

## Factors affecting the quality of financial statement audit services: The case of Vietnam

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## Abstract

This study was conducted to assess the impact of factors on the quality of auditing services of financial statements from the perspective of auditing clients in Vietnam. The article uses the quantitative research methods. The results of analyzing 182 survey samples from audit customers and performing regression analysis show that there are 5 factors affecting the quality of audit services in descending order, including: Ability to meet the needs of customers; Service capacity; Reliability; Tangible means; and Sympathy. Based on the research results, a number of recommendations are made to stakeholders to improve the quality of financial statement audit services for independent auditing companies in Vietnam.

Keywords: Audit quality, quality of audit services, audit of financial statements, Vietnam

## 1. Introduction

Vietnam has been witnessing economic development and significant integration into the global market in recent years. As the business environment in Vietnam is increasingly complex and dynamic, the need for high quality financial statement audits is increasing. Financial statement audits play an important role in ensuring the reliability of financial information presented by businesses. In Vietnam, as in many other countries, independent audit firms are responsible for conducting these audits and providing assurances to stakeholders about the accuracy and truthfulness of the financial statements. The quality of the financial statement audit services provided by independent auditors is of particular importance in maintaining the confidence of investors both at home and abroad, by ensuring that the financial statements are reliable and free from material misstatement (Hung, 2022). This confidence is important to attract investment and drive economic growth. In addition, reliable financial information obtained from a high-quality audit will assist stakeholders in making sound decisions on investment, lending, and resource allocation. It allows them to assess the financial health and performance of the units accurately. At the same time, it contributes to improving the efficiency and transparency of capital markets by ensuring the accuracy and reliability of financial information. This promotes fair competition, reduces information asymmetry, and facilitates stable financial markets (Hung, 2023).

However, the quality of auditing services for financial statements in Vietnam according to experts is currently at an average level, there is an unevenness among auditing companies and is receiving a lot of attention from stakeholders, especially the audited unit itself (Huy & Manh, 2022). Because the audited entity or the audited customer is the party directly paying the audit costs, so they want to balance the costs and benefits. Specifically, the increase in position, prestige and quality of information on the financial statements or in other words, they expect the audit to be conducted with high quality (Huy & Manh, 2022). However, the quality of auditing services for financial statements is a multidimensional concept, difficult to observe and measure due to the dependence on the impact of many factors and more importantly, the quality of auditing services for financial statements depends on the perception of each object of interest (DeFond & Zhang, 2014). Therefore, in order to be able to measure and evaluate the quality of audit services from the perspective of each related party, it is necessary to understand and master the factors affecting the quality of audit services.

Many studies on the quality of auditing services in both the world and Vietnam in recent years have been carried out to identify the determinants of the quality of auditing services in financial statements so that there are specific solutions to improve the quality of auditing services. Along with academic studies, such as: Carcello et al., (1992); Francis (2011); Knechel et al., (2013); Pham Huy Hung (2023)... regulatory organizations such as the FRC and IAASB have also issued a Framework for the quality of audit services to identify important factors and attributes of the quality of audit services.

In Vietnam, in the context of a transformed economy, the international integration in the field of accounting and auditing has become more and more extensive, and the quality of auditing has become the subject of research interest of many scholars. However, research on factors that affect the quality of auditing financial statements from the perception and evaluation of audit clients seems to be very limited. Most previous studies focused on the attributes of auditors, auditing firms,

or external factors to measure the quality of audit services from the perspective of auditors (Hung, 2023).

Therefore, this study is conducted to identify and quantify the impact of key factors on the quality of auditing services of financial statements from the perspective of auditing customers. Thereby, making recommendations to improve the quality of auditing services for financial statements in Vietnam based on research results.

