, may not be strongly associated with either the quality of disclosure content or its impact on investor decisions within this data context.

Additionally, a moderate and statistically significant positive relationship was found between Completeness of Financial Disclosure and Shareholder Investment Decision ($r = 0.287$, $p = 0.002$). This outcome suggested that disclosures perceived as more complete are likely to contribute positively to the investment decision-making process. The implication here is that investors may rely not only on the precision of financial information but also on its comprehensiveness when evaluating investment options.

4.6.2 Regression analysis

Table 10; ANOVA Summary of the Regression Model

The table shows the ANOVA results for the regression model predicting Shareholder Investment Decision.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.487	3	0.829	12.674	0.000 ^b
	Residual	12.095	185	0.065		
	Total	14.582	188			

a. Dependent Variable: Shareholder Investment decision

b. Predictors: (Constant), Completeness of financial disclosure, financial disclosure accuracy, Timely reporting

The regression analysis aimed to evaluate the predictive capacity of three independent variables; Financial Disclosure Accuracy, Timely Reporting, and Completeness of Financial Disclosure, on the dependent variable, Shareholder Investment Decision. The ANOVA results presented in Table 9 above revealed that the overall model is statistically significant, $F(3, 185) = 12.674$, $p < 0.001$. This indicates that the combination of predictor variables reliably explains a significant proportion of the variance in shareholder investment decisions. The model accounts for a total sum of squares of 14.582, of which 2.487 is attributable to the regression model, suggesting the presence of a meaningful, though not overwhelming, effect size.

Table 11; Regression Coefficients

The table displays the regression coefficients for the model predicting Shareholder Investment Decision.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	3.921	0.521		7.528	0.000	2.893	5.506
	Financial disclosure accuracy	0.185	0.062	0.201	2.984	0.003	0.062	0.103
	Timely reporting	0.018	0.068	0.017	0.265	0.791	-0.117	0.175
	Completeness of financial disclosure	0.167	0.060	0.189	2.783	0.006	0.048	0.091

a. Dependent Variable: Shareholder Investment decision

Inspection of the coefficients in Table 10 clarified the individual contributions of each predictor. Financial Disclosure Accuracy emerged as a statistically significant predictor of Shareholder Investment Decision ($B = 0.185$, $SE = 0.062$, $\beta = 0.201$, $t = 2.984$, $p = 0.003$). The positive unstandardized coefficient indicated that, holding other predictors constant, a one-unit increase in accuracy leads to an average increase of 0.185 units in shareholder decision-making scores. The standardized coefficient reinforced the importance of this variable relative to the others within the model.

Similarly, Completeness of Financial Disclosure significantly predicted Shareholder Investment Decision ($B = 0.167$, $SE = 0.060$, $\beta = 0.189$, $t = 2.783$, $p = 0.006$). This finding suggested that more complete disclosures contribute positively and independently to shareholder investment decision outcomes. The confidence intervals for both Financial Disclosure Accuracy and Completeness of Financial Disclosure (CI95% [0.062, 0.103] and CI95% [0.048, 0.091], respectively) exclude zero, reinforcing the reliability of these predictors within the model.

On the other hand, Timely Reporting did not significantly influence Shareholder Investment Decision ($B = 0.018$, $SE = 0.068$, $\beta = 0.017$, $t = 0.265$, $p = 0.791$). The confidence interval for this variable (CI95% [-0.117, 0.175]) includes zero, suggesting that any effect of timeliness on investment decision-making is negligible or inconsistent within this dataset. Its non-significant t-value and near-zero standardized beta underscore its lack of explanatory power in the context of this model.

