



Article

Audit Quality as a Mediator Between Internal Audit Firm Factors and Client's Engagement Intention in Vietnam

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Abstract

This study investigates how the internal characteristics of audit firms influence the audit quality of financial statements (audit quality) and, in turn, affect Client's Engagement Intention in the Vietnamese context. Research data were collected using a convenience sampling method, surveying 634 auditors and 283 board members from companies that use financial statement audit services in Vietnam. The results of structural equation modeling indicate that audit quality positively mediates the relationship between internal influencing factors and client's engagement intention. Among these factors, The Competence of the Auditors exerts the strongest influence on audit quality, whereas The Hierarchy Level of the Audit Firm shows no statistically significant effect. The findings highlight that audit quality has a positive and direct influence on client's engagement intention. These insights contribute to shaping strategies for improving research quality as well as offering practical implications for audit firms aiming to enhance the audit quality and foster long-term cooperative relationships with clients in Vietnam's evolving audit environment.

Keywords: audit quality; engagement intention; auditors' competence; hierarchy level; audit firm's size; audit fees

1. Introduction

Audit quality is fundamental to ensuring transparency and credibility in financial reporting. High audit quality enables client entities to make informed business decisions and support trustworthy relationships with audit firms. A thoroughly audited financial statement provides stakeholders with a comprehensive, true, and fair picture of a company's financial position, supporting managerial decisions and fostering trust among investors and other parties. As emphasized by Knechel et al. (2013), higher audit quality corresponds to greater reliability of financial statements, which underpins sound managerial decision-making. Moreover, rigorous auditing could help detect and address financial misstatements on time, thereby protecting investor interests and contributing to sustainable economic development.

In Vietnam, the auditing profession faces significant challenges, including the emergence of complex financial instruments, increasingly stringent legal requirements, and a shortage of highly qualified human resources (M. T. Le, 2025). Intense competition in the audit market demands continuous improvement in audit processes and professional ability building, especially given the heightened expectations for transparency and integrity from both internal and external stakeholders. Recent studies have also reaffirmed the need to



Academic Editor: Kristina Rudžionienė, Rasa Kanapickienė and Rūta Klimaitienė

Received: 26 September 2025

Revised: 27 November 2025

Accepted: 24 December 2025

Published: 20 February 2026

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strengthen audit quality in this evolving context. For example, [T. K. Le \(2024\)](#) emphasized that firm size, professional ethics, and quality control systems are still decisive factors influencing audit quality among Vietnamese listed companies, reflecting the ongoing efforts to enhance audit practices nationwide. At the international level, [Munter \(2022\)](#), Chief Accountant of the U.S. SEC, underscored that high audit quality is not merely procedural compliance but a prerequisite for building market trust and ensuring the sound functioning of financial systems. Recent high-profile corporate scandals in Vietnam, such as those involving major real estate and banking groups (e.g., the Tan Hoang Minh Group, FLC Group, and SCB Bank cases), have exposed critical gaps in audit quality. These scandals, marked by the failure to detect or report significant financial irregularities, have caused substantial investor losses and eroded public trust in the auditing profession. Consequently, client entities have become more cautious and selective in choosing audit partners, placing greater emphasis on audit quality and firm credibility.

The audit quality of audit firms strengthens the confidence of stakeholders who rely on audited clients' information for decision-making. Nevertheless, the quality of audit services provided by some audit firms in Vietnam still exhibits certain deficiencies. Each year, the Ministry of Finance of Vietnam conducts inspections (quality reviews) of audit firms to monitor and enhance audit service quality. According to the 2024 inspection results report ([The Vietnamese Ministry of Finance, 2025](#)), four out of the 13 audit firms inspected failed to meet the required audit service quality standards. Specifically, actual practice did not fully comply with the firm's quality control policies and procedures; and in some engagements, audit documentation (working papers) was poorly organized, lacked cross-referencing, and did not evidence adequate review at all levels, particularly the review performed by the engagement partner responsible for the audit engagement. From the client perspective, audit quality reflects an audit firm's competence, ethical standards, and commitment to transparency ([Fontaine et al., 2013](#)). Reliable audit quality not only helps clients accurately assess financial health and corporate governance performance but also serves as a basis for forecasting potential business risks. High-quality audits increase client willingness to support or expand cooperation with audit firms ([Suyono, 2012](#); [Behn et al., 1999](#)). Building on this client-oriented perspective, [Lwin \(2024\)](#) found that perceived audit quality directly enhances client satisfaction and loyalty toward international audit firms, supporting the view that audit quality is a strategic factor in sustaining long-term client relationships. These findings reinforce the ongoing relevance of examining how internal factors of audit firms shape audit quality and client engagement in emerging markets. However, recent audit scandals have shaken this confidence, making the study of audit quality's role in mediating between internal audit firm factors and client's engagement intention both urgent and necessary.

This study focuses on identifying internal factors within audit firms (such as auditor competence, audit processes, resources, and governance) that influence audit quality statements and examines how audit quality mediates their impact on client entities' intention to engage audit services in Vietnam. The client entities considered in this study include both listed and non-listed companies across various industries that have used financial statement audit services from audit firms within the past three years. To ensure feasibility and analytical clarity, this study limits its scope to internal influencing factors within audit firms, excluding external factors such as regulatory environment and macroeconomic conditions, which may be explored in future research. By concentrating on controllable internal elements, this research aims to provide practical insights for audit firms looking to enhance audit quality and build stronger client relationships. The findings are also intended to aid regulatory bodies and professional associations in formulating policies and support mechanisms to elevate audit quality across the industry.

This research paper is organized into five sections: Section 1 introduces the research problem, Section 2 provides an overview of earlier research and research gaps, Section 3 outlines the research hypotheses and methodology, Section 4 presents the research results, and Section 5 offers discussion and recommendations.

2. Research Overview, Research Gaps, and Research Hypotheses

2.1. Research Overview and Research Gaps

The Size of the Audit Firm is one of the earliest and most frequently discussed factors. It refers to the firm's overall operational scale, typically reflected in the number of auditors, audit clients, and offices. DeAngelo (1981) asserted that larger firms tend to issue more reasonable audit reports due to higher reputational risk and greater visibility. This argument was strengthened by subsequent works by researchers such as Lennox (1999), Hay and Davis (2004), Choi et al. (2010), and Beattie et al. (2013), which highlighted that large audit firms often employ better-resourced teams and standardized audit procedures, leading to higher-quality audits. In contrast, Carlin et al. (2008) challenged the assumption that size alone guarantees Audit quality, particularly after the collapse of Arthur Andersen. In Vietnam, recent studies by Pham (2016), T. U. Tran (2020), and T. K. Le (2024) reaffirm the positive impact of The Size of Audit Firm on Audit quality, especially as larger firms invest in risk management and service standardization. However, empirical results remain inconsistent across contexts, and it is still unclear whether firm size universally translates into superior audit quality. Hope et al. (2012) examined the relation between auditor size (Big 4 vs. non-Big 4) and audit quality in U.K. private firms, using discretionary accruals and accrual estimation precision as proxies for audit quality. Their results indicated that Big 4 private clients exhibit higher discretionary accruals and lower accrual estimation precision than non-Big 4 clients, implying that a larger auditor size does not always guarantee higher audit quality in contexts where private firms may prioritize tax considerations over reducing information asymmetry. This evidence strengthens the argument that the effect of audit firm size on audit quality is context-dependent and may vary by client incentives and institutional settings.