## 2. Theoretical basis and literature review

### 2.1. Quality of audit services and satisfaction from the customer's perspective

*Service quality:* Service quality refers to the overall excellence or superiority of the service provided to the customer. It is a multidimensional concept that encompasses many different aspects of service delivery and customer experience. Service quality differs from product quality because of the unique feature of the service (Parasuraman et al., 1985). Also because of the unique features of the service when compared to the product, the concept of service quality is very different. Research by [Zeithaml \(1987\) has shown that](#) service quality is the customer's assessment of the outstanding characteristics and overall excellence of an entity. In addition, Lehtinen & Lehtinen (1982) said that service quality must be evaluated in two aspects: (i) the process of providing services and (ii) the results of services. In the study of Gronroos (1984), the definition of service quality also includes two factors: (i) technical quality and (ii) functional quality, in which service quality is related to what is served and functional quality indicates how they are served. Service quality is the most influential factor on customer satisfaction (Cronin & Taylor, 1992; Yavas & Associates, 1997). In the context of this study, from a customer-centric perspective, service quality means the satisfaction of customer expectations and needs. Therefore, the quality of service is decided by the customer when the service provided by the business meets the satisfaction of the customer.

*Satisfaction:* Customer satisfaction is the overall attitude of the customer towards the service provider or an emotion that reacts with a difference to what the customer anticipated and what they received, towards the fulfillment of some need, goal or desire. It is the customer's assessment of a product or a service that has met their needs and wants (Zeithaml & Bitner, 2000). Thus, it can be understood that customer satisfaction is the fact that customers base on their knowledge of the product or service to form judgments or subjective judgments. Customers' perceptions of service quality are affected by the gap between their expectations and the actual service received. Meeting or exceeding customer expectations will result in a sense of high service quality, while failure to meet expectations will result in a sense of lower service quality. It is formed on the basis of the experience accumulated when purchasing and using products or services. After buying and using the product, customers can compare between reality and expectations, thereby assessing their satisfaction or dissatisfaction.

*The relationship between service quality and satisfaction:* Although two different but closely related concepts in the study of services (Parasuraman et al., 1988). Service quality directly affects customer satisfaction and a high level of service quality increases customer satisfaction. When customers receive a service that meets or exceeds their expectations, they are more likely to be satisfied with their overall experience. Aspects of service quality such as tangibility, reliability, responsiveness, assurance, and empathy contribute to positive customer perceptions of service. For example, if a service provider ensures clean and well-maintained facilities (tangibility), delivers services consistently and accurately (reliability), promptly addresses customer requirements

(responsiveness), demonstrates professional knowledge and professionalism (assurance), and shows empathy for customer needs (empathy), it significantly enhances the overall quality of service. As a result, customers are more likely to feel satisfied because their expectations are met, they feel the value of the service received, and they develop trust and confidence in the service provider. As a result, service quality plays a key role in shaping customer satisfaction, and organizations that prioritize and consistently deliver high quality of service are more likely to achieve higher levels of customer satisfaction.

But between service quality and customer satisfaction have been linked to each other but little research has focused on testing the level of explanation of the components of service quality for special satisfaction for each specific service sectors (Lassar et al., 2000). Research by Cronin & Taylor (1992) tested this relationship and came to the conclusion, feeling the quality of service leads to customer satisfaction. Some studies argue that service quality is the premise of satisfaction (Spreng, 1996) and is the main factor affecting satisfaction (De Ruyter et al., 1997).

In the field of auditing, Carcello et al., (1992); Behn et al., (1997); Boon et al., (2008) define the quality of audit services based on the level of satisfaction about objectivity, honesty and reliability of audit reports of information users, audit results. Research by Duff (2004) has shown that the quality of audit services should be considered on both technical and professional aspects in which, in terms of services, the quality of audit services is assessed through the level of satisfaction of users of information on the financial statements. Thus, from a customer-oriented perspective, service quality means meeting customer expectations. Therefore, when considering independent audit as a professional service business, the *quality of audit services should be evaluated based on the satisfaction or satisfaction of audit clients.*

## **2.2. Factors affecting the quality of auditing services for financial statements**

Parasuraman et al., (1988) are considered the first researchers to study service quality. These studies have developed a SERVQUAL model consisting of 5 factors with 22 observed variables to measure service quality. After many empirical studies, SERVQUAL is recognized by researchers as a scale with theoretical as well as practical value and is applied in many different service industries. Factors and contents of the factors in the model, including:

**Tangibility:** Tangibility refers to physical evidence or external form attached to the service. It includes elements such as facilities, equipment, and visual presentation. For example, in an audit firm, tangible elements may include: Audit facilities, work area closures, atmosphere and appearance of employees.

**Reliability:** Reliability refers to the ability of a service provider to provide services accurately and reliably. It involves fulfilling promises to customers, providing services within an agreed time frame, and maintaining consistency in service delivery. Reliability is essential to build trust and confidence in the service provider.

