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The effect of quality of financial reports on the share price value of the listed companies in Dar es salaam stock exchange

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The effect of quality of financial reports on the share price value of the listed companies in Dar es salaam Stock Exchange

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Abstract
The study analyzes the impact of quality of financial reports on the share price value of the listed companies in Dar es Salaam Stock Exchange (DSE) from 2019 -2022. To achieve the objective of the study, annual reports of 26 listed companies in the DSE were selected using purposive sampling technique for the period under the study. The study employed explanatory research design and a multiple regression analysis was employed to analyze the data. The empirical findings indicate that fundamental, enhancing qualitative characteristics and firm size are positively related with share price. This implies that quality financial reports contribute to an increase in share price. In managerial perspective, the study also provide evidence that quality of financial reports fosters shares price. The study recommends that management should focus on enhancing the quality of financial reports as a means to increase share price. Furthermore, policy makers should formulate and enforce policies that will improve the traits of quality of financial reports and impacting the share prices. Lastly the study suggested future studies to be conducted on financial or non-financial companies, introduce new research variables and considering alteration of the research methodology.

Keywords: *Quality of financial reports, share price value, Dar es Salaam stock exchange, Tanzania*

Introduction

The quality of financial reports is paramount to the effective management of any organization. This is due to the fact that they play a vital role in providing information to be used for decision-making, evaluating performance, and ensuring transparency and accountability (Abd-Elnaby *et al.,* 2021). High-quality financial reports provide accurate and reliable data that enables managers to make informed strategic choices, assess the financial health and performance of the company, identify areas for improvement and risk management, and communicate effectively with stakeholders (Tiron-Tudor, 2019).

By ensuring accurate, reliable, and transparent reporting on financial performance therefore, organizations can effectively manage their resources, build trust with stakeholders, and drive sustainable growth (Abd-Elnaby *et al.,* 2021). Reporting on financial performance provides valuable data and insights to management (Vitolla *et al.,* 2020). Abed *et al.* (2022) asserts that financial reports provide essential information to support management in making informed and strategic decisions. It enables management to evaluate the performance of the organization against set goals and objectives. Moreover, financial reports serve as a

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foundation for effective planning and forecasting when it is of good quality (Rashid, 2020; Aifuwa *et al.*, 2019).

The share price value can be affected by the financial reports' quality (Cooray *et al.*, 2020). The report plays a substantial role to increase share price of the listed companies (Abd-Elnaby *et al.*, 2021; Rashid, 2020; Chalu, 2020; Companies Act of 2002). Enhancing the reports' quality has the benefit of reducing the cost of capital by minimizing the information irregularity between large and small investors. Small investors face less of a risk of financial loss when high-quality information is provided in financial statements (Butar & Murniati, 2021).

By assisting managers and investors in assessing investment prospects and choosing the most promising projects, the financial reports' quality increases the effectiveness of the allocation of capital acquired (Tiron-Tudor, 2019) and gives the company's board of directors' precise information that they can use to monitor manager activities and lessen their administrative incentives to engage in projects that may have no value (Butar & Murniati, 2021). Financial report quality allows market agents and participants to obtain understanding of the operations, performance, assets, opportunities, uncertainties and strategies of businesses by bringing clarity in all business operations (Ali, 2018). Since the downfall of major global corporations in the early 2000s, the quality of financial reports has recently drawn considerable attention on a global scale (Ebrahimian *et al.*, 2023).

The aim of high-quality reporting on financial performance is to offer stakeholders, such as investors, creditors, regulators, and others, with pertinent, reliable, comparable, understandable, and complete financial information, enabling them to make well-informed decisions regarding an organization (Vitolla et al., 2020).

In the African context, the significance of quality reporting on financial performance lies in its ability to provide precise and verifiable information while adhering to GAAP or IFRS (Aifuwa et al., 2019). The accounting reports' quality refers to how effectively the reported information offers pertinent and dependable insights into a company's economic performance and financial position. Raimo et al. (2021) further emphasize that accounting reports' quality entails the credibility of the accounting information presented, ensuring it is free from distortion and prepared in accordance with legal, monitoring, professional, and technical standards to serve its intended purpose. As a result, the presence of high-quality reporting on financial performance plays a critical role in refining a company's performance and the overall economic financial wellbeing, ultimately leading to an increase in share prices (Baalouch et al., 2019).

