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Evaluation of the differences in audit service quality: Assurance in local independent auditing firms

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Abstract

One profession that is distinguished by tightly related legal numbers, papers, and audit reports is auditing. In addition to data accuracy, audit work must also be truthful, impartial, transparent, and adhere to the principles. Small inaccuracies or omissions in audited reports or invoices can have a detrimental impact on both the client company and the audit firm. The main objective of this study was to identify, analyze, and measure the audit service quality: assurance in local independent auditing firms in Hanoi through qualitative and quantitative research methods. Based on an overview of previous studies and experts' opinions, the study

has identified, analyzed, and measured four attributes of audit service quality: assurance in local independent auditing firms in Hanoi. There is no statistically significant difference in the level of audit quality: assurance in local independent auditing firms in Hanoi between participants of these different genders, these different job positions, and these three groups of work experiences. Based on the findings, some recommendations are given for local independent auditing firms to improve the quality of their audit services.

Keywords: Service Quality, Audit Service, Audit Firm, Assurance

JEL Classifications: M40, M41, M42

1. Introduction

The independent audit activity was started in Vietnam in 1991 and has continued to grow ever since. One of the unique conditional service sectors that serves as a management tool for disseminating and making transparent economic and financial information as well as safeguarding the rights of information users is the independent audit sector.

One profession that is distinguished by tightly related legal numbers, papers, and audit reports is auditing. In addition to data accuracy, audit work must also be truthful, impartial, transparent, and adhere to the principles. Small inaccuracies or omissions in audited reports or invoices can have a detrimental impact on both the client company and the audit firm. Additionally, the audit profession has specialized knowledge of the laws, guidelines, orders, circulars, etc. that workers must adhere to in their daily work. Besides the outstanding feature of the audit profession is a service that not only collects fees from clients but also protects the interests of the public. Therefore, independent auditing firms must always improve the quality of their audit services to meet the needs of their clients and protect the interests of the public.

By removing unnecessary costs, producing trustworthy information, and gradually bringing the financial and accounting management in the units into order, auditing firms have helped international businesses, organizations, and projects comply with economic and financial policies in a timely, full, and proper manner. Independent auditing has established its standing and reputation in the market economy, is respected by industry and society, and significantly contributes to a favorable climate for investments and the country's financial system. As a result of the units' determination of the correct investment capital value through the audit of the finalization report for the completed project, unnecessary and invalid costs are eliminated, capital construction investment costs are reduced, and capital construction investment management becomes more financially sound (Vu, 2021) ^[10].

This study establishes and evaluates four measures for the quality of audit services: assurance. Researchers, companies who hire independent auditing firms, and independent auditing firms have all benefited from the study's systematic illustration of the assurance audit service quality.

The structure of the paper is as follows. Section 1 describes the background of the study. Section 2 reviews the relevant

literature followed by the research methodology in Section 3. Section 4 presents the findings while Section 5 offers a deeper discussion of the main findings.

2. Literature Review

In the area of marketing, Parasuraman *et al.* (1985) [8] investigated service quality. According to the author, when clients use a service, the gap between perceived and expected quality shapes service quality. As a result, the level of assurance is demonstrated by professional credentials and friendly customer service.

Parasuraman *et al.* (1988) [9] surveyed about 487 service firms specializing in telecommunications service, insurance, banking, maintenance, repair, and the like. The authors proposed a model measuring service quality named SERVQUAL, in which the aspect of assurance creates credibility and trust for customers and is perceived through attitude and professional knowledge; from there, customers feel safe every time they use the service. According to Parasuraman *et al.* (1988) [9], they also classified the level of assurance as follows: (i) service staff have behaviors that create trust for customers; (ii) when dealing with a service provider, the customer feels safe; (iii) service staff are always welcoming to customers; (iv) service personnel are knowledgeable enough to answer customer questions.

In their research of the ideas and assessment techniques of service quality in conjunction with customer satisfaction, Cronin and Taylor (1992) [1] offer the SERVPERF model, which is based on the SERVQUAL model's five constituent parts. Perceived elements, according to Cronin and Taylor (1992) [1], would provide for a better service quality evaluation method. The SERVPERF approach can find more measures based on the discrepancy between expectations and perceptions even though it ignores the customer's expected value (Cronin & Taylor, 1992) [1]. Along with 22 scales with five components, the authors also use the SERVQUAL model from Parasuraman *et al.* (1988) [9]. In which, similar to the SERVQUAL model developed by Parasuraman *et al.* (1988) [9], service quality: assurance level likewise contains four scales.