**Responsiveness:** Responsiveness refers to a service provider's willingness and promptness to address customer needs, questions, or complaints. It involves providing timely support, paying attention to customer requests, and demonstrating a customer-centric approach. Responsiveness contributes to customer satisfaction and loyalty.

**Warranty:** The guarantee refers to the knowledge, competence and professionalism demonstrated by the service providers. It involves building trust and confidence in customers by demonstrating expertise, providing accurate information, and creating a sense of security. Assurance is particularly important in service industries such as financial reporting audits, financial services, and consulting.

Empathy: Empathy refers to a service provider's ability to understand and address a customer's individual needs and concerns. It involves showing empathy, actively listening, and showing genuine interest in the customer's situation. Empathy creates a personalized and customer-centric experience.

In studies on the quality of auditing services for financial statements, many researchers use one or more of the five factors of the SERVQUAL model to build research models on the quality of auditing services, which can be mentioned as follows:

Carcello et al. (1992) designed a questionnaire based on 41 factors affecting the quality of audit services, inheriting from previous studies and surveys of subjects including: Financial report preparers; auditors; and users of financial statements in the United States. The author uses the EFA analysis technique to reduce 41 factors into 12 factors affecting the quality of audit services. The results indicate that the most important factors affecting the quality of audit services are customer experience; level of expertise in the customer industry; meeting customer needs; and compliance with audit standards.

The first UK study to investigate audit service quality attributes was conducted by Beattie & Fearnley (1995). The authors surveyed the chief financial officers of 210 listed UK companies to determine the importance of 29 audit quality attributes. When an EFA analysis is used to identify 5 key factors: the integrity of the audit firm managers; the professional competence of the audit firm; the quality of the relationships with the audit firm's clients; the reputation of the audit firm; and the professional competence of the audit directors.

Duff (2004) developed an audit service quality model consisting of 9 factors considering two aspects of professional quality and quality of audit services: In terms of professional quality, the influencing factors include 5 factors: The reputation of the auditing company; the size of the auditing company; independence; level of expertise; and experience. In terms of service quality based on the SERVQUAL model, the factors include: Ability to meet the needs of customers; non-audit services; sympathy; and customer service. In the model, the author conducts a survey of financial directors of companies and fund managers in the UK, and surveys auditors to find out the differences between the survey subjects on the impact of factors on the quality of auditing.

Boon et al., (2008) also relied on the factors in the study of Carcello et al., (1992) to build a financial statement audit service quality model consisting of 14 factors and conducted a survey of financial experts and auditors in New South Wales. The authors concluded that factors have an important influence on the quality of auditing, including: Industry depth; experience; professional qualifications; independence; compliance with ethical standards; and professional prudence. At the same time, the above 5 factors are also related to satisfaction with the quality of audit services, satisfaction is higher when the above 5 factors are guaranteed.

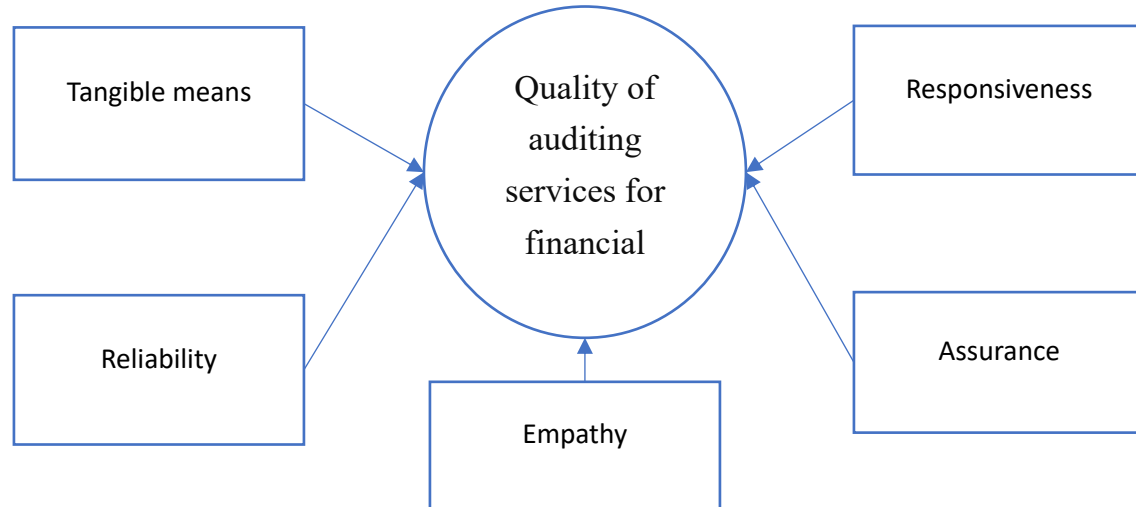
Butcher et al., (2013) conducted an evaluation of the relationship between audit quality factors with retention of audit firms at client-focused New South Wales state in Australia and used the results of previous studies on audit service quality satisfaction. The authors used 7 factors, including: Reputation; competence; assurance; independence; level of expertise; experience; and responsiveness to conduct research. The results of the study indicate that only the level of depth and ability to respond to the needs of customers is significantly associated with the maintenance of audit firms.

