Audit Service Quality And Loyalty To Audit Firms: Empirical Evidence From Vietnam

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Abstract

The purpose of this article is to understand the relationship between audit service quality and loyalty to the audit firm from the perspective of audit clients. The analysis of 268 survey samples from managers, chief accountants, members of the supervisory board, internal auditors and client company accountants by quantitative research method and regression analysis shows that, 7 factors of audit service quality have a significant influence on the loyalty of audit customers are arranged in descending order, as follows: Auditor responsiveness; Auditor's professional competence; Auditor's ability to perform the work; Auditor's independence; Auditor's experience; Auditor's assurance; and Auditor's reputation. The findings from the empirical research are the basis for the author to make recommendations and suggestions to audit firms to improve the quality of auditing, thereby helping audit firms maintain traditional customers, gradually reach potential customers, and dominate the audit market share in Vietnam in the coming time.

Keywords: Auditing service quality, loyalty, auditing company, Vietnam.

1. Introduction

Service quality is an important factor for the sustainable development of business (Carlzon, 1987) and in the context of globalization, the competition is increasingly fierce among enterprises, managers recognize that providing high quality services is essential for the success of the company (Rust & Oliver, 1994). When service quality is guaranteed, satisfaction is satisfied, inevitably leading to customer loyalty (Lewis, 1994). Therefore, businesses need a customer-focused strategy to measure and monitor customer satisfaction in terms of service quality. In studies on this topic, service quality, customer satisfaction and customer loyalty are three differentiators that service providers need to aim for. Customer satisfaction or dissatisfaction is the result of experiencing a service and comparing it with the expected quality of service (Oliver, 1980). Many customer satisfaction studies have concluded that, there is a significant relationship between customer satisfaction and loyalty. Therefore, the main goal of service companies is to develop and provide services that satisfy the needs and expectations of customers.

Auditing is a special service, the quality of services provided by the auditing company is a most important issue of auditing activities (Kit, 2005). In a survey by the United States General Accounting Office (GAO) in September 2003, half of the public companies reported that, they were satisfied with the current audit service over the past 10 years or more. GAO (2003) also found that service quality is a very important factor for publicly listed companies when selecting or seeking a new audit firm to be approved as an audit subject. Often, when publicly listed companies are satisfied with the quality of services received from a particular audit firm, it is highly likely that they will also use the same audit firm for other non-audit services, such as: tax consulting, valuation services, assurance services... Moreover, in order to survive the audit firms entering the market as audit service providers and their revenues are paid by the "direct customers" themselves - the entities contracted to hire independent auditors -. Whether the audit firm is profitable, developed or able to compete in the market depends greatly on how customers evaluate their services. Therefore, it is extremely important for audit firms to

understand the view of customers on the quality of audit services, which helps companies understand the quality of audit expressed in all aspects, what needs to be improved to improve the quality of services to satisfy customers, thereby customers will be loyal to the audit services of their units.

There have been many studies carried out in both the world and Vietnam to identify and measure the attributes of audit quality (Carcello et al., 1992; Sutton, 1993). However, the majority of audit studies have measured audit quality in terms of auditors completing their work and producing audit reports (Duff, 2004, 2009). Approaching the traditional viewpoint, the auditor's task is to give an audit report with an objective opinion on the financial statements and the user of the financial statements is the auditor's "final customer". This leads, for the most part, to studies measuring the quality of audits through financial statements or surveys of the views of financial statement users, auditors and some other stakeholders on the quality of audits. Meanwhile, the research on audit quality from the point of view of service quality based on the perspective of customers is quite modest. Researchers from the point of view of service quality such as Duff (2004, 2009) have expanded the concept of traditional audit quality in a new direction more comprehensive and complete. The definition of "Audit quality" or "Audit service quality" according to this school consists of two elements: Technical quality (i.e. audit quality in the view of DeAngelo (1981) and Service quality (characteristics according to the service quality model of Parasuraman et al., (1985). Ismail et al., (2006) and Butcher et al., (2013) relied on the service quality model affecting loyalty to build models showing the positive influence of audit service quality on customers' continued use of audit services.

Therefore, this study was conducted on the basis of inheriting the research model of Butcher et al., (2013) in order to measure and evaluate the influence of audit quality attributes on the loyalty of audit clients to an independent audit firm in Vietnam. The research results contribute to more understanding of how customers feel about the quality of service. From

there, help auditing companies have suitable solutions to increase the level of satisfaction and satisfaction of audit customers, a very important party participating directly and actively in the process of implementing audit services. In addition, the results of the study may also be useful for audit firms in developing countries, where the business environment, legal system, management level, facilities and development of the auditing industry similar to Vietnam refer to improving the quality of auditing of independent audit firms.