In Vietnam, there have been studies on service quality that include: assurance; typical as:

Le (2014) [5] used quantitative research techniques to survey 200 patients in the district line of Can Tho City to ascertain the relationship between service quality and patient satisfaction with hospitals' medical services. The study's findings support the factor for service quality in that: The following scales are included in the level of assurance: (i) The medical staff always responds to inquiries or offers information regarding the ailment in a straightforward manner. understand; (ii) the way medical staff behaves inspires patients' faith; (iii) the hospital waiting chair is adequate to meet requirements; and (iv) the amount of hospital beds adequately satisfies needs. Additionally, the author claims that patient satisfaction with medical care is immediately and favorably impacted by service quality.

Nguyen (2020) [7] examines the impact of service quality and perceived value on client satisfaction with registered service quality company registration using the scope of research on space in Can Tho city. Based on secondary data sources including Department of Planning and Investment and General Statistics Office publications, the author employs qualitative and quantitative research techniques. 248 businesses that had directly completed business

registration processes provided the primary data, which was gathered through a direct questionnaire survey. The study's findings demonstrate that service quality assurance uses five scales: In accordance with rules, the staff's instructions and responses are clear, consistent, and adequate. Additionally, officers are able to spot errors in dossiers and notify businesses right away.

Nguyen (2021) [6] selected the scope of space at the People's Committee of Chau Phu district, An Giang province, and reviewed the quality of service provided at the Receiving and Returning Department. The author applies a quantitative research method through a survey table consisting of 24 observed variables on a 5-level Likert scale to the perceptions of 172 people right after receiving the results of administrative services. The results show that five elements of the SERVPERF scale constitute a valuable tool to measure service quality, including capacity, facilities, reliability, assurance level (service attitude), and empathy, which both have a strong influence and increase satisfaction. In which, service quality: assurance includes the following scales: (i) civil servants receiving and handling dossiers have a polite attitude; (ii) public servants pay attention to their opinions when dealing with work; (iii) civil servants do not have an attitude that causes trouble; (iv) civil servants comply with regulations when dealing with work; and (v) civil servants provide instructions on how to complete documents that are easy to understand.

Table 1: Scale of audit service quality: Assurance

Code	Description	Sources
ATT1	The behavior of auditors and audit assistants at local independent auditing firms creates trust for customers.	Parasuraman <i>et al.</i> (1988) [9], Cronin and Taylor (1992) [1], Le (2014) [5], Nguyen (2020) [7], Nguyen (2021) [6], and experts' opinion.
ATT2	Auditors and audit assistants always guide, answer questions, advise, and give opinions in a consistent, clear, and understandable manner.	
ATT3	Auditors and audit assistants fully comply with the five basic principles of professional ethics and are capable of performing signed audit contracts quickly, in accordance with regulations, and flexibly in resolving situations.	
ATT4	Auditor and audit assistant with high expertise, good general knowledge, and rich experience.	

3. Methodology

Research design: The authors employed both qualitative and quantitative techniques to collect secondary and primary data in order to meet the research goal. In order to supplement and analyze theoretical issues in the context of Vietnamese firms participating in international integration, we conducted practical research using the theoretical foundation by investigating and surveying experts in the accounting and audit area, particularly the general accountants and chief accountants of firms who are the customers of independent audit firms.

The research procedure was implemented through the following steps: Developing a measurement scale and collecting data to assess the reliability and value of the measurement scale.

The procedure for gathering and handling data is: This study synthesizes the assurance dimension of audit service quality based on an assessment of domestic and international research on services, service quality in general, and audit service quality in particular. This study also makes the best use of the service quality research findings that have been widely disseminated locally and globally and identifies precisely what should be preserved and improved. We use primary data sources from qualitative and quantitative research approaches to further the major objective of this study.