The Responsibility of the Audit Firm's Management is another critical determinant. V. D. Phan (2015) and Crucean and Hategan (2019) found that initiative-taking, ethically minded leadership contributes to the establishment of professional audit culture and enforcement of audit policies. T. L. Tran and Trang (2023) further confirmed that management accountability improves both internal compliance and auditors' commitment to service quality. Nevertheless, limited empirical evidence exists on how management responsibility can be operationalized and quantified as a driver of audit quality, especially in developing markets.

The Assurance of the Auditors' Rights is equally important, which includes fair treatment, proper compensation, and a professional working environment. Boon et al. (2008) and Crucean and Hategan (2019) observed that favorable working conditions significantly enhance auditor performance. Vietnamese studies by T. L. Tran and Trang (2023) emphasized that when auditors feel protected and supported, they demonstrate greater diligence and integrity, resulting in higher audit quality. Yet, this factor is often discussed indirectly within broader human resource issues, leaving its distinct impact on audit quality insufficiently examined. Recent international evidence has started to operate auditors' working conditions more directly. Ma et al. (2024) investigated whether audit staff satisfaction—capturing intrinsic motivation and perceived workplace support—is associated with audit quality, particularly in settings with weaker external enforcement. They found that audit staff satisfaction is positively and significantly associated with audit quality in the private-client setting, while the association is not significant for listed clients, suggesting

that supportive working environments may be a more critical driver of audit quality when reputational and regulatory pressures are less pronounced.

The Competence of the Auditors has consistently shown a strong positive influence on audit quality across studies. Octavia and Widodo (2015), Do and Ngo (2015), and T. M. H. Nguyen et al. (2020) emphasized the importance of technical expertise, certification (e.g., CPA), and audit experience. T. U. Tran (2020) confirmed that The Competence of the Auditors, particularly among auditors managing SMEs, improves anomaly detection and professional judgment, thus strengthening audit quality. This was echoed in international works by Wahyuni and Fuada (2022) and Aslan (2021), who argued that professional competence is indispensable in today's increasingly complex business environment. However, measurement approaches for auditor competence remain fragmented, and comparative studies across different regulatory settings are still limited. Mohd Kharuddin et al. (2021) examined how industry expertise measured at both the national (firm) level and city-office level within Big 4 networks affects audit quality in the U.K. Using LSE-listed firms; they found that clients audited by Big 4 auditors who are joint national- and city-level industry specialists show smaller discretionary accruals and lower accrual estimation error, indicating higher audit quality. These results suggest that "competence" should be measured not only by certification/experience but also by specialized knowledge embedded at the office level, which strengthens audit execution quality. Li et al. (2024) investigated how the experience gap between signing auditors influences audit outcomes using unique Chinese data. Their evidence showed that a larger experience gap between signing auditors is associated with higher audit quality, reflected in lower absolute discretionary accruals and a lower likelihood of restatements. This indicates that auditor competence may also be enhanced through complementary experience structures within the signing team, improving professional judgment and detection capability.

The Compliance with the Professional Ethics of the Audit Firm is also widely recognized. Nasrabadi and Arbabian (2015) showed that ethical compliance ensures objectivity, while studies by Crucean and Hategan (2019) and T. M. H. Nguyen et al. (2020) confirmed that adherence to ethical codes is a safeguard against conflicts of interest. Vietnamese evidence from T. L. Tran and Trang (2023) further underscores that The Compliance with the Professional Ethics of the Audit Firm reinforces independence and stakeholder trust. Existing studies have primarily assessed ethical compliance through self-reported perceptions, leaving limited empirical evidence on its observable outcomes in audit practice. Beardsley et al. (2020) examined the ethical-risk channel from a more observable perspective by focusing on the audit office-level emphasis on non-audit services (NASs), which may reflect commercial orientation and potential threats to independence. They found evidence of an NAS distraction effect, where a greater office-level emphasis on NASs is associated with more client financial statement restatements, even after controlling for client-specific NAS purchases. This suggests that ethical compliance and independence threats can be captured through observable quality outcomes (e.g., restatements), rather than relying only on perception-based measures.

The Quality Control System of the Audit Firm has been shown to directly support the consistency and reliability of audit outcomes. Deis and Giroux (1992) and Malone and Roberts (1996) demonstrated that firms with robust internal control systems are better at preventing audit failures. In Vietnam, Bui (2013) and Huynh (2017) identified The Quality Control System of the Audit Firm as the most influential factor on audit quality, especially in listed firms. More recent studies by T. M. H. Nguyen et al. (2020) and T. K. Le (2024) confirmed that quality control practices improve compliance with auditing standards and enhance client satisfaction. Nonetheless, existing research offers a limited insight into how specific quality control mechanisms contribute to measurable audit outcomes. Aobdia and

Petacchi (2023) examined large audit firms' internal inspection programs as a specific quality control mechanism and evaluated their effect on auditor effort and financial reporting quality. Their results show that internal inspections—often predictable—lead engagement teams to concentrate additional effort on audits likely to be inspected, increasing the likelihood of favorable inspection ratings; importantly, the study also reports evidence of improved financial reporting quality in the inspection year, suggesting that internal inspections can deter auditor shirking and serve as an effective quality control instrument.

The audit fees also receive significant attention in the literature. Francis and Simon (1987), Hay and Davis (2004), and Choi et al. (2010) suggested that higher fees allow firms to distribute more skilled personnel and dedicate more time to complex audits. Vietnamese studies by K. L. Tran (2011) and V. D. Phan (2015) indicated a positive yet modest relationship between the audit fees and audit quality, while T. T. D. Nguyen (2017) reported no significant effect, possibly due to methodological and contextual differences. These mixed findings suggest that the relationship between audit fees and quality remains inconclusive and may depend on firm incentives, audit risk, or market competition. Ge and Kim (2020) re-examined the association between abnormal audit fees and audit quality in a setting where both audit fees and audit hours are publicly disclosed (Korea). After controlling for audit hours (audit effort), they showed that interpreting abnormally high/low fees without considering hours may be misleading, and their approach highlights that the fee–quality relationship depends on whether abnormal fees reflect audit effort or pricing/fee pressure. This evidence helps explain why empirical findings on audit fees and audit quality remain mixed across markets with different disclosure and competitive conditions.