Furthermore, information of high quality makes it easier for prospective investors to choose the best stocks by enabling them to compare data across many companies while external or systemic factors like inflation, interest rates, a nation's might, changes in the exchange rate, and economic and geographical news also have an impact on share prices (Tiron-Tudor, 2019; Vitolla et al., 2020). Despite numerous studies reviewed, few have investigated about the effect of quality of the financial report on share price in developing countries (Rashid, 2020; Abd-Elnaby *et al.,* 2021), such as Tanzania. Further research in this context therefore has the potential to provide additional insights in the developing countries especially Tanzania.

Moreover, previous studies concentrated on the influence of accounting reports' quality on companies' costs of capital, investment efficiency, and efficiency of capital allocation, innovation and capital mobility across boarder is well-established in the literature (Dewi *et al.*, 2019; Abed *et al.*, 2022). But, small number of studies looked specifically at how the calibre of financial reports affects share prices on the investment market more so in the countries that are developing (Abd-Elnaby *et al.*, 2021). On other hand investors need quality financial reports to reduce the costs of agency principal where by investors will be forced to incur costs such hiring of external auditors to obtain the actual information regarding the business performances. This is among the weakness of the Agency principal which uses furnished accounting reports from the business to reduce the weakness of the theory.

Considering the contributions, the financial reports' quality on the firm's value and the pressures of administration to achieve the performance targets which may force some managers to practice some financial statement frauds including earning management, misrepresentations and intentional omissions of amounts and disclosure, the intention to deceive the individuals who are going to utilize the financial reports and the market which will cause the market failure due to information asymmetry (Tiron-Tudor, 2019).
Therefore, information asymmetry resulting from poor-quality financial reports can substantially impact investor decision-making in the market. The lack of reliable and accurate information hinders investors' ability to make informed choices and can lead to uncertainty and risk.

Moreover, there is lack of strong theoretical foundation on effect of quality of reporting on financial performance on share price, because there are confusing and conflicting conclusions among researchers. For instance, Rashid (2020); Tiron-Tudor (2019); Ali (2018) conducted studies that revealed a favourable substantial correlation among quality of financial report and share prices. However, the study by Butar & Murniati (2021); Abd-Elnaby *et al.*, (2021) identified a negative connection between quality of financial reports and share prices.

Despite previous studies exploring the association between the quality of reporting on stock performance, there remains a substantial gap in the existing literature. The conflicting findings from different studies, with some suggesting a favourable correlation between quality of reporting on financial performance and share price, while others indicate a negative relationship, have created a need for further investigation. This disagreement among researchers indicates lack of strong theoretical foundation, which created a research gap.

To address this knowledge gap, the study aims to analyse the effect of financial reporting quality on the share price of listed companies in the DSE, specifically looking at the Tanzanian context and its capital market. Also, to offer valuable insights on nexus between quality of reports and the stock performance within the unique setting of a developing country. Through rigorous analysis and empirical evidence, the study strives to create a valuable literature addition and enhance the understanding of how financial reporting quality affects share prices in the Tanzanian market.

Literature Review

Theoretical Literature

Foundation of the study is agency theory; it was first presented by Alchian and Demsetz in 1972 and developed further by Jensen and Meckling in 1976. Agency theory suggests that conflicts of interest, referred to as agency problems, can emerge between owners (shareholders) and managers that lead to organizations' divide powers between them (Raimo et al., 2021). Managers, who possess detailed information about the company's operations, may prioritize their own interests over those of the owners. As part of their responsibilities, managers are responsible for producing various reports, including financial reports (Vitolla *et al.*, 2020).

According to Vitolla et al. (2020), the additional funds made from the sale of the business's stock may motivate the administration to overinvest in initiatives even when they have a negative Net Present Value (NPV). According to the agency theory, improving the exercise of reporting on finances can address the issue of over- or under-investment by reducing asymmetry in information. This, in turn, would affect how much buyers are ready to compensate stock in the market (Rashid, 2020).