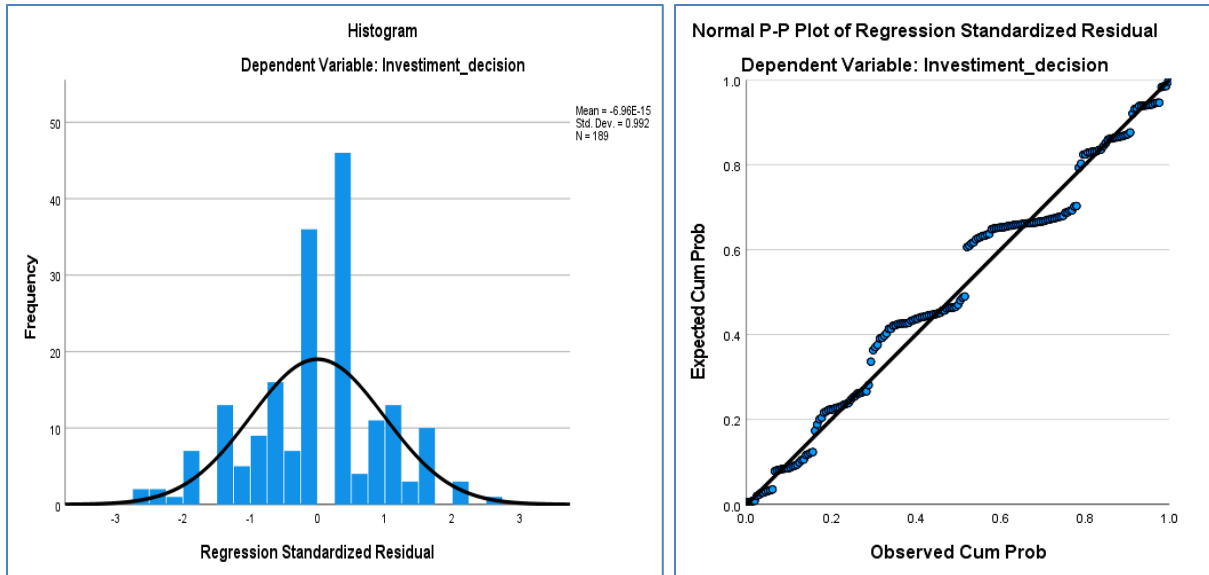


Figure 2; Normal P–P Plot of Regression Standardized Residuals for Investment Decision

The plot shows that the standardized residuals closely follow the diagonal line, indicating that the assumption of normality was reasonably satisfied for the regression model.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 Introduction

This chapter interpreted the findings in relation to existing literature and the study objectives.

5.1 Discussion of Findings

5.1.1 Financial reporting accuracy's impact on shareholder investment decisions.

The findings indicating that Financial Disclosure Accuracy significantly predicts Shareholder Investment Decision ($B = 0.185$, $SE = 0.062$, $\beta = 0.201$, $t = 2.984$, $p = 0.003$) align with several studies emphasizing the critical role of accurate financial reporting in influencing investor behaviour. Yoro (2024) supports this statement by illustrating that financial disclosure accuracy and transparency increase the confidence of investors, hence leading to better-informed investment decisions. Similarly, Abdulshakour (2020) finds that high-quality statements provide credible information, thus enabling shareholders to make informed assessments of company performance, which has a positive impact on their investment decisions. Additionally, Barth and Schipper (2008) support this statement by arguing that financial report clarity helps overcome information asymmetry, thus ensuring trustworthiness. Subsequently, this affects the decision-making of shareholders. In totality, these studies affirm that accuracy in financial disclosures is an important driver of investor attitudes and behavior, thus supporting the positive relationship identified in the findings.

However, some academics discuss assumptions either contradictory to or supplemental to understanding such outcomes themselves. For instance, Chen et al. (2018) argued that while accounting reporting precision remains critical, its impact upon investment decision-making itself is mediated by statement comparability, not only augmenting acquisition decision effectiveness but potentially offsetting any single impact channelled uniquely by precision itself. Conversely, Alardi and Altass (2021) argued instead that transparency, not precision alone, represents shareholders' best shield and has a far more significant impact upon investment decision-making, consequently supporting the proposition that precision represents no more than part of a larger transparency framework itself. Finally, Biehl et al. (2024) showed actual accounting reporting effects to have broader-based outcomes extending beyond immediate

investment decision-making, instead influencing long-term corporate strategy and showing a complexity beyond any simple linear relationship found by previous research studies themselves. These positions suggest instead that, although precision remains sure to be crucial, its impacts themselves can be moderated by further assumptions including comparability and larger-based notions of transparency themselves.