The qualitative research method: we collect previous related research and regulations on audit service and interview experts in order to assess the relevance of measurement scales related to service quality: assurance. The interviewees are lecturers at universities majoring in accounting and auditing and firms' chief accountants, who are the customers of independent audit firms. The authors conducted in-depth interviews with six people, three of whom are lecturers at top universities specializing in accounting and auditing, such as the National Economics University and the University of Labour and Social Affairs. In order to ensure the quality of the interview, we developed instructions for interview questions and an interview time of about 30-45 minutes. 6/6 interviewees concurred with 4 measurement scales of audit service quality: assurance. The result of the qualitative research method is applied to adjust the measurement scale used as the basis for designing the official measurement scale in research.

The quantitative research approach: To gather secondary data, we surveyed the chief and general accountants of businesses that hire independent audit firms. using the help of the SPSS 23 program, we developed a questionnaire for the survey and used statistical techniques to assess it, including descriptive statistics, analyzing the reliability of the measurement scale using Cronbach's alpha, testing the independent sample t-test, and analyzing ANOVA. A Likert scale is used to measure the scales, with a point scale ranging from 1 ("totally disagree") to 5 ("totally agree"). Hair *et al.* (1998) [2] believed that the sample size had to be five times as large as the number of variables. There are 4 manifest variables needing investigation in total, so the minimum sample size is $4 \times 5 = 20$ observations. Despite the theoretical calculation, in order to ensure the reliability of the investigation, the authors decided to (construct the original sample size as 250 observations. The research population is chief accountants and general accountants of firms who are the customers of domestic independent audit firms in Hanoi, which has a large number of independent audit firms and firms as customers of independent audit firms.

4. Research Results

4.1 Descriptive Statistics

Table 2 indicates that the respondents agree with the dependent variables of "the audit service quality: assurance of local independent auditing firms in Hanoi," where four attributes were quite high with an average of 4.15 compared with the highest of the Likert 5-point scale. All four attributes were rated at an average of 4.04 or higher.

The scales A2 and A3 reflect the basic and outstanding characteristics of audit services in auditing firms, so they are much different from previous studies.

Table 2: Descriptive Analysis of Attributes of Audit service quality: Assurance of Local Independent Auditing Firms in Hanoi

Code	N	Minimum	Maximum	Mean	Std. Deviation
ATT1	250	2.00	5.00	4.04	0.746
ATT2	250	2.00	5.00	4.20	0.728
ATT3	250	2.00	5.00	4.14	0.726
ATT4	250	2.00	5.00	4.22	0.764
Valid N (listwise)	250			4.15	

4.2 Cronbach's Alpha

The audit service quality: assurance of local independent auditing firms in Hanoi has been measured by Cronbach's alpha. The results of testing Cronbach's alpha for attributes are presented in Table 3 below. The results also show that attributes of the dependent variables have Cronbach's alpha coefficients that are greater than 0.6, and the correlation coefficients of all attributes are greater than 0.3. So, all the attributes of the dependent variables are statistically significant (Hoang & Chu, 2008; Hair *et al.*, 2010) [4, 3].

Table 3: Results of Cronbach's alpha testing of attributes and item-total statistics

Cronbach's Alpha		N of Items		
.855		4		
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
ATT1	12.56	3.492	0.746	0.795
ATT2	12.40	3.688	0.683	0.821
ATT3	12.47	3.728	0.667	0.828
ATT4	12.38	3.546	0.694	0.817

4.3 Exploratory Factor Analysis (EFA)

Next, tables 4, 5, and 6 show that exploratory factor analysis (EFA) was conducted through component analysis and variance.

The results of factor analysis in Table 4 show that $0.5 < KMO = 0.824 < 1$. Bartlett's testimony shows $sig. = 0.000 < 0.05$, which means variables in the whole are interrelated (Hoang & Chu, 2008; Hair *et al.*, 2010) [4, 3].

After implementing the rotation matrix, four components of the audit service quality: assurance with a factor load factor greater than 0.5; eigenvalues greater than 1; and the variance explained as 69.725%. These statistics demonstrate that research data analysis for factor discovery is appropriate. Through the quality assurance of the scale and the test of the EFA model, we have identified four components of audit service quality: Assurance in local independent auditing firms.

Table 4: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.824
Bartlett's Test of Sphericity	Approx. Chi-Square	424.984
	Df	6
	Sig.	.000

Table 5: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.789	69.725	69.725	2.789	69.725	69.725
2	0.457	11.417	81.142			
3	0.416	10.399	91.541			
4	0.338	8.459	100.000			

Extraction Method: Principal Component Analysis.