Thus, the factors affecting the quality of financial reporting audit services from the perspective of service quality basically include the factors in the typical service quality SERVQUAL model of Parasuraman et al., (1988).

### 3. Research Method

#### 3.1. Research models and hypotheses

Based on the theoretical basis and research overview, the proposed theoretical model is as follows:



1. The proposed research model

Source: Proposed Author

Accordingly, the research hypotheses are stated as follows:

*H1: There exists a positive relationship between tangible media and the audit quality of financial statements.*

*H2: There exists a positive relationship between the reliability and audit quality of financial statements.*

*H3: There exists a positive relationship between the ability to meet customer needs and the quality of auditing financial statements.*

*H4: There exists a positive relationship between service capacity and audit quality of financial statements.*

*H5: There exists a positive relationship between Sympathy and the quality of auditing financial statements.*

#### 3.2. Data collection and processing

The author collects data through the use of questionnaires to collect opinions of financial directors and chief accountants of audit clients on the level of influence of factors on the quality of audit services of financial statements.

The questionnaire is checked and adjusted by sending to 02 experts (one is CPA, senior lecturer of Institute of Accounting and Auditing, National Economics University; the other is director of VPbank branch) to assess the suitability of research objectives. To evaluate the quality of auditing services of financial statements (dependent variables), the author uses a 5-level Likert scale of agreement, from: (1) Strongly disagree to (5) Strongly agree. Evaluating independent variable factors, the author uses the Likert scale of 5 levels of influence, from: (1). Very low to (5). Very high. The number of scales measuring variables is summarized in Table 1 below.

In addition, to ensure the study sample size, based on the minimum sample size requirement for EFA analysis and regression. According to Bollen (1989), the sample size is calculated according to the formula  $n = 5 \cdot i$  ( $i$  is the number of observed variables in the model), corresponding to this study, the sample size will be  $20 \cdot 5 = 100$ . According to Tabachnick & Fidell (2007), the sample size in the multiple linear regression analysis is calculated according to the formula  $n = 50 + 8q$  ( $q$  is the number of independent variables in the model), whereby the sample size of the study will be  $50 + 8 \cdot 5 = 90$ . In order to improve the reliability of the survey information, the study selects the largest sampling for the model according to one of the above principles.

The author uses the convenient sampling method and 182 valid samples obtained through the distribution of direct questionnaires, sending and receiving questionnaires through Google form tools and Emails to the chief financial directors and chief accountants of 450 audit clients in 2022 (information about audit clients is taken from the websites of auditing companies and from the website: vietstock.vn). Based on the collected data, the author uses quantitative techniques such as testing the reliability of the scale, exploratory factor analysis... with the use of SPSS.22 software to summarize and present the basic results of the study.