Financial reporting accuracy correlates closely with corporate governance and market efficiency as identified by different scholars. According to Alduais et al. (2023), accurate financial reporting, as part of effective corporate governance, has been shown to play a critical role in impacting investor judgments in emerging markets, thereby supporting the results of this research and highlighting the moderating effect of governance. Conversely, Malkiel (1989) argued that based on the efficient market hypothesis, available publicly-based data, including accurate accounting, is embedded in stock prices, which can pose a limitation to the direct impact on shareholder decision-making in very efficient markets, whereas this goes against the argument posited by Mohammadi and Nezhad (2015), who disputed this position by positing that increased precision in disclosures enhances increased investor trust in less efficient markets, which aligns more closely based on this research's results in scenarios defined by informational asymmetry. This difference reflects how different levels of market efficiency can generate disparity in terms of market reporting accuracy's impact on shareholder investment decisions.

The large positive impact of accurate financial disclosures on shareholder investment choices highlights its critical role in engendering investor trust. Olayinka (2022) proved that investment decisions were profoundly affected by the evaluation of credible financial statements, which supply credible data for assessing company performance, therefore supporting the inferred positive relationship. In addition, Kibrai (2021) argued that in Uganda, a context with strong cultural underpinnings demands precise financial reporting, with investors relying on accurate disclosures to respond to market conditions, always affirming research evidence. In contrast, Dou et al. (2019) showed that although accuracy contributes to the effectiveness of corporate investments, its direct impact on shareholder decision-making could be moderated by regulatory reforms, such as SFAS No. 123R, that might divert investor focus on specific accounting standards.

Moreover, practical evidence from Quality Chemical Industries Limited (QCIL) underscored the real-world implications of accurate financial reporting. African Financials (2024) and Quality Chemical Industries Limited (2024) report that QCIL's consistent and transparent financial disclosures have bolstered shareholder confidence, as evidenced by their interim dividend announcements and stable investor relations (Busiinge, 2024; Twaha, 2024). These reports aligned with the study's findings, illustrating that accurate financial reporting directly influences shareholder trust and investment behaviour. However, Nassuuna (2024) noted that in Uganda's economy; the broader impact of transparent reporting extends to economic stability, suggesting that the effect on shareholders is part of a larger ecosystem. This perspective complemented the statistical findings but situates them within a broader socioeconomic context, highlighting both agreement and an expanded scope compared to the original study.

5.1.2 Timeliness affecting shareholder investment choices.

The finding that Timely Reporting does not significantly influence Shareholder Investment Decision ($B = 0.018$, $SE = 0.068$, $\beta = 0.017$, $t = 0.265$, $p = 0.791$) suggested that the promptness of financial disclosures has minimal impact on investor behaviour in this context. This aligned with several studies that question the direct influence of timeliness on shareholder investment decisions. Abernathy et al. (2018) found that while managerial ability affects financial reporting timeliness, its direct link to investor decision-making is weak, as investors prioritize accuracy over speed. Similarly, Bahri and Amnia (2020) found that factors like company size and profitability have a stronger influence on audit delays and investor reactions than timeliness alone. Mappadang et al. (2021) further supported this by showing that financial performance metrics overshadow timeliness in shaping investor perceptions in Indonesian firms, suggesting that shareholders may not heavily weigh timely reporting when making investment decisions.

Also, some researchers argue that timeliness significantly affects investor behaviour, particularly in specific contexts, challenging the study's findings. Viet et al. (2018) demonstrated that in Vietnam's emerging market, timely financial reporting reduces information asymmetry, directly influencing investor confidence and investment choices. Aksoy et al. (2021) reinforced this, finding that in Turkey, board attributes and regulatory mandates like XBRL enhance timeliness, which in turn positively impacts shareholder decisions. Almuzaiqer (2018) also highlights that in the UAE, audit committee effectiveness drives timely reporting, which investors value as a

signal of governance quality, suggesting that timeliness can play a critical role in certain markets. These studies indicated that the impact of timeliness may be context-dependent, contrasting with the study's non-significant findings.