Table 6: Component Matrix^a

	Component	
	1	
ATT1	0.868	
ATT4	0.833	
ATT2	0.825	
ATT3	0.814	

4.4 Independent T- test

A comparison of the results of the evaluation of audit service quality: assurance in local independent auditing firms with participants of different genders (male and female) can be seen in Table 7. According to the results shown in Table 7, sig Levene's test is 0.188, which is more

than 0.05. The variance between males and females is not different. Moreover, sig value t-test = 0.990 > 0.05, which means that there is no statistically significant difference in the level of audit service quality: assurance in local independent auditing firms in Hanoi between these different genders (Hoang & Chu, 2008; Hair *et al.*, 2010) [4, 3].

Table 7: Differences in the audit service quality: Assurance with participants of different genders Independent Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ATT	Equal variances assumed	1.744	0.188	0.013	248	0.990	0.00106	0.08191	-0.16026	0.16239
	Equal variances not assumed			0.013	162.744	0.990	0.00106	0.08503	-0.16684	0.16897

A comparison of the results of the evaluation of audit service quality: assurance in local independent auditing firms in Hanoi with participants of different job positions (general accountants and chief accountants) can be seen in Table 8. According to the results shown in Table 8, sig Levene's test is 0.906, which is more than 0.05. The

variance between general accountants and chief accountants is not different. Moreover, sig value t-test = 0.345 > 0.05, which means that there is no statistically significant difference in the level of audit service quality: assurance in local independent auditing firms in Hanoi for these different job positions (Hoang & Chu, 2008; Hair *et al.*, 2010) [4, 3].

Table 8: Differences in the audit service quality: Assurance with participants of different job positions - Independent Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ATT	Equal variances assumed	0.014	0.906	-0.945	248	0.345	-0.07518	0.07954	-0.23183	0.08148
	Equal variances not assumed			-0.961	231.401	0.338	-0.07518	0.07827	-0.22938	0.07903

4.5 ANOVA

An ANOVA test was needed to make a comparison of the results of the evaluation of audit service quality: assurance in local independent auditing firms in Hanoi between the three subjects, including participants who have worked for less than 5 years, participants who have worked for 5 to 10 years, and participants who have worked for over 10 years. Table 9 shows that the sig Levene statistic is greater than

0.05, which means that the hypothesis of homogeneity of variance among the variable value groups (different work experiences) has not been violated. Table 10 shows that sig. = 0.100 is more than 0.05, which indicates that there is no statistically significant difference in the level of audit service quality: assurance in local independent auditing firms in Hanoi between the mentioned three groups of work experiences (Hoang & Chu, 2008; Hair *et al.*, 2010) [4, 3].

Table 9: Test of Homogeneity of Variances

The audit service quality: Assurance

Descriptions	Levene Statistic	df1	df2	Sig.
Based on Mean	0.541	2	247	0.583
Based on Median	0.625	2	247	0.536
Based on Median and with adjusted df	0.625	2	245.808	0.536
Based on trimmed mean	0.533	2	247	0.587

Table 10: ANOVA

The audit service quality: Assurance

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.759	2	0.879	2.321	0.100
Within Groups	93.603	247	0.379		
Total	95.362	249			

5. Discussion and implications

The main research results of the article confirm: auditing service quality: assurance, including 4 scales (attributes). The results of this study are similar to the results of previous studies. However, the new findings of this study are that the scales (attributes) of audit service quality—assurance—have been adjusted to suit the characteristics of the audit firm and are suitable for the audit firm. consistent with current reality. The sustainable and effective growth of the capital and financial markets is aided by independent audit operations in the national economy. For investors, shareholders, policymakers, and others to have confidence in the financial reporting process as well as the publication of financial statements, one of the most crucial aspects is the caliber of an independent audit. data from financial statements. A high-quality audit will be aided by an auditor who is knowledgeable about accounting, finance, and audit methods and who exhibits professional skepticism.

Through materials like (i) the independent auditing firm's approach to the client, the service provider; (ii) the attitude of the independent auditing firm's audit staff toward the client; and (iii) the content that the independent auditing firm advises has ensured accuracy, the client firm can estimate and evaluate the working capacity of the independent auditing firm. As a result, the independent auditing firm must possess a team to raise the caliber of audit services. All issues, from the easiest to the most challenging, can be handled by competent employees with vast professional knowledge.

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