The provision of Non-Audit Services by a Separate Group within the same Audit Firm presents a nuanced relationship with audit quality. Simunic (1984), Lindberg and Beck (2004), and Gul et al. (2007) argued that non-audit services can compromise auditor independence. However, Duff (2004), Truong (2016), and Huynh (2017) showed that when structured properly, The provision of Non-Audit Services by a Separate Group within the same Audit Firm can enhance client understanding and audit preparedness, thereby improving audit quality. Yet, previous studies have not always clarified whether these services are performed by independent teams, creating ambiguity about the true extent of their effect on audit independence and quality.

Finally, while many researchers have focused on internal factors affecting audit quality, a smaller but growing body of work investigates how audit quality influences the client's engagement intention. Early research by Behn et al. (1999) suggested that audit quality has been identified as a significant driver of client retention. Pandit (1999) confirmed that perceived audit quality positively affects engagement intention, while studies by Artana et al. (2019) and Lwin (2024) found that audit quality enhances client trust and long-term cooperation. Ferguson et al. (2003) examined clients' assessments of their audit experiences in an SME context and found that perceived audit experience quality significantly influences client satisfaction and perceived trustworthiness, which in turn increases client advocacy (a behavioral proxy closely aligned with continued engagement intention and long-term relationship orientation). Their findings support a mechanism-based view that audit quality drives engagement intention indirectly through trust and satisfaction pathways. More recently, Pereira et al. (2024) analyzed the relationship between perceived audit quality and client loyalty from a service-quality perspective and further identified which perceived quality dimensions are necessary for loyalty. Their results indicate that perceived audit quality is positively related to client loyalty, and that specific dimensions such as reliability, responsiveness, assurance, and empathy are critical conditions for maintaining long-term loyalty. This evidence provides strong support for positioning audit quality as a mediating construct linking audit firm factors to client's engagement intention. In Vietnam, Ha (2018)

and T. L. Tran and Trang (2023) echoed these findings, suggesting that audit quality acts as a mediator between audit firm quality and client satisfaction. However, the mediating role of audit quality in linking internal characteristics to client engagement remains underexplored, particularly within developing-market contexts, such as Vietnam.

Beyond the individual factors, several methodological and contextual gaps can be identified in prior studies. Firstly, most existing research has relied on Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) to examine relationships among variables, while advanced analytical techniques with higher statistical sensitivity, such as Partial Least Squares Structural Equation Modeling (PLS-SEM), have rarely been utilized. Secondly, earlier research has paid limited attention to the influence of control variables such as The Hierarchy Level of the Audit Firm and The Client Acceptance and Retention Policies of the Audit Firm. These aspects are important because global audit networks (e.g., BIG4) are believed to possess structural advantages in ensuring higher audit quality, and well-defined client acceptance and retention policies can help audit firms manage engagement risk and maintain service quality.

The mediating role of audit quality (AQFS) in linking audit firms' internal factors to client entities' engagement intention (CEI) has not been fully explored, especially within the context of developing markets like Vietnam. This research is necessary and urgent to provide empirical evidence from an emerging market.

2.2. Research Hypotheses

Based on the theoretical foundation and prior empirical findings discussed in the literature review, as well as the indicated gaps, this study proposes a set of hypotheses to examine how internal factors of audit firms influence the audit quality and, in turn, affect client's engagement intention in the Vietnamese auditing context.

H1: *The Size of the Audit Firm (SAF) positively affects Audit Quality (AQFS).*

H2: *The Responsibility of the Audit Firm's Management (RM) Positively Affects Audit Quality (AQFS).*

H3: *The Assurance of the Auditors' Rights (AR) Positively Affects Audit Quality (AQFS).*

H4: *The Competence of the Auditors (CA) Positively Affects Audit Quality (AQFS).*

H5: *Compliance with the Professional Ethics of the Audit Firm (CPE) Positively Affects Audit Quality (AQFS).*

H6: *The Quality Control System of the Audit Firm (QCS) Positively Affects Audit Quality (AQFS).*

H7: *The Audit Fees (AFs) Positively Affect Audit Quality (AQFS).*

H8: *Non-Audit Services Performed by a Separate Group within the Same Audit Firm (NAS) Positively Affect Audit Quality (AQFS).*

H9: *Audit Quality (AQFS) Positively Affects Client's Engagement Intention (CEI).*

3. Research Methodology

3.1. Preliminary Research Model

The preliminary research model is structured with the following variables:

One dependent variable: Client's Engagement Intention (CEI).

One mediating variable: audit quality (AQFS).

Eight independent variables: (1) The Size of the Audit Firm (SAF); (2) The Responsibility of the Audit Firm's Management (RM); (3) The Assurance of the Auditors' Rights (AR); (4) The Competence of the Auditors (CA); (5) The Compliance with the Professional Ethics of the Audit Firm (CPE); (6) The Quality Control System of the Audit Firm (QCS); (7) The Audit Fees (AFs); and (8) The Non-Audit Services Performed by a Separate Group within the same Audit Firm (NAS).

Two control variables: (1) The Hierarchy Level of the Audit Firm (LAF) and (2) The Client Acceptance and Retention Policies of the Audit Firm (CAR).

This model aims to evaluate how these variables influence audit quality and how the factors interact within the context of audit firms in Vietnam.

3.2. Description of Variables and Corresponding Scales

All independent and dependent variables were measured using a five-point Likert scale ranging from 1 = "Not important at all" to 5 = "Of utmost importance". However, two control variables were measured using a binary scale:

- The Hierarchy Level of the Audit Firm (LAF): 1 = NON-BIG; 2 = BIG4;
- The Client Acceptance and Retention Policies of the Audit Firm (CAR): 1 = Does not exist; 2 = Exists.

Other details of the scales for each variable are presented in Table 1.

Table 1. Scales of variables in the research model.

Code	Measurement Statement
CEI1	The Client Entity perceives that the Audit Firm has a modern infrastructure.
CEI2	The Client Entity perceives that the Audit Firm has a professional team of auditors and management.
CEI3	The Client Entity perceives that the audit fee charged by the Audit Firm is reasonable.
CEI4	The Client Entity perceives that the non-audit services provided by the Audit Firm are attractive.
CEI5	The Client Entity highly values the audit quality performed by Audit Firm.
CEI6	The Client Entity is willing to support a long-term relationship (greater than or equals 3 years) with the Audit Firm.
AQFS1	Material misstatements in financial statements are detected and reported.
AQFS2	Reliable audit evidence.
AQFS3	Consistent audit processes, in compliance with current legal regulations.
AQFS4	Clear explanations of reports from management and the audit committee.
AQFS5	Audit is completed on time.
AQFS6	The audit opinion is reasonable.
SAF1	The Audit Firm has a long operational history.
SAF2	The Audit Firm has a large quantity of auditors, audit staff, and interns.
SAF3	The Audit Firm has offices running nationwide.
SAF4	The Audit Firm has many clients.
RM1	Members fully perform the responsibilities according to established regulations.
RM2	Clear assignment of responsibility within the management for quality control systems.
RM3	Management of the Audit Firm has experience in auditing, with necessary management and professional expertise.
RM4	Management of the Audit Firm demonstrates a top priority for audit quality.
AAR1	Career development opportunities are provided.
AAR2	Employment contracts include full provisions on salary, bonuses, working hours, and paid leave that are more attractive than current regulations.