2. Theoretical background and literature review

2.1. Theoretical basis

2.1.1. Quality of audit services
Quality of service is an important component of customer perception, as it is a prerequisite for customer satisfaction. Studies show that customers do not perceive quality as a one-way concept. Parasuraman et al., (1988) have found that customers consider five aspects of their assessment of service quality (reliability, responsiveness, assurance, empathy, and tangibility). Reliability is the ability to perform service reliably and accurately, while responsiveness is the willingness to help customers and provide service quickly. Assurance refers to an employee's knowledge, courtesy, and ability to inspire their trust and confidence. Empathy is the care and personalization of customers and the tangible expression of facilities, equipment, personnel and written materials. Although scholars have been studying the concept of service for several decades, there is no consensus on the concept of service quality (Cronin & Taylor, 1992) as different researchers focus on different aspects of service quality. Reeves & Bednar (1994) note that, there is no universal, comprehensible or overarching definition or model of quality. The most common definition is the traditional concept of quality as the customer's perception of service excellence, i.e. the quality is determined by the customer's impression of the service provided (Parasuraman et al., 1985). The assumption

behind this definition is that customers form a perception of service quality according to the service performance they have experienced. Therefore, customer perception is an assessment of the service quality of an entity. Many researchers accept this approach in terms of service quality. For example, Bitner & Hubbert (1994) defined quality as the overall impression of consumers about the relative inferiority/superiority of the organization and its services. Researchers have measured a company's service quality by comparing service users' expectations with actual performance (Groonroos, 1984; Lewis & Booms, 1983). Customer expectations are beliefs about service delivery that function as the standard or reference point at which performance is measured (Zeithaml & Bitner, 2003). In order to satisfy customers, it is essential to know what customers expect.

Customer satisfaction is also a concept that many researchers have been interested in. According to Lemon et al., (2002), "Customer satisfaction is the evaluation of customers about the expectations gained from products and services before purchase compared to the results received after purchase." This means that the needs, hopes or expectations of customers are met more or less when using Anton products or services (1997). According to Zeithaml et al., (2000), customer satisfaction is the customer's evaluation of a product or service that has met their needs and expectations. According to Kotler & Keller (2006), Bachelet (1995) and Parasuraman et al., (1988) both argue that customer satisfaction as an emotional response of customers in response to their experience with a product or service. This means, customer satisfaction is the level of feeling of customers before and after using the service, the better the quality of service, the higher the satisfaction, the higher the level of customer satisfaction. Customer satisfaction is an important factor that businesses need to care about because having satisfaction will help businesses have more loyal customers.

In the field of auditing, one of the most commonly used and accepted definitions of audit quality is DeAngelo's (1981) definition.

DeAngelo (1981) defines audit quality as the ability of auditors to detect violations in the client's accounting system (due to the auditor's competence) and report them (due to the auditor's independence). DeAngelo's concept of audit quality (1981) is viewed as defined from a traditional point of view, namely that audit quality is determined based on two aspects, including: the auditor's competence and independence in the audit work they provide to clients. In this concept, DeAngelo has not considered the quality of audit services from the perspective of a type of service and customer perception. This results in auditors needing to consider auditing as a type of service and need to focus on improving the quality of service they provide to customers, while maintaining the effectiveness of audit techniques (Duff, 2009). Thus, the researchers gradually expanded the concept that DeAngelo (1981) initially proposed. Many previous studies have been conducted to measure the quality of audit services in Denmark (Warming-Rasmussen & Jensen, 2001), the United Kingdom (Beattie & Fearnley, 1995), and the United States (Behn et al., 1997; Carcello et al., 1992; Mock & Samet, 1982; Sutton, 1993; Sutton & Lampe, 1990). These studies often identify quality factors from the point of view of financial statements makers, auditors and users that are relevant to the quality of audit services. However, these authors define the quality of audit services according to many different schools and are less referred to each other, so there is a need for a study to redefine the quality of audit services in a more comprehensive way. Duff (2004) and then Duff (2009) synthesized the quality factors of many authors and expanded testing aspects of audit service quality based on previous studies. Duff (2004, 2009) proposed a new quality concept to measure the quality of audit services that is the AUDITQUAL model.