The role of market efficiency and investor expectations provides another lens to compare these findings. Malkiel (1989) argued, through the efficient market hypothesis, that timely disclosures are quickly incorporated into stock prices, potentially reducing their distinct impact on individual investment decisions, aligning with the study's negligible results. However, Rahmawati (2018) countered that in emerging markets, where information dissemination is slower, timely reporting carries significant information content that influences investor behaviour, contradicting the study's findings. Savitri et al. (2019) added that timeliness signals operational efficiency, which investors in less efficient markets may prioritize, suggesting that the study's results may not generalize across all market types. This contrast highlighted how market efficiency and investor reliance on timely information vary by region and economic context.

The non-significant influence of Timely Reporting on Shareholder Investment Decision suggested that speed of disclosure may not be a primary driver in this context. Uyioghosa and Amede (2019) supported this, finding that CEO attributes, rather than timeliness, more strongly influence investor perceptions in Nigerian firms, as leadership signals overshadow reporting speed. Zandi and Abdullah (2019) similarly noted that in Malaysian industrial firms, financial statement timeliness has a limited direct impact on investor decisions, with financial performance being a stronger determinant. However, Dobija and Puławska (2022) challenged this, arguing that board members with foreign experience enhance timely reporting, which significantly influences investor confidence in governance-focused markets.

Practical evidence from Quality Chemical Industries Limited (QCIL) offers a mixed perspective. African Financials (2024) and Quality Chemical Industries Limited (2024) indicated that QCIL's consistent reporting schedule supports shareholder trust, as seen in their dividend announcements (Busiinge, 2024; Twaha, 2024). However, these sources do not explicitly link timeliness to investment decisions, aligning with the study's finding that timeliness lacks significant explanatory power. On the other hand, Nassuuna (2024) suggested that in Uganda, timely reporting contributes to broader economic transparency, indirectly influencing investor confidence. This implied that while timeliness may not directly drive investment choices, as the

study finds, it plays a supportive role in fostering a transparent environment that indirectly shapes shareholder behaviour.

5.1.3 Completeness of financial reports shaping shareholder investment behaviour.

The finding that Completeness of Financial Disclosure significantly predicts Shareholder Investment Decision ($B = 0.167$, $SE = 0.060$, $\beta = 0.189$, $t = 2.783$, $p = 0.006$) underscored the importance of comprehensive financial reporting in influencing investor behaviour. This result aligned with several studies that highlight the role of complete disclosures in shaping shareholder decisions. Barth and Schipper (2008) argued that comprehensive financial reporting reduces information asymmetry, enabling investors to make informed decisions, which supports the positive coefficient observed. Similarly, De Villiers et al. (2023) found that shareholders value complete disclosures, including financial and non-financial information, as they provide a holistic view of firm performance, directly influencing investment choices. Feuerriegel and Pröllochs (2021) further confirmed that detailed disclosures across various topics enhance investor reactions, as completeness signals reliability and transparency, aligning with the study's findings that completeness independently drives investment decisions.

Several scholars have suggested different frameworks, suggesting the relevance of completeness can be moderated by an additional variable or by market forces leading to market dominance. Chen et al. (2018) noted that, while completeness remains significant, comparability of accounting statements more often becomes centrally significant within acquisition environments, potentially moderating the direct relevance of overall disclosures. Elberry and Hussainey (2020) argue that the effectiveness of firms' investments determines the disclosure culture, suggesting completeness may not necessarily elicit investor actions without its counterpart, organizational efficiency. Additionally, Malkiel (1989) posits, based on efficient market theory, huge disclosures quickly diffuse within security prices within efficient markets, potentially moderating their specific relevance to individual shareholders' decision-making procedures. These viewpoints suggest completeness remains significant, yet its impact can be context-sensitive or moderated within highly effective markets, differing therefore from this research's findings.

The completeness-corporate governance relationship presents another variable deserving of scholarly analysis. Alardi and Altass (2021) suggested comprehensive disclosures within a larger framework of transparency play an instrumental role in protecting shareholder interests and

informing investment judgments, thereby filling a gap in existing research and highlighting governance as a key enabler. Liu and Tian (2021) found mandatory CSR disclosures augmenting completeness to be positively influencing investment efficiency; however, their intentionality in relation to shareholder decision-making seems relatively weakened when measured against financial outcomes. Biehl et al. (2024) add to this discussion by suggesting financial reporting's substantive impact matters more to long-term corporate strategy than to short-term investor response, thereby capturing a broader context heretofore not recognized regarding short-run investment outcomes. Such a finding requires an integrative approach where completeness plays a vital role but operates within governance and strategic planning frameworks.