Table 1. *Cont.*

Code	Measurement Statement
AAR3	Adherence to labor regulations and staff regulations are supervised to prevent exploitation.
CA1	Only registered auditors directly take part in or are responsible for signing audit reports.
CA2	The firm's annual training and updating programs are adequate and cover all necessary content.
CA3	The firm provides all necessary materials for annual updates and program implementation.
CA4	Auditors own international certifications in accounting, auditing, finance, and taxation (ACCA, ICAEW, CMA, CPA, ...).
CA5	Auditors are well-versed in the Constitution, laws, and regulations governing the activities of the audited entities.
CA6	Auditors are provided with audit guidelines for each business field.
CA7	Auditors are provided with and use Power BI 2.138
CA8	Auditors have long time of professional experience.
CA9	Auditors have experience auditing financial statements of companies in the same industry.
CPE1	Auditors involved in the audit team do not have direct or significant indirect monetary interests with the client entities.
CPE2	Auditors involved in the audit team have not previously managed critical tasks related to the financial statements or other activities at the client entities.
CPE3	Auditors do not have personal/family relationships with the management or employees of the client entities.
CPE4	Auditors are not under pressure from the client entities.
CPE5	Audit and non-audit services are not provided by the same team for the client entities.
CPE6	Auditors do not share audit information with the client entities without permission or legal requirements.
CPE7	Auditors do not use audit information for personal or third-party benefits.
CPE8	The evaluation and reward system emphasizes personal integrity.
QCS1	The firm keeps records of checks, monitoring, and evaluations of the quality control system.
QCS2	The firm conducts periodic self-assessments of audit contract quality.
QCS3	The firm has a department that oversees overall audit quality.
QCS4	The firm regularly organizes quality control work.
QCS5	The firm has strict measures to address identified violations.
AF1	The firm has an hourly fee schedule appropriate to the level of auditor.
AF2	The estimated fees for audits are high.
AF3	The audit fees are proportional to the volume and complexity of the work.
AF4	The audit fees meet auditors' income expectations.
AF5	The audit fees from a single client do not exceed 15% of the total revenue.
NAS1	The firm provides management consulting, restructuring, and business transformation services.
NAS2	The firm provides asset valuation and business risk assessment services.
NAS3	The firm provides IT consulting services for corporate governance.
NAS4	The firm provides accounting services according to the law.
NAS5	The firm provides economic, financial, and tax consulting services.
LAF	The Hierarchy Level of the Audit Firm
CAR	The Client Acceptance and Retention Policies of the Audit Firm

Source: Research team.

3.3. Research Sample

This research employed a quantitative approach by collecting primary data through a structured questionnaire forming 66 closed-ended questions administered via Google Forms from September to December 2024. The questionnaire was distributed through multiple channels to maximize reach and representativeness, including email invitations,

LinkedIn networks, and direct contact. In addition, the research team cooperated with local auditing associations (Vietnam Association of Certified Public Accountants—VACPA—<https://vacpa.org.vn>, 25 September 2025) to circulate the survey among their members. This multi-channel distribution helped overcome data access limitations in Vietnam and ensured participation from a diverse range of respondents across different regions and firm sizes.

The survey targeted two groups: Auditors currently working at various positions in audit firms, and financial decision-makers of client entities (e.g., board of directors members of joint stock companies, or members of the management council and chief financial officers in limited liability companies) that utilize financial statements audit services in Vietnam, regardless of their years of experience. Respondents were selected based on the following criteria: (i) auditors currently working at audit firms licensed by the Ministry of Finance of Vietnam, and (ii) financial decision-makers of client entities that had engaged audit services within the past three years. This approach ensured that all participants had recent and direct experience with the audit of financial statements. To evaluate the adequacy of the measurement model and structural model in Smart PLS, the minimum sample size was determined based on the rule of thumb proposed by Hair et al. (2014). Specifically, for reflective measurement models, the minimum number required sample size should be 10 times the largest number of structural paths directed at a particular endogenous construct. In this study, the construct of audit quality is influenced by eight independent variables. Therefore, the minimum number of sample size is calculated as $N_{min} = 10 \times 8 = 80$.

3.4. Data Collection Method

The non-probability sampling method was chosen in this study due to the characteristics of the research subjects and the professional context in Vietnam when there was no overall list of research subjects to be able to randomly select samples. In Vietnam, only the list of auditors (with professional accountant certificates) is made public on the website of professional associations (VACPA) and on the website of audit firms. The list of other auditors who do not have professional certificates is not made public. At the same time, the board members of audit client enterprises are only made public individually in each financial report; there is no overall list. In the field of accounting and auditing, there have been many research works applied (International studies: Choi & Wong, 2007; Gul et al., 2013; Studies in Vietnam: K. L. Tran, 2011; V. D. Phan, 2015; Lai & Pham, 2017; ...). At the same time, applying the non-probability sampling method to research with the goals of testing theoretical models without aiming at statistical generalization to the entire population like this study is completely appropriate (Hair et al., 2014). This study also ensures the reliability of the data through clear sampling criteria, a large enough sample size, and statistical tests in the SEM model.

The research instrument was developed based on established constructs from prior studies and adapted to the Vietnamese context. To ensure content validity, the questionnaire was reviewed by three academic experts in auditing and two senior practitioners from audit firms. Minor revisions were made for clarity and contextual relevance before data collection.

To verify instrument reliability and construct validity, a pilot test was conducted with 30 respondents (including 20 auditors and 10 financial decision-makers) prior to the main survey. Internal consistency reliability was examined using Cronbach's Alpha and Composite Reliability, while convergent and discriminant validity were later assessed through Average Variance Extracted (AVE) and Fornell–Larcker criteria in the measurement model. All values met the recommended thresholds, confirming the reliability of the scales

for full analysis. As the pilot data satisfied all reliability and validity criteria, these responses were retained and incorporated into the final dataset for subsequent analysis.

3.5. Data Analysis Method

After data collection and initial screening in Excel, the research team proceeded to code the responses for statistical analysis. Descriptive statistics were performed to examine the demographic profiles and relevant characteristics of the survey participants. Subsequently, the cleaned and valid dataset was imported into Smart PLS 3 for structural equation modeling (SEM). The analysis followed a two-step approach: first, the measurement model was tested to assess the reliability, convergent validity, and discriminant validity of the constructs; second, the structural model was evaluated to examine the hypothesized relationships among the research variables, including the mediating role of audit quality between internal influencing factors and client's engagement intention.