According to Duff (2004), the quality of audit services consists of two components: technical quality and service quality. The technical quality component involves two factors of audit quality in the concept that DeAngelo (1981) proposes as competence and independence. The composition of service quality uses the common SERQUAL model in

evaluating service quality proposed by Parasuraman et al., (1988). Specifically, the quality of audit services of Duff (2004) includes the following components: Reputation; Ability; Assurance; Independence; Professional competence; Experience; Empathy. The concept of audit service quality mentioned by Duff (2004) aims to emphasize that Duff (2004) expanded the concept of audit quality in the traditional sense of DeAngelo (1981) through the addition of quality elements of the service quality model of Parsuraman et al., (1988).

2.1.2. Customer loyalty

Customer loyalty is defined as a durable relationship between the attitude of the individual and the acquisition, which symbolizes the proportion, coordination and likelihood of acquisition and re-use with the same supplier (Dick & Basu, 1994). In addition, Gremler & Brown (1996), Caruana (2002) argued that, loyal customers can be understood as customers who perform buying behavior from a supplier repeatedly, take a positive attitude towards the supplier and think only of the supplier when there is a need for this service. By this definition, a loyal customer is a person who: regularly uses a service provider; really likes the provider and appreciates it; and never thinks about using another service provider for this service.Within the scope of this study, audit client loyalty can be understood as the intention to continue using the audit firm in subsequent financial years.

2.1.3. Relationship between audit service quality and customer loyalty

Many studies have shown the link between service quality and customer loyalty. Service quality has a direct effect on customer loyalty, which has been demonstrated by some authors (Bitner, 1990; Cronin & Taylor, 1992), who have confirmed the hypothesis that service quality has a positive influence on customer loyalty behavior. The authors Pilkington & Chai (2008) have studied the importance of product and service quality on customer satisfaction and found that loyal customers are mainly among customers who have used higher quality products. This implies that providing better quality products and services will increase customer loyalty.

The study by Ismail et al., (2006) was conducted considering the relationship between audit service quality, customer satisfaction and their loyalty in 500 listed companies in Malaysia. The study proposes the hypothesis that, there are two similar relationships between audit service quality and customer satisfaction; customer satisfaction - customer loyalty. Ismail et al., (2006) raised the view that, if the customer is satisfied with the audit firm, they will maintain the use of this service with the firm for a long time and can use other services provided by the audit firm. Ismail et al., (2006) used the SERVQUAL model of Parasuraman et al., (1988) to measure the quality of audit services. The research team uses a hierarchical regression model to assess the intermediate impact of customer satisfaction on the relationship between audit service quality and customer loyalty. Research results show that on the one hand, the factors of audit service quality include tangible means, reliability and sympathy, understanding are related to satisfaction; on the other hand, customer satisfaction is related to customer loyalty. In addition, customer satisfaction partly mediates the relationship between audit service quality and customer loyalty through the influence of reliability factors.

2.2. Influence of audit service quality factors on the loyalty of audit clients

Duff (2009) commented that, issues related to globalization, commercialization and dissatisfaction of stakeholders with the quality of audit services... are causing the minds of auditors to focus on improving the quality of services they provide to customers. In addition, Morton & Scott (2007) argue that customer perception of service quality is correlated with the intention or decision to continue using the service from the same provider. Therefore, in order to increase the ability to maintain the provision of services to customers, the audit firm needs to pay attention to both aspects including the quality of the services provided and the customer's perception of the quality of the services (Guy et al., 1979).

Pandit's research (1999) examined the correlation between five aspects of audit service quality (audit firm meeting the needs of

customers; industry expertise of the audit firm; managing director of the audit firm participating in the audit; conduct audit at the client company; quality of audit staff) with customer loyalty. The five dimensions of audit service quality in this study were inherited from 12 factors identified by Carcello et al., (1992) in a list of 41 attributes that affect the perception of audit service quality. Pandit (1999) found that two of the five dimensions (audit firm executives' involvement and ability to meet client needs) were correlated with the intention to continue using the incumbent audit firm. Conversely, aspects related to the industry expertise of the audit firm and the conduct of the audit at the client company have no connection with the client's intention to continue using the audit firm.

Morton & Scott's (2007) study developed a 28-factor audit service quality scale based on Parasuraman et al., 's SERVQUAL model (1985). Using a survey of 136 financial directors of Australian firms, Morton & Scott (2007) found only a low correlation between the perceived quality of audit services and the continued use of the audit firm. They argued that, this result is reasonable because there is no legal constraint regarding the tenure of the audit firm and changing the audit firm would cost the firm the service.