The notable positive impact of thorough disclosures of finances on shareholders' investment behavior highlights its critical role in providing investors with a deep understanding. Brown-Liburd et al. (2018) supported this proposition by showing that high CSR disclosures at elevated levels act as fairness heuristics, having a positive impact on investor decision-making by sending signals whose content indicates ethical behavior. Additionally, Li et al. (2019) argued that investment efficiency enhances when annual reports display high-quality risk disclosures, thereby, positively impacting shareholders' behavior by eliminating doubts. Conversely, Roychowdhury et al. (2019) argued that while completeness is critical, its impact on investment behavior may be tempered when investors rely more on numerical data instead of disclosures of other kinds.

Quality Chemical Industries Limited's (QCIL) disclosures illustrate practical application through comprehensive disclosures. Based on articles from African Financials (2024) and Quality Chemical Industries Limited (2024), there exists a relationship between the level of comprehensiveness within annual reports by QCIL and a growth in trust levels by shareholders, mediated by frequent dividend announcements (Busiinge, 2024; Twaha, 2024). The finding supports research results highlighting the positive impact of comprehensiveness. Nonetheless, Nassuuna (2024) noted that comprehensive reporting in Uganda enhances general economic transparency, meaning its impact on shareholders becomes encapsulated within a larger relational framework by virtue of systems in general. In comparison, Mohammadi and Nezhad (2015) argued that whereas comprehensiveness enhances transparency, its impact upon investor behavior becomes more significant within contexts defined by increased information asymmetry,

thereby supporting research results within relatively less efficient markets such as Uganda. These findings validate the relevance of thoroughness while, at the same time, augmenting its multifaceted impact within different contexts.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.0 Introduction

This chapter drew conclusions based on the results and offered practical recommendations. It also identified limitations and suggested areas for further research.

6.1 Conclusions

Financial Reporting Accuracy's Impact on Shareholder Investment Decisions

A strong statistical connection exists between shareholders' investment behavior and disclosures' accuracy, which provides strong evidence highlighting the key role of accurate and reliable financial reporting in influencing investor behavior in Uganda manufacturing entities, including Quality Chemical Industries Limited (QCIL). Disclosure accuracy increases shareholders' trust by providing reliable disclosures, which promotes wiser investment choices, thereby highlighting accuracy's significance in financial reporting techniques critically.

Timely Reporting Affecting Shareholder Investment Decisions

The Low Correlation between Timely Reporting and Shareholder Investment Decisions indicates that shareholder investment decisions have little relation to the timeliness of financial disclosures, meaning that investor behavior has little direction from timeliness within QCIL. This further implies that shareholders place more value on different aspects of financial disclosures, such as completeness and accuracy, compared to informativeness or timeliness, thereby supporting the effectiveness of focusing on quality more than timeliness in this market.

Completeness of Financial Reports Shaping Shareholder Investment Decisions

The significant positive impact of Completeness of Financial Disclosure on Shareholder Investment Decisions indicates comprehensive annual reports play a crucial role in informing investor decisions in QCIL. Such extensive disclosures provide a deep understanding of the organization's performance, hence eliminating concerns and building trust, which therefore has an influence on shareholders' investment judgments in Uganda's manufacturing sector.

Overall Conclusion

The research on accounting report transparency and its impact on shareholders' investment behavior in Quality Chemical Industries Limited proved that accuracy and clarity of financial reporting represent significant shareholders' investment determination factors within Ugandan manufacturing entities. These factors significantly enhance investor trust by diminishing information disparity and giving a realistic depiction of organizational efficiency. On the other hand, the timeliness of accounting reports does not have a notable impact on shareholders' judgments, meaning, in this context, investors value the accuracy and completeness of data more than the timeliness of reports. The findings indicate the imperative of emphasizing correct and comprehensive reporting via accounting procedures to promote and sustain investor trust within Uganda's manufacturing industry, offering a case illustration using QCIL.