4. Research Results

Prior to statistical analysis, all returned questionnaires were screened for completeness and consistency. Any questionnaire containing even a single missing response was excluded from the dataset, as incomplete data would prevent accurate estimation in subsequent statistical and structural modeling procedures. This strict criterion ensured that all retained cases were fully completed, allowing the reliable computation of measurement and structural relationships in the PLS-SEM analysis. After data screening, the research team successfully obtained 917 fully completed and valid responses, including 634 from auditors and 283 from financial decision-makers of client entities.

The response rate is 57.3% (917 responses received out of 1600 questionnaires sent). This rate is comparable to those reported in prior research in Vietnam using survey methods, which typically range between 45% and 62% (e.g., Bui, 2013—47.3%; V. D. Phan, 2015—61.1%; T. L. Tran & Trang, 2023—56.8%). Differences in participation rates among respondent groups can be explained by variations in accessibility and professional workload. Audit partners and senior executives tend to have limited availability and often delegate such survey requests to subordinates, while some client entities restrict staff from taking part in external research without prior approval. These practical constraints explain the lower response rates observed in certain respondent categories.

4.1. Descriptive Statistics of the Sample

- *Summarizing the main attributes of the auditors who participated in this study:*

Most auditors work in lower positions, with 45.4% (288 individuals) being Audit Interns, 25.6% (162 individuals) as Audit Juniors/ Assistants, and 20.0% (127 individuals) as Audit Seniors. Only 7.9% (50 individuals) are Audit Managers, and 1.1% (7 individuals) are Audit Directors. No participants in the survey held the position of Audit Partner.

Regarding the field of study, Audit is the dominant field with 59.1% (375 individuals), followed by Accounting (15.3%—97 individuals), Finance (9.5%—60 individuals), and Economics (9.8%—62 individuals). Other fields account for only 6.3% (40 individuals), indicating a concentration in areas directly related to audit for future career prospects.

The most common international certifications in the audit industry are ACCA (45.3%—287 individuals), ICAEW (27.1%—172 individuals), and CPA (18.5%—117 individuals). The CMA (5.4%—34 individuals) and CFA (3.8%—24 individuals) certifications are less frequently chosen, as they are not directly related to the audit of financial statements. ACCA and ICAEW are favored by newer auditors, while CPA is typically held by auditors with at least three years of experience.

- *Summarizing the sample of financial decision-makers from client entities who participated in this study:*

Regarding tenure, financial decision-makers display varied levels of experience. The largest proportion, 30.4% (86 individuals), reported 10 to under 15 years of experience, followed by 28.6% (81 individuals) with 5 to under 10 years, and 22.6% (64 individuals) with 15 years or more. Those with under 5 years of experience accounted for 18.4% (52 individuals). This mix reflects a blend of seasoned executives and newer board participants, potentially offering both depth of judgment and openness to updated audit practices.

In terms of shareholding, most board members held low equity ownership in their companies. Specifically, 36.7% (104 individuals) had no shares, 32.2% (91 individuals) owned less than 1%, and 20.9% (59) held between 1% and under 5%. Only 10.2% (29 individuals) had ownership of 5% or more. The dominance of low-ownership members may help reduce conflicts of interest in decisions related to audit firm selection.

With respect to board composition, 27.2% (77 individuals) were independent members, while the remaining 72.8% (206 individuals) were non-independent. The presence of independent directors suggests a certain degree of attention to governance and objectivity. These members are expected to play a significant role in selecting reputable audit firms, free from personal or managerial influence.

4.2. Assessment of the Quality of Observed Variables

In the reflective measurement model, each group of observed variables is assumed to reflect the same underlying latent construct and is expected to exhibit strong internal consistency. The outer loading coefficient serves as a key indicator for evaluating the reliability of individual observed variables, determining the extent to which they are conceptually aligned and statistically representative of the corresponding latent variable. However, control variables (LAF, CAR) were included solely to account for their potential moderating or confounding effects on the dependent variable. As these variables are not modeled as latent constructs, their reliability is not assessed through outer loading coefficients.

After two rounds of evaluating the outer loadings, the research team finalized the results presented in Table 2. Indicators NAS1 and NAS2 were eliminated due to very low outer loading values of 0.161 and 0.251, respectively, both well below the 0.40 threshold, indicating that these items did not adequately represent the latent construct NASs. Consequently, the latent variable was renamed NASb to distinguish it from the initial specification in the preliminary model. Although the outer loading of indicator CA8 was relatively low at 0.675, it remained within the acceptable range of 0.40 to 0.70 (Hair et al., 2014) and was therefore retained for further assessment in the measurement model.

Table 2. Results of the assessment of the quality of observed variables.

	AQFS	AAR	CPE	NAS	AF	QCS	CA	SAF	RM	CEI
AQFS1	0.795									
AQFS2	0.836									
AQFS3	0.770									
AQFS4	0.834									
AQFS5	0.826									
AQFS6	0.809									

Table 2. Cont.

	AQFS	AAR	CPE	NAS	AF	QCS	CA	SAF	RM	CEI
AAR1		0.799								
AAR2		0.765								
AAR3		0.811								
CPE1			0.757							
CPE2			0.766							
CPE3			0.760							
CPE4			0.737							
CPE5			0.741							
CPE6			0.702							
CPE7			0.772							
CPE8			0.767							
NAS3				0.791						
NAS4				0.818						
NAS5				0.791						
AF1					0.737					
AF2					0.746					
AF3					0.786					
AF4					0.751					
AF5					0.733					
QCS1						0.745				
QCS2						0.743				
QCS3						0.780				
QCS4						0.775				
QCS5						0.716				
CA1							0.734			
CA2							0.757			
CA3							0.735			
CA4							0.703			
CA5							0.739			
CA6							0.704			
CA7							0.733			
CA8							0.675			
CA9							0.750			
SAF1								0.751		
SAF2								0.745		
SAF3								0.799		
SAF4								0.807		
RM1									0.757	
RM2									0.768	
RM3									0.780	
RM4									0.810	

Table 2. *Cont.*

	AQFS	AAR	CPE	NAS	AF	QCS	CA	SAF	RM	CEI
CEI1										0.823
CEI2										0.816
CEI3										0.750
CEI4										0.748
CEI5										0.722
CEI6										0.763

Source: Data analysis results from Smart PLS 3.

4.3. Assessment of the Reliability and Convergent Validity of the Measurement Model

Assessing Cronbach's Alpha and Composite Reliability is essential to ensure internal consistency and accurately capture the relationship between observed variables and their corresponding latent constructs. These reliability measures help verify whether the indicators consistently reflect the intended underlying concept, thereby supporting the validity of the reflective measurement model. However, as control variables (LAF, CAR) are not modeled as latent constructs, they are excluded from scale reliability testing.

According to the results presented in Table 3, the measurement scales demonstrate strong reliability and validity in representing their respective latent constructs. All Cronbach's Alpha values exceed the 0.70 threshold, indicating high internal consistency among the observed variables. Similarly, the rho_A coefficients are all above 0.70, confirming the stability of the latent constructs. The Composite Reliability values also surpass 0.70, supporting the existence of strong correlations between observed indicators and their underlying factors (Hair et al., 2022). Furthermore, the Average Variance Extracted values for all constructs are greater than 0.50, demonstrating that each factor accounts for more than half of the variance of its indicators, thus confirming convergent validity (Hair et al., 2014). Based on these findings, CA8 was retained in the model despite its relatively lower outer loading.