Butcher et al., (2013) overcome the limitations research of Pandit (1999) and Morton & Scott (2007) research when performing audit service quality correlation testing and the continued use of the client's audit firm in the context of mandatory audit bidding in the Australian state of New South Wales. This study overcomes the limitations of previous studies, which are the unlimited audit term and high cost of changing auditors in the context of voluntary audit. The authors used a survey questionnaire that included 48 audit service quality attributes drawn from audit service quality studies. The respondents were financial experts and internal auditors throughout the state of New South Wales. The study develops hypotheses based on the model of Ismail et al., (2006) and Duff's model (2009) to measure the quality of audit services. Butcher et al., (2013) hypothesized a similar relationship exists between the perception

of audit service quality and the loyalty of audit clients to the audit firm stemming from the satisfaction of audit service quality. The scholars calculated multipliers representing each factor and included in the binary regression model as independent variables to test the hypotheses. The regression results show that the factors of expertise and ability to meet the needs of customers have a favorable and statistically significant relationship with the continued use of the audit firm. This conclusion draws the attention of audit firms on the aspect of strengthening client commitment and the possibility of the audit firm being retained as an incumbent auditor.

In Vietnam, the research on the topic of feeling the quality of audit services of customers affecting the loyalty of audit customers has not been focused. The research mainly develops and tests audit quality models with diverse survey subjects from auditors, users of financial statements, investors, accountants... can be mentioned, such as: Bui Thi Thuy's research (2014); Phan Van Dung (2015); Nguyen Thi Thanh Xuan (2018).

Thus, in recent years, there have been a number of studies in the world on the influence of audit service quality factors on the loyalty of audit customers, while the same research topic is still very limited in Vietnam. Some studies on audit quality in general have not really provided a convincing evidence of effective solutions for improving the quality of audit services to meet the expectations of customers to increase the frequency of reuse of the audit company's services. Therefore, the author's research is really necessary in the context of increasingly fierce competition in the audit market between audit firms, the international integration in the field of accounting and auditing is increasingly extensive in Vietnam today, the predecessor researches are selectively applied but not duplicated.

3. Research Method

3.1. Research models and hypotheses

Based on the theoretical basis and the research overview, on the basis of inheriting the research model of Butcher et al., (2013), the author builds

a model of factors of audit service quality affecting the loyalty of audit clients on the view of companies using audit services as follows:
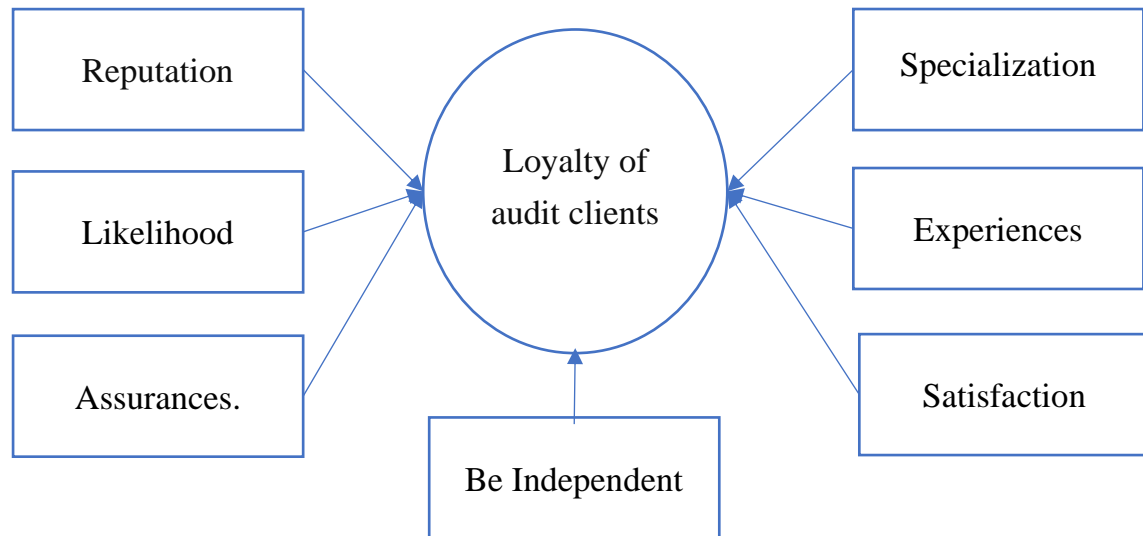

Figure 1. The proposed research model

(Source: Author's suggestions)

The hypotheses are stated as follows:

H1: The reputation of the audit firm positively affects the loyalty of audit clients.