6.2 Recommendations

1. Uganda manufacturing firms, including QCIL, should invest more in strengthening effective internal audit procedures and adopting international accounting standards, in particular IFRS, to be able to attain a high level of accuracy in their accounting statements. Continuous accounting staff training on effective reporting procedures can further boost reliability, meeting investor expectations of credible data.
2. Organizations should strive to provide detailed financial reports that include both quantitative and qualitative data, risk assessments, and sustainability measures. In addition, QCIL must expand its reporting framework to include factors related to environmental, social, and governance (ESG) issues to improve the quality of disclosure and appeal to investors looking for more detail.
3. Though timeliness has been accorded minimal influence, organizations should maintain proper report timelines to ensure market transparency. QCIL can implement electronic reporting tools such as XBRL to improve the efficiency of preparing timely reports, with no compromise on accuracy and completeness, hence ensuring regulatory compliance.
4. To promote accurate and thorough disclosures, QCIL and similar bodies should refine their corporate governance arrangements, including active audit committees, to ensure supervision of accounting reporting techniques. Effective governance procedures can potentially support investor trust by showing commitment to openness.

5. Institutions should engage shareholders by adopting workshops or investor relation programs to emphasize the importance of accurate and comprehensive accounting statements. QCIL can use its investor relation channel to educate shareholders on how to read financial disclosures, thereby enhancing their ability to make sound judgments.

6.3 Areas for further research

Future studies should explore why timeliness has limited impact in Uganda's manufacturing sector, examining factors such as market efficiency, investor preferences, and regulatory frameworks.

Comparative studies across other African markets could provide deeper insights into the role of financial reporting transparency on shareholder investment decisions.

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APPENDIX I: QUESTIONNAIRE

Research Title: *Financial Reporting Transparency and Shareholder Investment Decisions in Manufacturing Firms in Uganda*

Instructions:

This questionnaire is designed to assess how financial reporting transparency influences shareholder investment decisions. Kindly indicate your level of agreement with the statements using the scale below.

Likert Scale:

1 – Strongly Disagree | 2 – Disagree | 3 – Neutral | 4 – Agree | 5 – Strongly Agree

SECTION A: DEMOGRAPHIC INFORMATION

1. Age Group:

18–30 31–40 41–50 51 and above

2. Gender:

Male Female Prefer not to say

3. Level of Education:

Secondary Diploma Bachelor's Master's or higher

4. Status/Position:

potential shareholder Investment manager Financial analyst Other (specify)

5. Years of investment/market experience:

Less than 2 years 2–5 years 6–10 years Above 10 years

6. Approximate investment exposure in manufacturing firms:

None Below UGX 50M UGX 50M–100M UGX 101M–500M Above
UGX 500M

SECTION B: FINANCIAL DISCLOSURE ACCURACY

(Impact on Shareholder Investment Decision)

Statement	1	2	3	4	5
7. Accurate financial statements influence my confidence in a company's performance					
8. I review financial reports before making or considering investment decisions.					
9. Firms with consistently accurate financial reports attract more investment interest.					
10. Errors in financial reports affect my confidence in a company's reliability.					
11. I rely on financial reports to evaluate the profitability of a firm.					
12. Inaccurate financial disclosures influence me to reconsider my investment position.					
13. Reliable financial disclosures encourage long-term commitment from investors.					
14. I trust independently audited financial reports.					
15. Consistently accurate financial reports signal strong financial stability.					

SECTION C: TIMELY FINANCIAL REPORTING

(Effect on Shareholder Investment Decisions)

Statement	1	2	3	4	5
16. I prefer investing in firms that publish financial reports on time.					

17. Delayed financial reports affect my confidence in management efficiency.					
18. The timeliness of reports affects my decision to increase or reduce investments.					
19. Frequent delays in financial reports affect my perception of a firm's stability.					
20. Timely reports enable me to respond quickly to market changes.					
21. I am more likely to invest in firms that consistently report without delays.					
22. Late publication of financial statements affects my willingness to invest.					
23. Firms that provide quarterly financial reports are more attractive to me.					
24. Timely financial reporting aid portfolio planning.					

SECTION D: COMPLETENESS OF FINANCIAL DISCLOSURES

Statement	1	2	3	4	5
25. Comprehensive disclosures increase my confidence in investing in a firm.					
26. Availability of detailed information influence perceived investment risk.					
27. I feel more secure investing in companies that provide full disclosure.					
28. Disclosure of both financial and non-financial risks increases trust in a company.					
29. Incomplete financial information reduces my confidence in a firm's stability.					