Table 3. Results of the assessment of the reliability and convergent validity of the measurement model.

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted
AQFS	0.896	0.897	0.921	0.659
AAR	0.702	0.705	0.834	0.627
CPE	0.889	0.891	0.912	0.563
NASb	0.732	0.734	0.848	0.651
AF	0.808	0.814	0.866	0.564
QCS	0.809	0.816	0.867	0.566
CA	0.888	0.889	0.909	0.527
SAF	0.780	0.787	0.858	0.602
RM	0.784	0.788	0.861	0.607
CEI	0.868	0.917	0.898	0.594

Source: Data analysis results from Smart PLS 3.

4.4. Assessment of the Discriminant Validity of the Measurement Model

In reflective measurement models, observed variables are designed to represent distinct latent constructs. Therefore, it is essential to assess discriminant validity to confirm that the constructs are conceptually and statistically distinct. This study employed the Heterotrait–Monotrait ratio (HTMT) as a rigorous criterion to evaluate discriminant validity.

HTMT values below the recommended threshold indicate that the constructs do not exhibit significant overlap. It is important to note that control variables (LAF, CAR), serve only to adjust for external influences on the dependent variable and are not modeled as latent constructs. As such, their discriminant validity was not assessed using HTMT.

According to the results presented in Table 4, all Heterotrait–Monotrait ratios are below the conservative threshold of 0.85, indicating a satisfactory level of discriminant validity among the latent constructs. This suggests that each construct is empirically distinct from the others, thereby supporting the structural integrity and validity of the measurement model (Henseler et al., 2015).

Table 4. Results of the assessment of the discriminant validity of the measurement model.

	AQFS	AAR	CPE	NASb	AF	QCS	CA	SAF	RM	CEI
AQFS										
AAR	0.433									
CPE	0.445	0.297								
NASb	0.414	0.293	0.173							
AF	0.460	0.335	0.295	0.238						
QCS	0.407	0.257	0.359	0.185	0.339					
CA	0.512	0.334	0.254	0.225	0.325	0.263				
SAF	0.428	0.299	0.279	0.304	0.284	0.359	0.290			
RM	0.387	0.345	0.177	0.190	0.255	0.292	0.300	0.231		
CEI	0.106	0.068	0.069	0.040	0.046	0.072	0.061	0.038	0.062	

Source: Data analysis results from Smart PLS 3.

4.5. Assessment of Multicollinearity

The Variance Inflation Factor (VIF) is a diagnostic metric used to assess multicollinearity, and it is commonly categorized into two types: Outer VIF and Inner VIF. The Inner VIF is of greater significance in the context of structural equation modeling, as it evaluates the degree of multicollinearity among independent latent variables. High Inner VIF values may indicate redundancy among predictors, which can distort path coefficients and compromise the validity of the structural model in PLS-SEM. In contrast, while high Outer VIF values may pose a concern in formative measurement models by inflating indicator weights, they are generally not problematic in reflective measurement models. This is because, in reflective constructs, observed variables are expected to be highly correlated as they reflect the same underlying latent factor, and such a correlation does not adversely affect the model's reliability or validity.

As presented in Table 5, all latent variables exhibit Inner VIF values below the conservative threshold of 3.00, indicating the absence of severe multicollinearity within the structural model. This result confirms that the independent latent constructs are sufficiently distinct and are not adversely influenced by excessively high intercorrelations, thereby supporting the robustness and validity of the model estimation (Hair et al., 2019).

Table 5. Results of the assessment of multicollinearity.

	AQFS	CEI
LAF	1.197	
AQFS		1.000
CAR	1.062	
AAR	1.212	
CPE	1.233	
NASb	1.150	
AF	1.241	
QCS	1.251	
CA	1.255	
SAF	1.286	
RM	1.237	
CEI		

Source: Data analysis results from Smart PLS 3.

4.6. Assessment of the Independent Variables' Explanation of the Dependent Variable

Table 6 presents the results of the R^2 and Adjusted R^2 values for the two endogenous variables in the structural model. The Adjusted R^2 value for AQFS is 0.459, indicating that the set of internal influencing factors included in the model collectively explain 45.9% of the variance in AQFS. According to Hair et al. (2019), this represents a moderate level of explanatory power, suggesting that the selected internal factors meaningfully account for variations in audit quality. In contrast, the Adjusted R^2 value for client's engagement intention (CEI) is only 0.009, meaning that just 0.9% of the variance in CEI is explained directly by AQFS. This is consistent with the structure of the proposed model, in which AQFS is the sole predictor of CEI and no direct paths from the internal influencing factors to CEI are included. The low R^2 for CEI does not diminish the model's validity, as it emphasizes the mediating role of AQFS and aligns with the theoretical intention to explore AQFS as a conduit through which internal audit firm characteristics influence client's engagement intention.

Table 6. Results of the assessment of the independent variables' explanation of the dependent variable.

	R^2	Adjusted R^2
AQFS	0.468	0.459
CEI	0.011	0.009

Source: Data analysis results from Smart PLS 3.

4.7. Assessment of the Relationships in the Structural Model

Table 7 presents the Bootstrap results for the structural paths in the model. The Original Sample and Sample Mean values are highly consistent across most relationships, indicating that the estimated path coefficients exhibit good stability across resampling iterations. Moreover, the relatively small Standard Deviation values suggest low variability in the estimates, supporting the robustness of the model.

Table 7. Results of the relationships in the structural model.

	Original Sample	Mean	Standard Deviation	T Statistics	p Values
LAF -> AQFS	0.033	0.033	0.025	1.323	0.186
AQFS -> CEI	0.105	0.120	0.044	2.365	0.018
CAR -> AQFS	0.150	0.150	0.043	3.475	0.001
AAR -> AQFS	0.093	0.094	0.044	2.122	0.034
CPE -> AQFS	0.177	0.178	0.046	3.868	0.000
NASb -> AQFS	−0.137	−0.137	0.039	3.550	0.000
AF -> AQFS	0.146	0.148	0.044	3.290	0.001
QCS -> AQFS	0.098	0.099	0.043	2.267	0.023
CA -> AQFS	0.230	0.229	0.047	4.943	0.000
SAF -> AQFS	0.101	0.102	0.046	2.184	0.029
RM -> AQFS	0.131	0.131	0.042	3.091	0.002

Source: Data analysis results from Smart PLS 3.

In terms of significance testing, most of the relationships yield T-statistics exceeding the critical value of 1.96, confirming statistical significance at the 5% level. However, the path from the Level of LAF to AQFS shows a T-statistic of only 1.378, which falls below the threshold, indicating a lack of statistical support for this relationship (Hair et al., 2022). This finding is reinforced by the corresponding *p*-value of 0.169, which exceeds the conventional significance level of 0.05. As such, the hypothesis proposing that LAF positively influences AQFS is not supported by the data.