Table 1: Encryption and number of attributes of factors affecting the quality of audit services of financial statements

No.	Factor	Encryption	Quantity	Expectations	Source
1	Tangible means	PTHH	4	+	Parasuraman et al., (1988).
2	Reliability	TCKH	4	+	Parasuraman et al., (1988).
3	Responsiveness	KNDU	4	+	Parasuraman et al., (1988); Carcello et al., (1992); Duff (2004).
4	Assurance	NLPV	5	+	Parasuraman et al. (1988); Carcello et al., (1992); Boon et al., (2008).
5	Eympathy	CTKH	3	+	Parasuraman et al., (1988); Duff (2004).
6	<i>Quality of auditing services for financial statements</i>	<i>HLKT</i>	<i>3</i>		<i>Carcello et al., (1992); Behn et al., (1997).</i>

Source: Proposed Author

#### 4. Research results

Among 182 valid answer votes, 67 votes came from domestic enterprises, accounting for 36.8%; 52 votes came from enterprises with foreign elements, accounting for 28.57%; 47 votes came from joint stock companies, accounting for 25.82%; 9 votes came from limited liability companies, accounting for 4.94% and 7 votes came from joint venture companies, accounting for 3.84%.

Regarding the number of industries and business sectors: Finance, banking, insurance, securities 14 enterprises (7.69%); footwear, textiles, packaging, printing 21 enterprises (11.54%); information technology, software 28 enterprises (15.4%); real estate, construction, architecture, construction materials 38 enterprises (20.88%); pharmaceuticals, food, consumer goods 21



enterprises (11.54%); animal feed, cultivation 10 enterprises (5.49%); fertilizer, chemicals 7 enterprises (3.84%); petroleum, gas 11 enterprises (6.04%); services, tourism, hotels, restaurants 15 enterprises (8.24%); transportation, warehousing 8 enterprises (4.39%) and the remaining 9 other enterprises (4.94%).

Regarding the duration of using audit services: from 1-2 years: 48 enterprises (26.37%); from 3-5 years: 55 enterprises (30.22%); from 6-10 years: 42 enterprises (23.1%) and more than 10 years: 37 enterprises (20.33%).

The surveyed sample belongs to many types of enterprises, the structure of business lines is diverse and has a fairly uniform distribution, the period of using audit services is mainly from 3-5 years. As such, it is possible to ensure the answers are reliable and quality.

The statistical results describing the scale show that most of the observed variables have a mean value around the expected average value (3.2) and there is no significant difference between the observed variables in the same group. This proves that the survey subjects have quite similar opinions and agree with the scale of variables.

#### 4.1. Quality control results of the scale

This method allows to eliminate inappropriate variables and limit garbage processing in the research model. Accordingly, only variables with Corrected Item - Total Correlation greater than 0.3 and Cronbach's Alpha coefficient of 0.6 or higher are considered acceptable and appropriate to include in the analysis of the next steps (Nunnally & Burnstein, 1994). The results of Cronbach's Alpha test for the financial statement audit service quality scale (6 scales with 23 observation variables) are shown in Table 2.

Table 2. The results of testing the reliability of the scale of factors in the model

No.	Factor	Symbol	Cronbachs Alpha	N
1	Tangible means	PTHH	0.855	4
2	Reliability	TCKH	0.901	4
3	Responsiveness	KNDU	0.912	4
4	Assurance	NLPV	0.824	5
5	Eympathy	CTKH	0.806	3
6	<i>Quality of auditing services for financial statements</i>	<i>HLKT</i>	0.878	3

*Source: Results from SPSS 22*

Thus, the model retains the same 6 factors to ensure good quality, with 23 characteristic variables (Cronbachs Alpha coefficient of the overall is greater than 0.6; Corrected Item - Total Correlation of the observed variables are greater than 0.3).

#### 4.2. Explore factor analysis EFA

After analyzing the reliability of the scale, the next step is to determine the set of variables needed for the research problem, the author uses the EFA exploratory factor analysis method to consider the degree of convergence of the observed variables by each component and the differentiating value between the factors. The EFA exploratory factor analysis was performed separately for O2 groups of independent and dependent variables by the original angle rotation method (Varimax). The results obtained after the rotations are as follows:

### EFA analysis results for independent variable

Looking at the EFA analysis results for independent variables, it can be seen that the results are divided into 5 groups. The indicators are evaluated as follows:

- KMO = 0.818 so EFA analysis is appropriate for the study data.

Sig. (Bartlett's Test) = 0.000 < 0.05 shows that the observed variables in the population are related to each other and the data used in the EFA analysis are appropriate.

- There are 5 factors extracted at Eigenvalues= 1.128 > 1 representing the variation explained by each factor, only factors with Eigenvalues greater than 1 are retained in the analytical model.

- Total variance explained of factor analysis is 72.326% > 50% satisfactory. This means that these 5 factors explain 72.326% of the change in the data.