H2: The ability of auditors to perform their work positively affects the loyalty of audit clients.

H3: The assurance of the audit firm positively affects the loyalty of audit clients.

H4: The auditor's independence positively affects the loyalty of the audit client.

H5: The professional competence of auditors positively affects the loyalty of audit clients.

H6: The auditor's experience positively affects the loyalty of the audit client.

H7: The responsiveness of auditors in providing audit services positively affects the loyalty of audit clients.

With binary logistics regression equation has the following form:

Ln = [P(Y=1)/P(Y=0)] = β0 + β1*REP + β2*CAP + β3*ASR + β4*IND + β5*EXP + β6*EXPR + β7*RES

<u>In which:</u>

β1, β2… is the regression coefficient, β0 is the intercept coefficient

Dependent variable

Y: Possibility for customers to continue using the audit firm for the next financial year

Independent variables, including:

REP: Audit firm reputation

CAP: Auditor's ability to perform the work

ASR: Assurance of the audit firm

IND: Auditor's independence

EXP: Expertise of the auditor

EXPR: Auditor's experience

RES: Auditor Responsiveness

3.2. Data collection and processing

To accomplish the research objective, the author used a deductive approach, i.e. based on the theory of previous studies and qualitative research results through expert interviews to propose models. With this study, the author conducts with experts of the Board of Directors, chief accountants with long experience in enterprises and experts who are lecturers of universities with knowledge of accounting, auditing, there are in-depth studies on the quality of auditing services. Using qualitative research methods through interviews with experts, the author develops a selection of factors of audit

service quality affecting the loyalty of audit customers to include in the research model.

Next, the author conducted an in-depth survey through a questionnaire with 38 observation variables in order to collect the opinions of managers, chief accountants, members of the supervisory board, internal auditors and accountants on the impact of audit service quality factors on the loyalty of audit clients. The Department of Research selects such survey subjects because they are knowledgeable about corporate accounting, the significance of auditing for enterprises, affecting the selection of services of auditing companies, capable of proposing policies and solutions related to auditing activities, so there will be objective and accurate assessments of the research issues.

Through the review of previous studies, to assess the possibility of customers continuing to use the audit firm for the next financial year - the loyalty of the audit client (dependent variable) only receives either the value 0 or 1, if the value is equal to 1, which means that customers continue to use the audit service for the next financial year and vice versa. Evaluating independent variable factors, the author uses the Likert scale with 5 levels of influence, from: (1). Very low to (5). Very high. The number of scales for measuring variables is presented in **Appendix 1**.

In addition, to ensure the study sample size, based on the minimum sample size requirements for EFA analysis and regression, in Bollen's view (1989), the sample size is calculated according to the formula $n = 5*i$ (i is the number of variables observed in the model), corresponding to this study, the minimum sample size required is $5*38 = 190$.

The author uses a convenient sampling method and 268 valid votes obtained out of 580 votes sent through sending and receiving questionnaires via Google forms and email to managers, chief accountants, supervisory board members, internal auditors and accountants in 96 enterprises in Vietnam. The implementation period is from February 2022 to July 2022. 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 software.22 to summarize and present the basic results of the study.

4. Results and discussion

Of the 268 valid replies, 132 were from joint-stock companies, accounting for 49.25%; 86 were from limited liability companies, accounting for 32.09%; the remaining 50 were from other types of enterprises, accounting for 18.66%.

Regarding the level of education: there are 203 respondents with university level or higher, accounting for 75.74%; the remaining 65 respondents with college level, intermediate level, accounting for 24.26%.

Regarding the work unit: 62 replies were received from managers (members of the board of directors, the Board of Directors), accounting for 23.13%; 48 replies were received from members of the supervisory board, internal auditors, accounting for 17.91%; the remaining 158 were received from the accounting department, accounting for 58.95%.

Regarding the intention to change or continue using the current audit company: 73 replies with the intention to change the audit company, accounting for 27.23%; 195 replies with the intention to continue using the audit company, accounting for 72.77%.

The sample surveyed belongs to many different subjects in terms of education level, job position, type of enterprise. Thus, it is possible to ensure that the answers are reliable and of quality.

Statistical results describing the scale show that most of the observed variables have an average value around the expected average value (3.0) and there is no significant difference between the observed variables in the same group. This shows that the surveyed subjects have similar opinions and all agree with the scale of variables.