The estimated structural equation models (SEMs) for AQFS and CEI are expressed as follows:

$$\text{AQFS} = 0.101 \times \text{SAF} + 0.131 \times \text{RM} + 0.093 \times \text{AAR} + 0.230 \times \text{CA} + 0.177 \times \text{CPE} + 0.098 \times \text{QCS} + 0.146 \times \text{AF} - 0.137 \times \text{NASb} + 0.150 \times \text{CAR} + \xi;$$

$$\text{CEI} = 0.105 \times \text{AQFS} + \xi$$

H1, H2, H3, H4, H5, H6, H7, and H9 are accepted. H8 concerning the impact of LAF on AQFS is rejected.

5. Discussion and Recommendations

5.1. Discussion

The Size of the Audit Firm (SAF) is found to have a positive impact on audit quality (AQFS), with a significance level of 5%, other factors held constant, according to the opinions of our respondents. This indicates that larger audit firms, due to their greater financial, human resource capabilities, and modern audit technology and methodology can deploy more comprehensive and rigorous audit procedures, which enhances audit effectiveness and accuracy. In Vietnam, there is a clear stratification among audit firms: the large size audit firms (Big 4 firms or big audit firms that are members of international audit firms) with higher financial statement audit quality will have many audit and other services clients. Large audit firms in Vietnam generally maintain stringent audit processes and robust quality review protocols. Audit team members strictly adhere to procedures ranging from risk assessment and client acceptance to the collection of audit evidence, evaluation, and the final issuance of the audit opinion. Beyond scale of resources, our result is consistent with a reputational capital mechanism (DeAngelo, 1981) whereby larger firms

internalize greater expected losses from audit failures and thus invest more in review layers, consultation protocols, and office-level expertise (Choi et al., 2010). It also accords with the evidence that big offices sustain standardized methodologies and partner specialization (Hay & Davis, 2004; Lennox, 1999). By contrast, studies such as Carlin et al.'s (2008) and recent global studies also caution that audit firm size does not universally guarantee higher audit quality. Hope et al. (2012), examining private firms in the United Kingdom, found that Big 4 auditors are associated with higher discretionary accruals compared to non-Big 4 auditors, suggesting that the size–quality relationship is context-dependent and influenced by client incentives and institutional environments. These mixed international findings suggest that the positive SAF–AQFS relationship observed in this study may be particularly salient in emerging markets, where reputational concerns and standardized methodologies play a stronger disciplinary role.

The results further show that The Responsibility of the Audit Firm's Management (RM) positively influences AQFS. This finding aligns with governance and behavioral audit theories emphasizing the role of leadership and “tone at the top” in shaping audit outcomes. Prior international research demonstrates that leadership commitment enhances partner accountability and reduces variability in audit judgments (Schroeder et al., 1986; Boon et al., 2008). More recent studies extend this argument by showing that audit partner leadership behaviors significantly affect team engagement and audit execution quality, providing an empirical channel through which managerial responsibility translates into higher audit quality. Thus, RM functions as an internal governance mechanism that complements formal audit standards, particularly in firms that rely on standardized audit programs rather than proprietary methodologies.

The positive association between The Assurance of the Auditors' Rights (AAR) and AQFS is consistent with human-capital and ethical-climate theories. Auditors who perceive adequate protection, fair treatment, and professional support are more likely to exercise professional skepticism and challenge management assertions. International evidence supports this mechanism. For instance, Ma et al. (2024) show that audit staff satisfaction—a proxy for supportive working conditions—is positively associated with audit quality in private-client settings, where external enforcement is weaker. This suggests that AAR mitigates behavioral risks such as self-censorship and enhances audit diligence, reinforcing audit quality through internal motivational channels rather than external regulation alone.

Consistent with prior literature, The Competence of the Auditors (CA) exhibits a significant positive impact on AQFS. International studies increasingly conceptualize auditor competence beyond certification and tenure, emphasizing industry specialization and experience structure. Mohd Kharuddin et al. (2021) found that audit quality improves when Big 4 auditors possess both national- and office-level industry expertise. Similarly, recent evidence indicates that complementary experience structures within signing auditor teams enhance audit quality by improving professional judgment and misstatement detection. These findings support the view that auditor competence is a multi-dimensional construct and reinforce the importance of continuous professional development in increasingly complex audit environments.

The results also confirm a positive relationship between The Compliance with Professional Ethics (CPE) and AQFS. This finding is consistent with classical independence research (Frankel et al., 2002; Gul et al., 2007) and is further supported by recent international evidence focusing on observable ethical outcomes. Beardsley et al. (2020) show that audit offices with a stronger commercial orientation toward non-audit services experience higher restatement rates, highlighting how ethical compliance and independence threats manifest in measurable audit failures. These results suggest that ethical compliance operates not only through perceived integrity but also through tangible audit outcomes.

The significant effect of The Quality Control System of the Audit Firm (QCS) on AQFS aligns with both early and recent international research. [Deis and Giroux \(1992\)](#) and [Beattie et al. \(2013\)](#) emphasize that internal monitoring mechanisms improve audit consistency. More recent studies provide direct evidence that internal inspection programs increase auditor effort and improve financial reporting quality by deterring shirking and reinforcing accountability. This supports the view that QCS acts as an internal enforcement mechanism that enhances audit quality independently of external regulation.

Regarding audit fees (AFs), the positive relationship with AQFS is consistent with resource-based explanations in the literature. While earlier studies yield mixed findings, recent international evidence suggests that audit fees must be interpreted in conjunction with audit effort. [Ge and Kim \(2020\)](#) demonstrate that abnormal audit fees reflect higher audit quality only when accompanied by increased audit hours, reconciling prior inconsistencies. This indicates that higher fees enhance audit quality primarily when they fund additional effort and expertise rather than merely reflecting pricing power.

In contrast, Non-Audit Services performed by a separate group (NASb) are found to negatively affect AQFS. This result supports the economic dependence hypothesis ([Frankel et al., 2002](#)) and is consistent with recent international evidence documenting an NAS distraction effect at the audit office level ([Beardsley et al., 2020](#)). Even when organizational separation exists, the perception of independence impairment may weaken auditor objectivity, particularly in environments with a developing regulatory oversight.

Audit quality and client's engagement intention.

Finally, the results indicate that audit quality (AQFS) has a significant positive effect on client's engagement intention, supporting its role as a mediating variable. This finding is consistent with early relationship-based studies ([Behn et al., 1999](#); [Pandit, 1999](#)) and reinforced by recent international research. [Ferguson et al. \(2003\)](#) show that perceived audit quality enhances client satisfaction and trust, which subsequently drive advocacy and continued engagement. More recent service-quality research further demonstrates that audit quality dimensions such as reliability and assurance are necessary conditions for client loyalty ([Pereira et al., 2024](#)). Together, these findings provide strong international support for modeling audit quality as a central mechanism linking audit firm characteristics to client's engagement intention.