The agency theory is sometimes criticised for focusing only on the agents and the principals, two different stakeholders (Rashid, 2020). A company should not narrow its attention to just two stakeholders while ignoring all the others who are as well important to the operation of the business. Although agency theory has faced criticisms, it has persevered and is currently employed by scholars to better understand the interaction between agents and principals (Vitolla et al., 2020).

Empirical Literature

A quantitative method and Ordinary Least Squares (OLS) were employed in the majority of researches on the correlation among the quality of financial reports and share price value that were conducted in industrialised countries and a small number in developing countries Rashid (2020). Rashid (2020) examined the effect of Financial Reporting Quality (FRQ) on share Price Movement (SPM) of listed companies in Bangladesh. The study analysed 296 annual reports for from 2015 to 2016. The results show that there is positive and significant relationship between FRQ and SPM. Also, the findings indicate that enhancing quality has stronger effect on SPM compared to fundamental quality. However, the study was limited to two years data in assessing the FRQ and its association with SPM.

Another study by Tiron-Tudor (2019), from Romania, looked at how accounting quality affects listed businesses' share prices. Using data from 18 countries that apply International Financial Reporting Standards (IFRS), during the period 2004–2015. The results show that there is a positive and significant relationship between accounting quality and share prices. Other studies should be conducted in developing countries as the findings were limited to emerging markets.

From Kenya, Ali (2018) conducted a study with the intention of examining how quality of reporting on financial performance affects the market price per share of companies listed on the Nairobi Securities Exchange using a sample of 60 taken by stratified random sampling method. Out of the 60 samples, 13 were dropped for either having incomplete information or not having data on their share prices. The findings using multiple regression demonstrate that the market price per share is positively impacted by the financial reports' quality.

The study by Li & Wang (2010), from China, looked into the relationship between the exercise of reporting on finances and stock prices. The study selected listed firms in China to be the study samples. The study used multiple regression analysis to analyse data. The findings indicated a positive and significant relationship between Chinese stock prices and the accuracy of financial reporting.

Houcine (2017) conducted a study in Tunisia that looked at the impact of quality on financial performance reporting on share prices. The sample is based on 25 Tunisian listed companies for the period 1997–2013. The results indicate that financial reporting quality on the market price per share are positively and significant related. The study found that there is positive and significant relationship between financial reporting quality and market price per share. A study by Saleh and Shirazi (2016) aimed to investigate the interaction between stock prices and financial reporting quality. The authors test their hypotheses by analyzing panel data from a sample of 100 companies listed on the Tehran Stock Exchange (TSE) in 2013-2014. The study revealed that the quality of financial reporting and stock prices are positively related.

The study based on the relationship between quality reporting and investment decisions in Nigerian listed manufacturing companies was studied by Ajayi-Owoeye et al (2022) from Nigeria. They employed 52 manufacturing companies listed on the Nigerian exchange by 31st December, 2020. Based on the availability of information and total assets, ten companies were purposively selected for the study, covering the selection period 2011-2020. The study revealed a positive and significant relationship between financial reporting quality and market price per share.

The purpose of the 2014 study by Nigerian researchers Okolie & Izedonmi was to examining the relationship between financial reporting quality and market value per share. Archival data were extracted from annual reports of 57 companies quoted on the Nigerian Stock Exchange (NSE) between 2006 and 2011.The results of multiple regression reveal a strong and positive relationship between market value per share and the financial reports' quality. In addition, the Indonesian researcher Hayati (2010) looked at the association between stock prices and the quality of reporting on financial performance. The study used ex post factor research design, and purposive sampling to select a sample of 120 companies. The study found that there is a weak and insignificant correlation between stock prices and the accuracy of reporting on financial performance.

The Indonesian researchers Butar & Murniati (2021) focused on the influence of financial reporting quality in a stock price. Using Indonesian listed firms from 2011 to 2015 as the study samples, 748 company-year observations are available for data analysis and hypothesis testing.The study found that there is negative and insignificant relationship between the financial report quality on stock value, after utilize multiple regression analysis of the data.