4.1. Results of testing the quality of the scale

Cronbach's Alpha test results for the first time for audit service quality scales (7 scales with 38 observation variables). The results showed that there were 6 observation variables with a variable-sum correlation coefficient of less than 0.3, including observations: CAP1, CAP4,

CAP7, CAP9, RES1, RES6, these observations were excluded from the model and conducted a second analysis of the reliability of the scale after

removing 6 observation variables. The results are shown in Table 1, as follows:

Table 1 Results of testing the reliability of the scale of the factors in the model

No.		Factor	Cronbach's Alpha
1		Reputation of the audit firm	0.893
2		Ability to perform the work of the auditor	0.881
3		Assurance of the audit firm	0.800
4		Independence of the auditor	0.748
5		Expertise of the auditor	0.758
6		Auditor's experience	0.798
7		Responsiveness of the auditor	0.897

(Source: Results of data analysis on SPSS 22)

Thus, the model retains 7 factors to ensure good quality, with 32 characteristic variables (Cronbach's Alpha coefficient) of the whole greater than 0.6; The coefficient of correlation of variables - the sum of the observed variables is greater than 0.3.

4.2. Explore factor analysis EFA

The EFA exploratory factor analysis was performed separately for the independent variable group by whole-angle rotation (Varimax). The results obtained after the first rotation are as follows:

Table 2. KMO and Bartlett test results table for independent variable

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.871	
Bartlett's Test of Sphericity	Approx. Chi-Square	4822.758
	df	508
	Sig.	.000

(Source: Results of data analysis on SPSS 22)

Looking at the results of EFA analysis for independent variables, it can be seen that the results were divided into 7 groups. The criteria are evaluated as follows:
- KMO = 0.871 so the EFA analysis is consistent with the study data.
Sig. (Bartlett's Test) = .000 < 0.05 indicates that the observed variables in the overall population are correlated with each other and the data used in the EFA analysis are consistent.
- There are 7 factors quoted at Eigenvalues = 1.424 > 1 representing the variation explained by each factor.
- Total variance explained by factor analysis is 72.418% > 50% meet the requirements. This

means that these 7 factors explain 72.418% change of the data.

The post-rotation factor matrix table will be reviewed to see which of these 7 factor groups comprise the observed variables, and whether the order of the observed variables is disturbed compared to the initially constructed scale. The analysis results show that the observed variables have been assembled into 07 groups of variables with the order of the observed variables kept the same compared to the original independent variables. The groups were not separated into smaller groups or reclassified as the experimental research results of Butcher et al., (2013).

Table 3: Rotation matrix of factors

Rotated Component Matrix^a

	Component						
	1	2	3	4	5	6	7
REP1	.883						
REP4	.867						
REP3	.836						
REP2	.776						
CAP2		.862					
CAP5		.840					
CAP3		.817					
CAP6		.808					
CAP8		.773					
ASR1			.814				
ASR4			.762				
ASR5			.725				
ASR6			.695				
ASR7			.658				
ASR2			.634				
ASR3			.629				
IND1				.856			
IND2				.817			
IND3				.769			
IND4				.778			
EXP1					.788		
EXP2					.745		
EXP3					.722		
EXPR2						.812	
EXPR3						.799	
EXPR4						.746	
EXPR1						.721	
RES7							.874
RES2							.789
RES3							.744
RES4							.735
RES5							.713

(Source: Results of data analysis on SPSS 22)

4.3. Results of regression analysis

Assessment of the appropriateness of the model

Measurement of the suitability of the Binary Logistic model is based on the criterion -2LL (abbreviated to -2 log likelihood). The value of indicator-2LL is 152.642. This value is relatively small, demonstrating that the model has a good fit. Cox & Snell R Square and Nagelkerke R Square coefficients represent the independent variables in the model that explain how much percentage the variable depends on - i.e. the client's intention to continue using the audit firm. The value of Nagelkereke R Square is 0.579, i.e. the independent variables in the model can account for 57.9% of the model, while the

remaining 42.1% will be explained by other factors.

Table 4: Model summary table

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	152.642[a]	.579	.724

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.
(Source: Results of data analysis on SPSS 22)

Comprehensive significance testing of the model

Comprehensive significance testing of the model was conducted through Chi-square testing. The higher the value of Chi-square, the more likely it is that the linear association of the whole coefficients in the model except the constant is actually significant in the explanation for the dependent variable. The Chi-square value was 169.371 and was statistically significant for Sig. < 0.05. In other words, a multiple regression model with independent variables is introduced that can meaningfully explain the dependent variable. So with the combination of -2LL being 152.642 and Chi-square being 169.371 statistically significant with Sig. = .000, it can be concluded that the regression model built is appropriate and meaningful on the study sample.