30. Governance-related disclosures (e.g., board composition, audits) enhance trust.					
31. Clear disclosures of liabilities and obligations improve my willingness to invest.					

SECTION E: SHAREHOLDER / INVESTOR DECISIONS

(Investment Behaviour – IB)

Statement	1	2	3	4	5
IB1. The level of transparency affects my decision to invest in new firms.					
IB2. I am more likely to increase investment in firms with consistent transparency.					
IB3. Complete reports help me evaluate long-term investment opportunities.					

Thank you for your participation!

Your responses will remain confidential and was used solely for academic purposes.!

APPENDIX II: UCU REC APPROVAL LETTER



**UGANDA CHRISTIAN
UNIVERSITY**

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Office of the Vice Chancellor
Research Ethics Committee UG-026



10th June, 2025

SAMUEL MAYANJA MUBIRU,
Uganda Christian University
+256784471211
Email: smayanja8@gmail.com

UG-REC-026 APPROVAL NOTICE

To: Samuel Mayanja Mubiru, Principal Investigator

Re: UCU-REC Application titled: *Financial Reporting Transparency and Shareholder Investment Decisions in Manufacturing Firms in Uganda A case study Of Quality. Chemicals Industries Limited*

Application Number: UCUREC-2025-1749

Version: 4.1

Type: INITIAL REVIEW
 Protocol Amendment
 Letter of Amendment (LOA)
 Continuing Review
 Material Transfer Agreement
 Other, Specify:



I am pleased to inform you that the UG-REC-026; UCUREC approved the above referenced application.

Approval of the research is for the period from 10th June, 2025, to 10th June, 2026
This research is considered minimal risk category.

As Principal Investigator of the research, you are responsible for fulfilling the following requirements of approval:

1. All co-investigators must be kept informed of the status of the research.
2. Changes, amendments, and additions to the protocol or the consent form must be submitted to the REC for re-review and approval prior to the activation of the changes. The REC application number assigned to the research should be cited in any correspondence.
3. Reports of unanticipated problems involving risks to participants or other must be submitted to the REC. New information that becomes available which could change the risk: benefit ratio must be submitted promptly for REC review.

1 of 2

Research and Ethics



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Office of the Vice Chancellor
Research Ethics Committee UG-026



4. Only approved consent forms are to be used in the enrollment of participants. All consent forms signed by subjects and/or witnesses should be retained on file. The REC may conduct audits of all study records, and consent documentation may be part of such audits.
5. Regulations require review of an approved study not less than once per 12-month period. Therefore, a continuing review application must be submitted to the REC eight weeks prior to the above expiration date of 10th June, 2026 in order to continue the study beyond the approved period. Failure to submit a continuing review application in a timely fashion may result in suspension or termination of the study, at which point new participants may not be enrolled and currently enrolled participants must be taken off the study.
6. The REC application number assigned to the research should be cited in any correspondence with the REC of record.
7. Your research details have been shared with the Executive secretary of Uganda National Council for Science and Technology (UNCST) and you are not required to get clearance since you are a Master's Degree research. Refer to UNCST Research registration and clearance Policy and guidelines (July 2016) in Uganda section 6(e).

The following is the list of all documents approved in this application by UG-REC _026:

	Document Title	Language	Version	Version Date
1.	Protocol	English	1.0	2025-06-04
2.	Data Collection tools	English	1.0	2025-06-04
3.	Informed consent form	English	1.0	2025-06-04

Signed and Stamped

Prof. Peter Waiswa,
UCUREC Chairperson,
pwaiswa@musph.ac.ug



APPENDIX III: UCU DATA COLLEACTION LETTER



**UGANDA CHRISTIAN
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11th June 2025

To Whom It May Concern;

RE: MASTERS IN BUSINESS ADMINISTRATION (MBA)

Mr. Mayanja Samuel, Access No.A 93339 and REG. KS21M15/008 is a student at Uganda Christian University, pursuing a degree of Master's in Business Administration.