The study by Egyptian researchers Abd-Elnaby et al. (2021) with a focus on Africa, sought to determine the relationship between reporting and financial performance quality and Earnings per Share (EPS). A sample of 61 Egyptian firms listed in the Egyptian Stock Exchange is used for a period of five years from 2014 to 2018. The Panel Least Squares (PLS) and Estimated Generalized Least Square (EGLS) Regression analysis are employed to test the research hypotheses. The results demonstrate a negative and substantial link between reporting on financial performance quality and earnings per share (EPS).

The majority of studies on financial reporting quality and its effects, according to empirical data (see, Abd-Elnaby et al., 2021; Baalouch et al., 2019; Vitolla et al., 2020) focused on developed and emerging economies while ignoring the influence of financial reporting quality on stock values in developing countries like Tanzania.

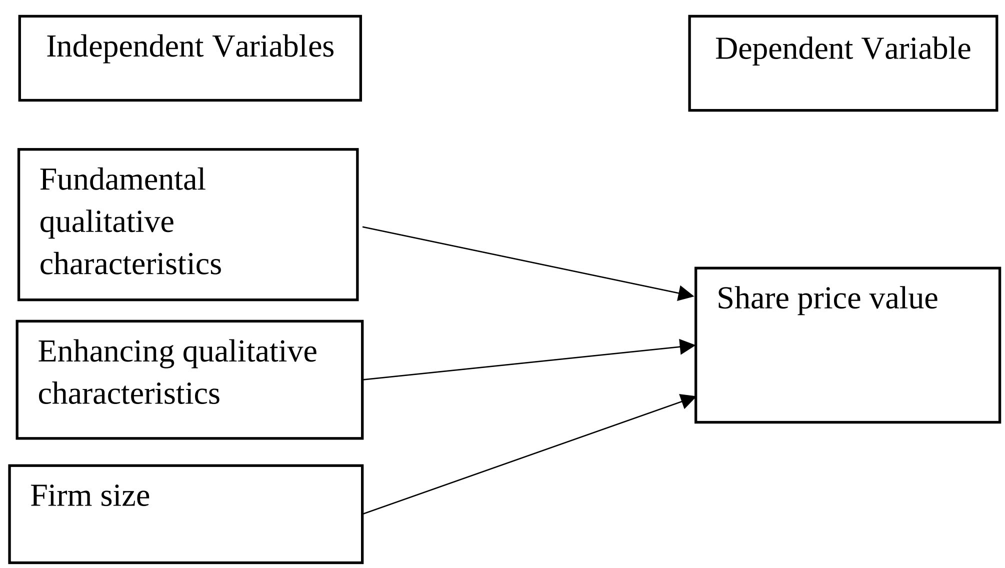
Furthermore, academics do not often agree on how financial reporting quality affects share price, which makes it challenging to develop a strong theoretical framework for the relationship between the two categories. For instance, a positive and substantial association was discovered between the financial reports' quality and share price in a study by Rashid (2020), Tiron-Tudor (2019), and Ali (2018). The financial reports' quality and share price, however, were found to be negatively correlated in studies by Butar & Murniati (2021) and Abd-Elnaby et al. (2021). Therefore, the conflicting and confusing conclusions among researchers indicate a research gap and the need for further investigation, including the consideration of other variables.

Conceptual Framework

Figure 2.1 displays the conceptual foundation for this study. It suggests that the value of listed firms' share prices is positively influenced by the quality of financial reports. It also suggests that one of the important qualitative aspects of the financial reporting is one of the independent variables that determine the share price value of the listed companies. Also, it suggests that enhancing qualitative characteristics is another independent variable that influences the share price value of listed companies. This will be assessed using a single score that combines the criteria of comparability, verifiability, understand ability, and timeliness. Additionally, it is suggested that the independent variable that may have an impact on the share price value of the listed companies is firm size, which is the natural logarithm of book value of total assets.

Therefore, the conceptual framework provides a structured representation of the variables and their proposed relationships shown by arrows in the conceptual frame work, offering a foundation for investigating the impact of financial reporting quality, firm size, and other factors on the share price value of listed companies. Arrow indicates how the independent variable influence dependent variable in this study.

Figure 2.1: Conceptual Framework



Note: Adopted and modified from Rashid (2020).