Table 5: Check the comprehensive significance of the model Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step1	Step	169.371	7	.000
	Blok	169.371	7	.000
	Model	169.371	7	.000

(Source: Results of data analysis on SPSS 22)

Predictability of the model

The classification table shows the predictability of the model, shown in Table 6 below.

Table 6: Model prediction level Classification Table[a]

	Observed		Predicted		
			Retention		Percentage Correct
			0	1	
Step 1	Retention	0	49	24	67.12
		1	13	182	93.33
	Overall Percentage				86.16

a. The cut value is .500
(Source: Results of data analysis on SPSS 22)

Accordingly, the accurate forecast rate for the customer's continued use of the audit firm is 93.33% (182/195 cases forecast) and for the customer's change of audit firm is 67.12% (49/73 cases forecast). Considering the whole sample, the accurate forecast rate reached 86.16%.

Regression Results

Table 7: Linear regression results

Variables in the Equation

Step 1[a]		B	S.E	Wald	df	Sig.	Exp(B)

Constant	-.538	.460	1.379	1	.243	.586
REP	.420	.210	4.016	1	.035	1.521
CAP	.528	.184	8.239	1	.003	1.693
ASR	.444	.222	4.018	1	.036	1.559
IND	.527	.214	6.092	1	.012	1.692
EXP	.688	.268	6.480	1	.010	1.872
EXPR	.489	.216	5.366	1	.020	1.647
RES	.713	.199	11.342	1	.000	2.060

a. Variable(s) entered on step 1: REP, CAP, ASR, IND, EXP, EXPR, RES.
(Source: Results of data analysis on SPSS 22)

Based on the Sig. factor of the independent variables is less than 0.05 and the Beta factor of the independent variables is positive, it can be concluded that the independent variables have a positive impact (positive impact) on the dependent variable. Research hypotheses on the positive influence of audit service quality factors on the continued use of audit firms are accepted (H1, H2, H3, H4, H5, H6 and H7).

From the test results of the research model, there are 7 factors that affect positively the intention to continue using auditing companies in Vietnam. This result is similar to the results verified by the predecessor studies, namely: Ismail et al., (2006), Butcher et al., (2013).

5. Conclusion and Recommendation

Through the analysis of 268 survey samples from managers, chief accountants, members of the supervisory board, internal auditors, accountants in 96 enterprises are audit clients in Vietnam. The regression results show that the factors that have a positive influence on "The intention to continue using the audit firm" in descending order, as follows: Auditor responsiveness; Auditor's professional capacity; Auditor's ability to perform the work; Auditor's independence; Auditor's experience; Auditor's assurance; and Auditor's reputation.

The findings from the empirical study are the basis for the author to make a number of recommendations and in this study, the author focuses on the recommendations for the audit firms themselves, specifically as follows:

For the factors of the responsiveness of auditors and audit firms in audit services, this is the most important factor affecting the intention to continue using the audit firm of customers.

Therefore, audit companies and auditors need to (i) Learn specific requirements of customers, characteristics of the audited entity to thereby produce appropriate audit plans; (ii) Apply audit programs and procedures suitable for each specific audit customer, responsibility for making it difficult for the audit customer to explain and provide data; (iii) Strengthen exchanges between the audit team and relevant departments to increase understanding of the customer's activities as well as the characteristics of the audited entity.

For the professional competence of auditors, in this respect, the auditing company should: (i) Assign key personnel such as partners, auditors in charge, audit team leaders who have in-depth knowledge of the customer's business; (ii) Audit team members must be trained, fostered, updated regular knowledge of accounting standards, auditing standards and professional knowledge related to the audit process before the beginning of the audit.

For the factor of the ability to perform the work of auditors, the research results show that the more the ability of auditors to perform the work, the more the level of audit clients are attached to the auditing company. Therefore, auditors and audit firms should: (i) The audit team should focus on thoroughly studying the internal control system of customers to thereby understand the accounting processes as well as the possible risks to take appropriate countermeasures; (ii) Use the statistical techniques necessary to ensure effective and objective sampling and detailed inspection.

For the factor of independence of auditors, the research results also show that the more the independence of auditors is ensured, the

higher the quality of audit services, the higher the level of satisfaction of audit clients, when the intention of continuing to use the audit company of customers increases, this implies that the audit company needs to: (i) Develop effective policies to ensure the independence of auditors, such as: recruitment, training, supervision, support, reward... when assigning tasks, jobs, board of directors, audit team leaders need to pay attention to avoid the issue of kinship and close partnership between auditors and customers; (ii) The audit company, auditors need to commit to independence before performing the audit.