5.2. Recommendation

Based on the research findings, we propose solutions for audit firms, client entities, and regulatory bodies to enhance audit quality, especially in Vietnam, thereby ensuring the transparency and reliability of financial statements in the context of an increasingly developing and globally integrated economy.

Audit firms are encouraged to pursue sustainable growth by expanding firm size, protecting auditors' rights, and establishing robust internal quality control systems. Leadership commitment is essential to drive professional standards and to integrate advanced audit technologies that enhance effectiveness and accountability within audit processes. To operationalize these goals, firms should establish clear governance mechanisms linking leadership accountability to measurable quality outcomes. This can be achieved by embedding quality metrics in partner evaluations, expanding consultation channels for complex judgments, and creating cross-office technical resource networks. Firms should also develop formal programs to protect auditors from client pressure and provide escalation procedures for contentious issues. Enhancing staff competence through mandatory training, professional certification sponsorships, and exposure to diverse engagements will strengthen internal expertise. In addition, a culture of continuous ethical reinforce-

ment should be institutionalized through regular ethics reviews, peer assessments, and transparent reporting of quality control outcomes.

Client entities should therefore prioritize collaborations with audit firms that demonstrate strong audit quality, particularly in auditor competence, ethical compliance, and effective quality control. By setting clear selection criteria and engaging transparently during audits, client entities can support auditors in conducting thorough, accurate assessments, thereby minimizing financial risks and enhancing financial reporting reliability. Regular monitoring and feedback will also foster continual service improvement and long-term cooperation. Clients can identify audit firms with high-quality performance through several observable indicators. These include the firm's registration status and public inspection results published by the state management agencies or on the audit firms' websites, the firm's reputation and years of experience, and the professional credentials of its audit staff. Transparent communication about the firm's quality control procedures and prior audit performance can also help clients make informed engagement decisions. Beyond these measures, clients should adopt structured evaluation forms for audit partners, rotate audit firms periodically to mitigate familiarity risks, and participate in joint audit planning sessions to clarify mutual expectations. Larger corporations can contribute to market transparency by publicly disclosing their audit firm selection criteria and performance assessments. Such openness will not only build investor confidence but also promote a culture of constructive collaboration rather than adversarial negotiation between auditors and clients.

The country's professional bodies should strengthen its role by standardizing auditor competency training and enforcing professional ethics through effective oversight mechanisms. These measures will help prevent misconduct and maintain the credibility of the auditing profession. State authorized agencies and professional bodies should jointly develop a unified national competency framework that defines skill levels, ethical standards, and quality management practices expected at each career stage. Continuing professional education should extend beyond technical standards to include ethical resilience, leadership, and professional skepticism. They could also collaborate with universities and audit firms to design applied training programs focused on data analytics, fraud detection, and IFRS implementation. Additionally, the state authorized agencies such as the Ministry of Finance should strictly manage the audit quality through periodic inspection and monitoring the audit conduction of audit firms, and they may consider publishing an annual "Audit Quality Review Report" summarizing inspection outcomes, common deficiencies, and best practices. This would function as both a transparency mechanism and a learning platform for the profession. Incentive programs that officially recognize firms with exemplary ethical and quality performance could further motivate compliance and raise the professional reputation of audit firms and increase users' confidence in audited financial statements.

Regulatory agencies must refine the legal framework governing audit practices, especially concerning simultaneous provision of audit and non-audit services. They should enhance post-audit supervision, ensure independent monitoring, and apply strict sanctions for violations related to financial statement audits, thereby safeguarding audit integrity and stakeholder interests. Regulators should interpret recent evidence as a call to transition from reactive enforcement to preventive oversight. This involves adopting risk-based inspection systems, publishing inspection ratings, and conducting regular independence compliance audits.

Legal requirements should mandate full disclosure of audit and non-audit fee structures, limit cross-service engagements, and enforce strict partner rotation for high-risk industries. Coordination among the state management agencies, such as the Ministry of Finance, State Securities Commission, and the professional bodies should be institution-

alized through a shared database of audit quality indicators to identify systemic risks early. Additionally, the state authorized agencies such as the Ministry of Finance should strictly manage the audit quality through periodic inspections and monitoring the audit conduction of audit firms, and they may consider publishing an annual “Audit Quality Review Report” summarizing inspection outcomes, common deficiencies, and best practices. This would function as both a transparency mechanism and a learning platform for the profession. Incentive programs that officially recognize firms with exemplary ethical and quality performance could further motivate compliance and raise the professional reputation of audit firms and increase users’ confidence in audited financial statements. The state financial agency, such as the Ministry of Finance, could establish an independent “Audit Oversight Board” under the Ministry. This board could consolidate inspection, investigation, and disciplinary functions, creating a unified supervisory mechanism that balances regulatory rigor with professional autonomy. Strengthening these regulatory foundations will enhance audit reliability and better position Vietnam’s audit market for regional and global integration.

This study highlights that improving internal firm-specific factors significantly enhances audit quality, which in turn strengthens client’s engagement intention. The findings confirm the mediating role of audit quality and underscore its importance as both an outcome and a driver of trust in the audit relationship. These results contribute empirical evidence from Vietnam’s emerging audit market and offer practical implications for audit firms seeking to improve service credibility and client retention.

However, due to the focus on internal factors within audit firms and the absence of qualitative data, the results explain 45.9% of the variance in audit quality, which may not fully reflect external influences or client behavior complexity. And R^2 for CEI = 0.009 is very low, which means that it is necessary to add other variables to the model. Future research should expand the model to include external factors such as client characteristics, market dynamics, and regulatory environments, employing mixed method approaches to improve robustness and generalizability.

Author Contributions: Conceptualization, P.T.K.N.; Methodology, T.T.L.N.; Validation, P.T.K.N.; Resources, L.D.N.; Data curation, H.N.P. and L.D.N.; Writing—original draft, H.N.P.; Writing—review & editing, P.T.K.N., T.T.L.N. and L.D.N.; Visualization, P.T.K.N.; Supervision, T.T.L.N. All authors have read and agreed to the published version of the manuscript.

Funding: The authors gratefully acknowledge the financial support from the Banking Academy of Vietnam.

Institutional Review Board Statement: Based on the functions and tasks of the Scientific Council of the Banking Research Institution; Based on the research plan proposed by the research team, The Scientific Council of the Banking Research Institution decides: The Scientific Council of the Banking Research Institution approves the research plan of the research team.

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data presented in this study is available on request from the corresponding author.

Acknowledgments: We thank all contributing authors for their rigorous research. Sincerely thanks to participants taking the survey and sharing their information for us. Special thanks go to the Editorial team at JRFM for their unwavering support in bringing this Special Issue to fruition. And many thanks to reviewers for having especially useful comments for the authors to improve the quality of this research.

Conflicts of Interest: The authors declare no conflict of interest.

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