Methodology

Data, sample and measurement variables

The study employed explanatory research design. Establishing the cause-and-effect link is the goal of an explanatory study design (Aifuwa & Embele, 2019). The Explanatory research design was adopted in the study because it sought to determine the effect of fundamental qualitative characteristics and enhancing qualitative characteristics on share price and provide additional insight into how the share prices of the business listed responded to these attributes in their financial reports.

A total of twenty-six (26) secondary data was collected from listed companies in DSE for the years 2019-2022 resulting to 104 observations. This study employed census sampling techniques with a 100% or complete population count. The study used listed companies because it provides assurance on the quality of data for its representativeness to draw meaningful conclusions. The listed companies are required by DSE to disclose their financial statements and other relevant information to shareholders compared to un listed companies that may not have the same level of transparency requirements. Therefore, focusing on listed companies was more directly aligned with the study's objective of assessing the impact of financial report quality on share prices.

Financial reports, stock prices, annual reports, regulatory filings, and any other pertinent documents received from the DSE other documentary sources and from DSE website where some businesses post their annual reports in documentary format make up the secondary data gathered for this study.

Model Specifications

The study has adopted the Nijmegen Centre of Economics' index quality measurements, based on IASB (International Accounting Standards Board) and FASB (Financial Accounting Standards Board) in order to measure fundamental qualitative features and enhance qualitative characteristics on share price. The qualitative scales utilised by the index quality measure were developed through leading questions on each qualitative characteristic with a measurement basis and were then used as an inferential tool to interpret the qualitative data as quantitative data.

The Ordinary Least Squares (OLS) regression model employed by this study was specified as follows:

$$Y = f(Fqc, Eqc, Fs) \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots .. (i)$$

The equation (i) can be obtained from the following empirical equation:

$$Sp = \beta_0 + \beta_1 Fqc + \beta_2 Eqc + Fs + \ \varepsilon_i \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots . (ii)$$

Where:

Sp = Share price, measured by using market capitalization

Fqc = Represent fundamental qualitative characteristics, measurement of relevance and faithful representation as a single score.

Eqc = Enhancing qualitative characteristics, measurement of comparability, verifiability, understandability and timeliness as a single score.

Fs = Firm size, measured by the natural logarithm of book value of total assets

ε_i = Error term

β_0 = Regression coefficient, and

β_1, β_2, β_3 = Constant regression term

Table 3.1 show measurement of the variables. The measurement of the variables (share price, fundamental qualitative characteristics, enhancing qualitative characteristics, and firm size) was based on the previous studies.

Table 3.1: Measurements of Variables

Variables	**Measurement**	**Sources**
Share price,	Market capitalization is calculated by multiplying the current market price per share by the total number of outstanding shares	Rashid (2020); Abed *et al.*, (2022)
Fundamental qualitative characteristics	Relevance and faithful representation as a single score	Butar & Murniati, (2021); Aifuwa *et al.*, (2019)
Enhancing qualitative characteristics,	Measurement of comparability, verifiability, understandability and timeliness as a single score	Cooray *et al.*, (2020); Rashid (2020)
Firm size	the natural logarithm of book value of total assets	Abd-Elnaby *et al.*, (2021); Rashid (2020)

Results and Discussion

Descriptive Statistics

Results for the variables utilised in the regression model are shown in Table 4.2 as descriptive statistics. Fundamental qualitative traits, enhancing qualitative traits, and firm size are all independent variables in the model that was utilised, whilst share price value is the dependent variable in the regression equation. These statistics give information about the central tendency (such as mean) and variability (such as standard deviation) of each variable, offering insights into their distributions and characteristics.

Table 4.1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Fundamental qualitative characteristics	104	2.00	5.00	2.986	2.769
Enhancing qualitative characteristics	104	2.00	5.00	3.219	1.741
Firm size	104	0.10	1.85	0.595	0.221
Share price value	104	0.50	0.87	0.578	0.429
Valid N (listwise)	104				

According to Table 4.2's findings, reveal that the basic qualitative features of financial reports for listed businesses in DSE have a maximum and minimum value of 2.00 and 5.00, respectively, with a mean value of 2.986 and standard deviation of 2.769. Additionally, the findings demonstrate that the DSE listed businesses' enhanced qualitative financial report qualities have a mean value of 3.219 and a standard deviation of 1.741, with maximum and minimum values of 2.00 and 5.00, respectively. However, for firms registered at the DSE, the maximum and minimum values for business size are 0.10 and 1.85, respectively. While the standard deviation is 0.221 and the mean value is 0.5951. The findings indicate that the mean share price value of the businesses listed in DSE is 0.578, with a standard deviation of 0.429, and maximum and minimum values of 0.50 and 0.87, respectively.