In partial fulfillment of the requirements for the award of the Master's degree, he is conducting a research study titled: **Financial Reporting transparency and Shareholder Investment Decisions in manufacturing firms in Uganda. A case study of Quality Chemicals industries limited.**

This communication therefore serves to formally request you to allow him access any information in your custody/organisation, which is relevant to his research.

Thank you for your cooperation on this matter

Yours Sincerely,

Dr. Henry Mugisha

Head of Department, **Postgraduate Studies**



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Appendix IV: Consent Letter

Mayanja Samuel Mubiru

smayanja8@gmail.com

0784471211/0703967641

16th June, 2024

To whom it may concern,

Kampala, Uganda

Dear Sir/Madam,

RE: SEEKING CONSENT TO COLLECT DATA FOR ACADEMIC RESEARCH

I am writing to seek your consent to collect data for academic research. I am a student at Uganda Christian University pursuing a master's degree in Business Administration majoring in Finance. I am undertaking an academic research on the topic 'Financial Reporting transparency and Shareholder Investment Decisions in manufacturing firms in Uganda' as fulfillment of a requirement to attain a master's degree.

The research will entail collecting data from potential shareholders, certified financial analysts and investment managers. Data will be collected through the use of structured questionnaires where the selected respondents shall give their responses. The responses shall be used for academic purposes and have a high degree of confidentiality. Confidentiality will be maintained by exclusion of personally identifying information from the final report.

Thank you for your kind consideration and cooperation.

Regards,



Mayanja Samuel Mubiru



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SCHOOL OF RESEARCH & POSTGRADUATE STUDIES

DISSERTATION CORRECTION COMPLIANCE REPORT BY THE CANDIDATE (POST VIVA FORM)

Date: 25th September 2025

Name of Candidate: MAYANJA SAMUEL MUBIRU **Reg. No:** KS21M15/008

Title of Dissertation: FINANCIAL REPORTING TRANSPARENCY AND SHAREHOLDER INVESTMENT DECISIONS IN MANUFACTURING FIRMS IN UGANDA- A CASE STUDY OF QUALITY CHEMICALS INDUSTRIES LIMITED

SN	COMMENTS BY EXTERNAL EXAMINER	ACTION TAKEN	INDICATOR/PAGE NO.
1	Comment 1: Condense lengthy explanations especially conceptual and contextual sections, to avoid redundancy.	The explanations were condensed.	Pages 2-3
2	Comment 2: Consider including hypotheses since quantitative tests (correlation/regression) were conducted.	Hypotheses were included.	Pages 7-8
3.	Comment 3: Justify sample size determination more explicitly and clarify why no hypotheses were formulated.	Sample size justification was given.	Page 29
4.	Comment 4: Separate presentation of results from interpretation to reduce overlap with discussion.	Presentation of results and interpretation were separated.	Pages 38-49
5.	Comment 5: Strengthen contribution section by explicitly outlining theoretical, empirical and	Contribution section was strengthened.	Pages 11-37

	methodological contributions.		
6.	Comment 6: Proofread the entire document to correct typographical errors and improve readability.	The entire document was proofread.	Whole document

SN	COMMENTS BY INTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	Comment 1: Maintain precision by removing narrative details better suited for background.	Narrative details were removed.	Pages 2-6
2	Comment 2: Improve synthesis by critically comparing studies instead of lengthy descriptions.	Synthesis was improved upon.	Whole document.
3	Comment 3: Standardize referencing format (APA) and check completeness/ accuracy of all entries.	Referencing format was standardized.	Pages 62-70
4	Comment 4:		

SN	COMMENTS BY VIVA VOCE PANEL	ACTION TAKEN	INDICATOR
1	Comment 1: Revisit and refine conceptual framework and population selection in consultation with supervisor.	Conceptual framework and population selection were adjusted.	Pages 10, 29-30
2	Comment 2: Redesign the tools to capture diverse respondents and unbiased data.	Tools were redesigned.	Pages 71-74
3	Comment 3: Clarify the operationalization of the dependent variable (either merge or choose one	Dependent variable had one component.	Page 10

	component).		
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MAYANJA SAMUEL MUBIRU
Candidate's Name Signature

DR. MUGISHA HENRY
Supervisor's Name Signature