Table 3. Rotation matrix of factors

Rotated Component Matrix<sup>a</sup>

	Components				
	1	2	3	4	5
PTHH2	.879				
PTHH1	.841				
PTHH3	.833				
PTHH4	.816				
TCKH1		.789			
TCKH4		.746			
TCKH3		.714			
TCKH2		.705			
KNDU1			.802		
KNDU2			.795		
KNDU5			.766		
KNDU3			.712		
NLPV4				.822	
NLPV1				.817	
NLPV3				.766	
NLPV2				.752	
NLPV5				.723	
CTKH3					.818
CTKH1					.802
CTKH2					.746

(Source: Data analysis results on SPSS 22)

### Results of EFA analysis for dependent variable

- KMO coefficient = 0.8147 > 0.5 and Bartlett test has Sig.= .000 < .05) showed that EFA analysis was appropriate.

- Sig quantity. = 0.000 satisfying Sig. ≤ 0.05 should be statistically significant and the observed variables are correlated with each other in the whole, proving that the data used in the analysis is appropriate.

- Analysis of the total variance extracted for the dependent variable shows that the percentage value of the entire variance Percentage of variance = 57,216% > 50%, the Eigenvalue = 3.416 > 1, so the model is eligible for exploratory factor analysis and the load factor of the observed variables is greater than 0.5, so the observed variables are of practical significance.

### 4.3. Results of regression analysis

#### Pearson Correlation Analysis

This step is performed before the regression analysis to check the correlation between the independent variable and the dependent variable, when the independent variables are not correlated with the dependent variable will be excluded from the model (if Sig. > 0.05).

The results of Pearson correlation analysis show that there is a strong correlation between the dependent variable and the independent variable in the model because the Sig. values are less than 0.05. Meanwhile, there is a weak correlation between the independent variables due to Sig.<0.05 and  $r < 0.6$ .

In addition, the Pearson correlation coefficient of independent variables with the variable depending on the quality of financial reporting audit services has a positive value, so these independent variables are directly correlated with the dependent variable, meaning that the more the factors being considered are increased, the higher the quality of financial reporting audit services.

On the other hand, Pearson coefficient analysis is just a necessary condition before running regression to check whether there is a strong linear correlation between the pairs of variables and soon identify the multicollinearity problem. However, with a specific sample, Pearson is unlikely to reflect correctly, so it is necessary to test through regression analysis to give accurate results.

#### Regression analysis

Based on the results of the EFA analysis, we have the multiple regression model as follows:

$$HLKT = \beta_0 + \beta_1*PTHH + \beta_2*TCKH + \beta_3*KNDU + \beta_4*NLPV + \beta_5*CTKH + \epsilon$$

*In which:*

$\beta_1, \beta_2...$  is the regression coefficient,  $\beta_0$  is the intercept coefficient,  $\epsilon$  is the residual.

*Dependent variable*

*PTHH, TCKH, KNDU, NLPV, CTKH: independent variable*

Table 4: Linear regression results

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	Constant	-.025	.284		-.086	.934		
	TCKH	.472	.310	.228	9.259	.000	.979	1.021
	KNDU	.424	.034	.386	11.346	.000	.916	1.091
	NLPV	.313	.034	.278	7.866	.000	.905	1.104
	CTKH	.274	.029	.118	7.829	.000	.967	1.034
	PTHH	.143	.022	.184	5.447	.000	.993	1.007

a. Dependent Variable: HLKH

(Source: Data analysis results on SPSS 22)

Table 5: Model summary table<sup>b</sup>

Model	R	R Square	Adjusted R Square	Durbin-Watson
1	0.728 <sup>a</sup>	0.652	0.535	2.284

a. Predictors: (Constant), PTHH, TCKH, KNDU, NLPV, CTKH.

b. Dependent Variable: HLKH

(Source: Data analysis results on SPSS 22)

Table 6: Model ANOVA<sup>a</sup> analysis table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	109.739	5	21.9476	122.450	.000 <sup>b</sup>

	Residual	43.368	250	.185		
	Total	153.007	255			

a. Dependent Variable: HLKH

b. Predictors: (Constant), PTHH, TCKH, KNDU, NLPV, CTKH.