Preliminary Analysis

This study used Ordinary Least Squares (OLS) regression to test hypothesis. As a result, in order to prevent drawing the incorrect conclusions from an OLS regression study, preliminary analyses are frequently carried out to determine the applicability of the data and to learn more about the correlations between variables. The following hypotheses were put to the test: linearity, multicollinearity, autocorrelation, and normality.

Autocorrelation Test

The study looked into whether there was any inter-variable autocorrelation. Autocorrelation was defined by Hair et al. (2016) as the correlation between the residue terms of the two observations. Durbin-Watson was employed in this investigation to check for the presence of autocorrelation. The Durbin Watson test is one of the best tests for identifying the presence of autocorrelation, according to Kumar (2018). Typically, Durbin-Watson offers values between 0 and 4. Values close to 0 reveal positive autocorrelation, whereas values close to 4 reveal negative autocorrelation. Additionally, when the value is between 1.5 and 2.5, there is no autocorrelation (Hair et al., 2016).

The summary of the model's findings for Durbin-Watson is shown in Table 4.2. The results indicate that the model's Durbin-Watson value was 2.115. These results suggest that there is no variable autocorrelation. The accuracy and fitness of the regression models utilised in this work are further demonstrated by this, thus.

Table 4.2: Model Summary for Durbin-Watson

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.853[a]	.728	.714	0.00682	2.115

Note: a. Predictors: (Constant), Fundamental qualitative characteristics, Enhancing qualitative characteristics, Firm size

b. Dependent Variable: Share price value

Test of Normality

Kolmogorov-Smirnov statistics was utilised in the study to test for normality of data. The results in table 4.3 show that all the variables included in the study follow a normal distribution because all the study variables have P values greater than 0.05. This implies that the null hypothesis for a non-normal distribution is rejected. Thus, it can be concluded that the Ordinary Least Square was appropriate for this study.

Table 4.3: Tests of Normality

	Kolmogorov-Smirnov[a]		
	Statistic	Df	Sig.
Fundamental qualitative characteristics	.195	104	.053
Enhancing qualitative characteristics	.260	104	.067
Firm size	.250	104	.072
Share price value	.240	104	.054

Test of Multicollinearity

According to Hair et al. (2016), multicollinearity occurs when independent variables exhibit strong intercorrelations or inter-associations. Tolerance and the Variance Inflation Factor (VIF) are essential for performing the optimal test for multicollinearity. Multicollinearity exist if the value of VIF is greater than 10 and the tolerance value is smaller than 0.2 or 0.1. The table 4.4 reports multicollinearity results. It can be observed that none of the study variables have VIF that is equal or greater than 10. Also, none of the study variables have tolerance value that is smaller than 0.2 or 0.1. Thus, the findings imply that the issue multicollinearity among independent variables is invalid.

Table 4.4: Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
	Fundamental qualitative characteristics	.952	1.050
	Enhancing qualitative characteristics	.949	1.033
	Firm size	.944	1.023

Note: a. Dependent Variable: Share price value

Linearity Test

The linearity assumption was tested using correlation analysis. The results unambiguously reveal that the core qualitative traits, improving qualitative traits, and company size have the highest correlation with share price value of the companies listed in DSE. According to Table 4.5's findings, there is a positive link between share price value and firm size (r = 0. 681, p 0.01), fundamental qualitative features (r = 0. 771, p 0.01), and enhancing qualitative attributes (r = 0.582). The results reveal that there is a strong link. This suggests that the linearity assumption was not violated.

Table 4.5: Correlation

		Share price value	Fundamental qualitative characteristics	Enhancing qualitative characteristics	Firm size
Share price value	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	104			
Fundamental qualitative characteristics	Pearson Correlation	.099	1		
	Sig. (2-tailed)	.681			
	N	104	104		
Enhancing qualitative characteristics	Pearson Correlation	.388*	.032	1	
	Sig. (2-tailed)	.582	.865		
	N	104	104	104	
Firm size	Pearson Correlation	.514**	.203	.192	1
	Sig. (2-tailed)	.771	.281	.311	
	N	104	104	104	104

Note: **. Correlation is significant at the 0.01 level (2-tailed).