For the auditor's experience factor; the assurance of the audit firm, the audit firm should: (i) Actively encourage employees to participate in courses and attend seminars in areas where the company has major customers; (ii) Regularly be supervised and inspected by auditors who have experience with audit practices conducted by auditors who have recently joined the audit team; (iii) the company should have independent partners to cross-control the records before issuing the audit report.

For the auditing firm's reputation, most auditing firms in Vietnam are small and medium-sized, while for customers, when there is growth in size, brand and many business opportunities, they will also require financial statements audited by large reputable auditing firms to create more trust for financial reporting to related parties. This results in audit firms being able to lose their clients. Therefore, audit firms need to take specific actions to improve their brand in the market, such as: (i) improving the number of professional auditors, auditors with international professional certificates to enhance their prestige towards customers; (ii) participating in international auditing networks, cooperating and having the auditing brand widely known and accepted at a higher level; (iii) participating in professional associations, becoming training partners of major prestigious professional training institutions such as ACCA, CPA Australia...

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Appendix 1: Coding the attributes of the audit service quality factors affecting the continued use of the audit firm

No.	Factor	Number of scales	Source
Independent variable			
REP	REP1	The reputation of the audit firm is positive	Butcher et al., (2013)
	REP2	Auditing company with organizational structure and decentralization for management	
	REP3	Auditing firms are rarely accused in litigation	
	REP4	Auditing firm has larger than average turnover and number of auditors than industry firms	
CAP	CAP1	The audit firm allocates audit time specifically for each part of the audit and expects the audit team to comply with these requirements	
	CAP2	The audit firm conducts a thorough study of the client's internal control system	
	CAP3	The members work in a consistent teamwork spirit in the work and are always dedicated during the implementation of the audit contract	
	CAP4	Auditing personnel does not include management personnel who have completed the practice certificate tests	
	CAP5	The audit firm reports deficiencies in internal control of the unit and makes useful recommendations	

	CAP6	The members of the audit team have a full understanding of the activities of the client's board of directors	
	CAP7	Members of the audit team conduct audit work at the client appropriately	
	CAP8	Auditing companies widely use statistical techniques to conduct audits	
	CAP9	The number of hours spent by the audit team to complete the audit is commensurate with the quality of the audit	
ASR	ASR1	The audit firm actively encourages employees to take courses and attend seminars in areas where it has a large clientele	
	ASR2	The audit firm has a high turnover of audit staff	
	ASR3	Members of the audit team are rotated according to the audit period	
	ASR4	Prior to accepting the new client, the audit firm conducts a pre-participation investigation and implements risk control procedures including conducting a general investigation of the senior administrator	
	ASR5	The work performed by inexperienced members of the audit team is supervised by the audit team manager	
	ASR6	The audit firm has strict guidelines on the procedures to be completed before signing the audit report	
	ASR7	Audit reports and working papers are checked by the second partner	
IND	IND1	For transactions that have been made by the administrator to achieve the desired business result, the audit firm has sufficient skills to make appropriate adjustment entries	
	IND2	Auditors always maintain proper professional skepticism	
	IND3	Auditors assigned to participate have high ethical standards	
	IND4	In all client transactions with the audit firm in general and the audit team members in particular, the audit firm and the members of the audit team never engage in any action that could compromise their independence.	
EXP	EXP1	The partner assigned to the audit has a lot of understanding of the client's business line	
	EXP2	The auditors assigned to participate in the audit are very knowledgeable about accounting and auditing standards	
	EXP3	The audit manager and supervisor assigned to the audit have a lot of knowledge of the client's business line	
EXPR	EXPR1	The audit firm has audited the client company for at least two to three years	
	EXPR2	The audit team carried out an audit of the client company for at least two to three years.	
	EXPR3	Partner in charge of customer audits for at least two to three years	
	EXPR4	The audit manager is in charge of the audit for at least two to three years	

RES	RES1	Audit team leader in charge of the audit for at least two to three years	
	RES2	Auditing company completes audit report on time according to the contract	
	RES3	There is a regular exchange between the audit team and members of the supervisory board, internal audit of the client company	
	RES4	There is regular communication between the audit team and the management of the client company	
	RES5	The audit firm keeps management information of the board of directors informed during the financial year about the process of preparing the financial statements and the influence of the board of directors	
	RES6	The partner and the audit director regularly check and supervise the audit team during the audit process	
	RES7	Auditors create added value by providing useful recommendations to customers	