(Source: Data analysis results on SPSS 22)

- Durbin Watson coefficient (DW) = 2.284 satisfying  $1 < 2.284 < 3$ , so the model does not have the correlation phenomenon of residuals.

- The assessment of the suitability of the model is based on the Analysis of Variance - ANOVA table. ANOVA test results with Sig significance level. = 0.000 shows that the constructed multiple linear regression model is suitable for the dataset and usable, in other words, the model is meaningful to extrapolate to the whole.

- Testing multicollinearity: The variance magnification factor (VIF) of all independent variables is less than 10, so multicollinearity in the model is assessed as not serious.

-  $R^2$  correction = 0.535 > 0.5 proves the suitability of the model and the independent variables explain 53.5% of the change in the dependent variable "Quality of financial statement audit services", while 46.5% is due to random errors or other factors outside the model.

- Independent variables PTHH, TCKH, KNDU, NLPV, CTKH with Sig. < 0.05, therefore, has a statistically significant impact on the quality of auditing services for financial statements.

Therefore, accepting the initial hypothesis (H1; H2; H3; H4; H5), the independent variables are linearly related to the dependent variable and fully consistent with the model. From there, we have the regression equation with the standardized beta coefficient as follows:

$$HLKT = 0.184*PTHH + 0.228*TCKH + 0.386*KNDU + 0.278*NLPV + 0.118*CTKH$$

From the test results of the research model, there are 5 factors that have a significant impact on the "Quality of auditing services for financial statements of independent auditing companies in Vietnam".

The results show that there are similarities in the correlation of factors affecting the quality of audit services in most previous studies, such as: Carcello et al., (1992); Boon et al., (2008); Duff (2004). However, the order of influence of each factor varies between studies. This may be due to the research conducted in Vietnam, which has different economic and social characteristics and the development of its own auditing profession than the research conducted abroad.

## 5. Conclusion and recommendation

Through the analysis of 182 survey samples from audit customers of independent auditing companies, 5 factors have a favorable influence on the quality of auditing services of financial statements in the following descending order: Ability to meet the needs of customers; Service capacity; Reliability; Tangible means; and Sympathy.

The findings from the empirical study are the basis for the author to make some recommendations to stakeholders, specifically as follows:

### Improved ability to meet customer needs

Improving the capacity of independent auditing firms in Vietnam to meet the needs of customers is very important to improve the quality of auditing services for financial statements. Research indicates that the factor that has the strongest positive impact on the perceived service quality of audit clients is their ability to meet their needs during the audit. To address this, audit firms should conduct a thorough assessment of the client's needs, establish clear channels of communication, and adapt their audit methods to suit the client's specific requirements. Investments

in the professional development of auditors and the application of technology can further enhance the ability to meet the needs of clients. Proactive customer education, feedback mechanisms, and a robust quality assurance process are also encouraged. By implementing these measures, auditing companies in Vietnam can better meet the needs of customers, improve service quality, and build trust and satisfaction of auditing customers.

### **Assurance**

In order to improve customer service capacity and improve the quality of auditing services for financial statements provided by independent auditing firms in Vietnam, the following recommendations can be considered:

*Firstly*, auditing firms should focus on strengthening human resources by hiring and retaining talented professionals with appropriate expertise and experience. This can be achieved through targeted recruitment strategies, competitive compensation packages, and career growth and development opportunities. In addition, investing in training programs to enhance auditors' soft skills, such as communication, problem solving, and relationship management, is critical to improving customer engagement and overall service quality.

*Second*, establishing effective communication channels is critical to providing excellent customer service. Audit firms must ensure that clients have easy access to their appointed auditors and receive timely and accurate responses to their requests. Communicating regularly throughout the evaluation process, including updating and clarifying progress, helps build trust and ensure customer needs are met.

*Third*, promoting a customer-centric culture in audit firms is essential. This involves prioritizing and evaluating customer satisfaction, instilling a customer service mindset among auditors, and promoting a proactive approach to identifying and addressing customer needs. Implementing feedback mechanisms, such as customer surveys or feedback sessions, can provide valuable insights for continuous improvement and help align the service with customer expectations.

*Finally*, leveraging digital technology and tools can enhance customer service capabilities. Audit firms should invest in audit software, data analysis tools, and secure customer portals to streamline processes, improve efficiency, and provide customers with more transparent and accessible access to information related to their audits.