Regression Model and Results

The study specifically aimed to determine the impact of basic qualitative financial report characteristics on share price value of businesses listed in DSE investigate the impact of improving qualitative financial report characteristics on share price value of businesses listed on the stock exchange market and determine the impact of firm size on share price value of businesses listed in DSE. The regression analysis was conducted in order to examine the relationship between dependent variable which is share price value of the businesses listed in the stock market and three independent variables namely: fundamental qualitative characteristics, enhancing qualitative characteristics and firm size.

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.853[a]	.728	.714	0.00682

Note: a. Predictors: (Constant), Fundamental qualitative characteristics, Enhancing qualitative characteristics, Firm size

b. Dependent Variable: Share price value

According to Hair et al. (2011), when the regression model is correctly applied and estimated, the higher the value of R^2, the stronger the explanatory power of the regression equation, and consequently, the better the dependent variable may be predicted. The R Square, also known as the coefficient of determination in this study, reveals how the share price value changed with respect to firm size, enhancing qualitative features, and fundamental qualitative characteristics.

As shown by the R Squared (Coefficient of determinant) results in Table 4.6, the three independent variables that were investigated account for 72.8% of the determinants of share price value of the companies listed in DSE. This implies that 27.2% of the factors affecting share price value come from other factors that were not examined in this study.

Table 4.7: Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.502	3	.167	4.684	.000[b]
	Residual	.929	26	.036		
	Total	1.431	29			

Note: a. Dependent Variable: Share price value

b. Predictors: (Constant), Fundamental qualitative characteristics, Enhancing qualitative characteristics, Firm size

The significance of the regression model, from which the F-significant value of p, which is 0.000 and less than 0.05, was determined, was determined using ANOVA in the study. In terms of forecasting how fundamental qualitative features, augmenting qualitative attributes, and company size affect the share price value of the companies listed in DSE, the model is statistically substantial. According to the results, there is a less than 0.05 likelihood that the regression model will make a false forecast. This implies that, the results of the regression model are highly reliable and have a confidence level exceeding 95%.

Table 4.8: Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.076	.081		1.058	.000
	Fundamental qualitative characteristics	.521	.134	.004	.023	.000
	Enhancing qualitative characteristics	.540	.135	.358	1.761	.002
	Firm size	.653	.156	.434	2.833	.000

Note: a. Dependent Variable: Share price value

Effect of Fundamental Qualitative Characteristics on Share Price Value

The main objective of this study was to find out how the fundamental qualitative aspects of financial statements affected the share prices of companies listed in DSE.

According to the results, there is a substantial positive association between the fundamental qualitative aspects of financial reports and the share price value of the companies listed in DSE, even when all other independent variables are held to a constant value or zero.

Table 4.8 results report that there is significance relationship between the share price value and fundamental qualitative qualities of financial reports at (p=.000). Accordingly, an increase in a company's fundamental qualitative traits will result in a 0.521 increase in the scores of its share price value, according to data from the stock exchange market. The findings imply that raising the level of fundamental qualitative financial report characteristics will improve the share value of the companies listed in DSE. The attribute of the financial report in terms of relevance and faithful portrayal is one of the fundamental qualitative features. The findings of this study are consistent with earlier research by Rashid (2020), who proposed a positive and substantial association between fundamental qualitative features and share price value.

Effect of Enhancing Qualitative Characteristics on Share Price Value

The second particular goal of this study was to determine how bettering the qualitative aspects of financial reports affected the share prices of the companies listed in DSE.

The findings reveal a strong positive link between the effect of improving the qualitative aspects of financial reports and share price value of the companies listed in DSE, with all other independent variables being held at zero or constant. According to the results of Table 4.8, the impact of improving qualitative qualities on share price value is significant at (p =.002). This means that a unit rise in improving qualitative financial report characteristics will result in an increase of 0.540 in the scores of share price value for the companies listed on the stock exchange market.