### **The acquisition of another company will also have some benefits such as**

In order to improve customers' trust in auditing firms and improve the quality of auditing services for financial statements provided by independent auditing firms in Vietnam, the following recommendations can be considered:

*First*, audit firms should prioritize and consistently deliver on their promises to clients. This requires setting clear expectations, adhering to agreed timelines, and ensuring accuracy and accuracy in service delivery. Demonstrating reliability in meeting the client's requirements and obligations builds trust and confidence in the auditor.

*Second*, promoting transparency and accountability is important. Audit firms must be transparent in their communication, providing clients with clear and understandable information about audit processes, procedures, and results. When problems or challenges arise, prompt and honest communication is essential to maintaining trust. Furthermore, establishing effective mechanisms for customers to voice their concerns, such as dedicated helplines or feedback channels, demonstrates a commitment to accountability and customer satisfaction.

*Third*, investing in competent and qualified auditors is critical to building trust. Audit firms must ensure their auditors have the necessary technical expertise, industry knowledge, and professional competence to conduct high-quality audits. Ongoing professional development

programs and training opportunities should be provided to help auditors keep up to date with evolving standards and regulations.

*In addition*, it is important to promote independence and objectivity. Audit firms should maintain a culture that emphasizes independence from client influence and the importance of objective and unbiased audit opinion. The implementation of stringent internal quality controls, such as peer review and ethical guidelines, reinforces the integrity and reliability of the audit process.

*Finally*, the introduction of customer success stories and testimonials can provide evidence of the audit firm's achievements and strengthen the reliability of their services. Sharing experiences and positive outcomes with customers can build trust with prospects and strengthen relationships with existing customers.

By implementing these recommendations, independent auditing firms in Vietnam can improve their clients' trust in their services, thereby improving the quality of their financial statement auditing services. Trust is a fundamental factor in the audit profession and building a reputation for reliability and integrity will contribute to the long-term success and reputation of auditing firms in Vietnam.

### **Tangible means**

For the tangibility factor, auditing companies can implement some of the following recommendations:

*Firstly*, auditing firms should prioritize investment in facilities and working environment. This involves creating clean, organized, and professional spaces that reflect a sense of trust and competence. Investments in modern and well-maintained equipment and technology can also contribute to the tangibility and overall image of the company.

*Second*, paying attention to the appearance of employees is very important. The auditor should maintain a professional appearance to give the client confidence. Dressing appropriately, neatly and presenting a polite and professional image can positively affect the client's perception of the auditor's competence and reliability.

*Thirdly*, auditing companies need to focus on creating a friendly and professional atmosphere for customers. This can be achieved through attentive customer service, polite and respectful interactions, and a customer-centric approach throughout the evaluation process. Ensuring that the client feels respected and well cared for contributes to a positive perception of the audit firm's service quality.

*Moreover*, leveraging digital platforms and online presence can significantly improve the visibility of auditing firms. Developing an informative and user-friendly website that showcases the company's expertise, services, and success stories can attract potential customers and provide a platform for transparent communication. Being actively involved in social media channels and professional networking platforms can also help create visibility and increase brand awareness.

### **Empathy**

In order to enhance the empathy of audit firms towards audit clients and improve the quality of financial statement audit services provided by independent audit firms in Vietnam, the following recommendations can be considered:

*Firstly*, auditing firms should prioritize training programs that focus on developing the auditor's empathy and active listening skills. This can help the auditor understand and connect with the client on a deeper level, fostering a sense of trust and understanding.

*Second*, audit firms should encourage a customer-centric approach throughout the audit process. This includes actively seeking feedback from customers, understanding their unique needs and concerns, and adapting audit procedures and information exchange accordingly. By showing

genuine interest in the client's circumstances, auditors can create a personalized experience that demonstrates empathy for the client's specific circumstances.

*Third*, effective communication is essential to showing empathy. The auditor should actively listen to the client, promptly respond to their questions, and provide a clear explanation of the audit process and findings. Regular and transparent communication helps clients feel respected and understood, enhancing their overall experience with the audit firm.

*Moreover*, creating a supportive and collaborative environment is crucial. The auditor must be approachable, responsive, and willing to address any concerns or challenges raised by the client. By fostering an atmosphere of empathy and understanding, audit firms can build stronger relationships with clients and create positive work motivation.

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