The results reveal that raising the quality of a financial report's qualitative attributes will raise the share price's worth. Enhancing qualitative attributes is a set of extra attributes designed to increase the understand ability and utility of financial information.

The findings of this study are consistent with earlier research by (Dewi et al., 2019; Abed et al., 2022), which implies that improving qualitative financial report qualities and share price value have a favourable and substantial association.

Effect of Firm Size on Share Price Value

The study's last particular goal was to determine how firm size affected the share prices of the businesses listed in DSE. The financings demonstrate that, when all other independent variables are held to be zero or constant, there is a strong positive correlation between firm size and share price value of the listed businesses in DSE. According to the results in Table 4.8, the relationship between company size and share price value of the listed businesses on the DSE is statistically significant at (p = .000). Accordingly, a unit increase in company size will result in a rise of 0.653 in the scores of share price value for the businesses listed in DSE.

According to the findings, the value of the listed businesses' shares in DSE will improve when the level of firm size increases. This implies that the company should grow in terms of size relative to total assets if it wants to raise the value of its shares. Results from past studies by Eddy and Seifert (2016) and Redding (2017) are related to those found in this study. The investigations by Gill et al. (2010) found no substantial negative link between firm size and share price value, which is in contrast to this result.

Conclusion and Policy Recommendations

The main objective of this study was to examine the effect of financial reporting quality on the share price of companies listed in Dar es Salaam Stock Exchange specifically looking at the Tanzanian context and its capital markets. The primary determinants of share price value for the companies listed in DSE are fundamental qualitative traits, enhancing qualitative characteristics, and company size. These variables show favourable and substantial correlation on the value of stock.

The study also concludes that the core qualitative aspects of financial reports have a favourable effect on the share prices in DSE trading entities. This implies that companies with better fundamental qualitative characteristics in their financial reports are likely to have higher share prices. This study reveals that improving the qualitative elements of the financial report is another element that favourably influences the share prices of the entities listed in DSE. The stock values grow as qualitative attributes improve. An increase in enhancing qualitative characteristics is associated with an increase in share price value. This suggests that companies with better enhancing qualitative characteristics in their financial reports are likely to have higher share prices.

Similarly, the study concluded that firm size is another important influence in the rise in share value of the companies listed in DSE. Large corporations are well-positioned to enjoy rising share prices. This implies that investors perceive larger companies as more valuable, which is reflected in their share price. To raise the share price value of businesses, managers of companies listed in DSE should make sure that the companies adhere to the fundamental and improved qualitative qualities of the financial report. By doing so, they can potentially increase the share price value of their respective companies. This entails providing accurate, reliable, and transparent financial information that reflects the true performance and prospects of the company. Such actions can enhance investor confidence and attract more investment, leading to an upward trajectory in share prices.

The regulators ought to place a strong emphasis on disclosing nonfinancial, prospective information (such as risk management practises, environmental reporting, market performance, and disclosure of human resource information) that is outside the purview of external audit. By encouraging companies to disclose such information, regulators can enhance transparency and confidence. This can contribute to better-informed investment decisions and foster confidence in the market. The most substantial contribution of the theoretical understanding is to illustrate how agency theory may be used to explain how fundamental qualitative features, enhancing qualitative attributes, and firm size affect share price value of the companies listed in DSE.

The results of this study have expanded theoretical knowledge of how the calibre of financial reports affect the worth of a share price, hence a deeper understanding might be beneficial for policymakers as well for use in future researches. This emphasizes the importance of actively working towards improving financial reporting quality, fostering investor confidence, and ultimately creating value for shareholders. Therefore, management must make every effort to enhance the company's core qualitative traits, firm size, and qualitative traits in order to boost share value and draw in more investors. In order to improve these organisations' essential qualitative traits and firm size, it is required to formulate and implement policies that foster an atmosphere that is allowing for such improvement.

In order to draw precise conclusions, future studies on the impact of financial report quality on listed firms' share prices in Dar es Salaam stock market may be done for either financial or non-financial companies to gain deeper insights into the unique dynamics and factors influencing share price value within those contexts like industry and categories. Additionally, researchers may change methodology by concentrate on developing or refining a comprehensive financial report quality index that incorporates various dimensions and indicators to deliver.

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