

## The influence of auditor ethics on audit quality: Analyzing key factors in Vietnamese audit firms

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### ABSTRACT

This paper aims to analyze the possible influence of auditor ethics (AE) factors on audit quality (AQ). Additionally, this study examines whether AE can mediate the relationship between various factors and AQ. These factors include independence, competence, work experience, ethical standards, and due care. Data were collected using structured questionnaires sent by post or email to auditors, audit team leaders, and deputy managers/heads of 314 independent audit firms in Vietnam. Using SPSS 26 and AMOS 24 for analysis, the results show positive relationships between competence, work experience, ethical standards, and AE, as well as between competence, due care, and AQ. Negative relationships were found between independence, due care, and AE and between independence, work experience, ethical standards, and AQ. These findings provide important recommendations for auditing companies to enhance ethics and AQ, helping them maintain loyal customers, attract potential clients, and further develop audit services in Vietnam.

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### 1. Introduction

Along with the development of the economy, auditing has become an indispensable service in ensuring transparency and disclosure of businesses' financial information. One of the important factors contributing to audit quality (AQ) is compliance with auditor ethics (AE). AE is a valuable intangible asset of the practitioner. As of August 2023, Vietnam has 236 auditing companies and a total of 2,219 practicing auditors who have been granted audit practice registration certificates. The number of auditing companies and auditors has increased massively, leading to fierce competition among auditing companies. For auditing companies, financial report users, and authorities, the top concern is AQ. According to Beatty (1989), Krinsky and Rotenberg (1989), Davidson and Neu (1993), and Francis (2004), AQ is considered based on the truthfulness of financial information presented in the financial statements. AQ is defined based on the level of satisfaction with the objectivity, honesty, and

reliability of the audit report (Boon et al., 2008). Competence, independence, integrity, and AE are important factors that determine AQ (Zahmatkesh and Rezazadeh, 2017; Darmawan et al., 2017; Hardiningsih et al., 2019; Puspitasari et al., 2019). In recent years, there have been a series of scandals regarding the AQ of auditing firms both globally and in Vietnam. Examples include the suspension of Carillion's audit team leader, Meehan, by KPMG in 2019 following an internal investigation; in 2021, the Australian Tax Practitioners Council identified violations by Peter Collins and canceled his practice registration, even though he was part of the global auditing and consulting group PricewaterhouseCoopers. Additionally, the Director General of the Hanoi Auditing and Accounting Company was suspended by the Securities Commission from auditing firms with public interests, and firms like Nam Viet Audit and Hanoi CPA Company assisted Tan Hoang Minh in fraudulently issuing corporate bonds worth tens of trillions of dong. These incidents have led to a loss of public trust in auditors. Regulatory bodies and investors are increasingly concerned about the AE of auditing firms. Failure to fully adhere to auditing standards and professional ethics has severely impacted AQ, damaged the reputation of auditing firms and auditors, and negatively affected the auditing profession. Therefore, auditor-related factors are seen as key in explaining AQ (Cameran et al., 2022). The authors aim to explore the influence

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of AE on AQ in auditing firms, with the goal of contributing to the improvement and development of audit services, which is an important issue in the context of current economic integration.

## 2. Review of literature

### 2.1. AQ

Boon et al. (2008) and Peštović et al. (2021) stated that AQ is determined by how satisfied users are with the objectivity, neutrality, authenticity, and reliability of the information provided. Defond and Zhang (2014) explained that AQ is a complex concept that is challenging to observe and measure. It varies based on the perspectives of different stakeholders. After reviewing both domestic and international research on AQ, several key viewpoints emerge. AQ is understood in terms of the level of satisfaction of users of financial reports (objectivity, reliability of audit opinions of users of audit services). In addition, AQ is the satisfaction of managers' desires in terms of costs and time to improve the efficiency of management of the audited unit (Boon et al., 2008; Peštović et al., 2021). AQ is the auditor's ability to detect and report material misstatements (DeAngelo, 1981; Knechel et al., 2013; Laitinen and Laitinen, 2015). AQ is the auditor's ability to reduce errors and improve the integrity of accounting information. AQ is evaluated through the truthfulness of information on financial statements after an audit (Titman and Trueman, 1986; Beatty, 1989). AQ is considered through auditors' compliance with professional standards and professional ethics (Copley and Doucet, 1993; Beckmerhagen et al., 2004; Skinner and Srinivasan, 2012). In addition, research by Krishnan and Schauer (2000) and Hope et al. (2013) believed that auditors performing high-quality work in accordance with auditing standards will reflect the level of AQ.

Thus, all viewpoints aim to meet the needs of audit service users as well as the ability to detect erroneous reports of businesses on audited reports. In this study, AQ is considered from the perspective of auditors who directly participate in auditing, so they will have a more objective and comprehensive view of AQ. AQ is understood as the degree of compliance with auditing standards and the degree of ensuring the ability to detect and report material errors in financial statements. This perspective has been of interest to many researchers and is considered appropriate (Copley and Doucet, 1993; Beckmerhagen et al., 2004; Skinner and Srinivasan, 2012).

### 2.2. AE

The role of ethics in the work of an auditor is important. Ethics provides auditors with a framework to ensure that they act with integrity, objectivity, and independence in the performance of their work. Auditors must comply with professional

ethical principles, including independence, integrity, objectivity, due care and professional competence, confidentiality, professional conduct, and compliance with professional standards. Tarigan and Susanti (2013) defined: "Ethics as the critical attitude of each individual or social group in liberating morality and suggesting that people behave in accordance with morality." The indicators in measuring ethics are professional responsibility, public interest, integrity, objectivity, competence and professional prudence, professional behavior, and technical standards.

### 2.3. Independence

Arens et al. (2017) defined independence as the auditor's ability to make decisions without being influenced by internal or external pressures. This means their decisions must be based on facts and objectivity. Independence reflects a mindset that is free from influence, direction, or reliance on others. It also requires auditors to be honest and impartial when evaluating facts and forming judgments. Independence is one of the key ethical principles auditors must uphold, as it is fundamental to providing high-quality audit services. By remaining independent, auditors can deliver more reliable audit reports and are better equipped to detect errors and provide objective opinions. Independence is essential for the long-term success and reputation of the auditing profession, as it ensures unbiased evaluation and reporting. Research results of Mita (2016), Patriandari and Heryanto (2019), and Partha et al. (2021) showed that AQ is significantly influenced by auditor independence. Meanwhile, research by Melinawati and Prima (2020) showed the opposite result: AQ is not significantly affected by auditor independence.

### 2.4. Competence

In auditing, competence is often evaluated by the auditor's knowledge and experience. Competence is demonstrated through the understanding and expertise an auditor has gained over time. An auditor with strong knowledge, combined with sufficient experience, will be better equipped to grasp and adapt to the increasing complexities of a client's audit environment. This deeper understanding helps auditors keep up with changes and perform their duties more effectively (Darmawan et al., 2017). The auditor capacity is the capacity the auditor possesses to perform the audit. Competence is acquired through cultivation and experience. Auditors' competencies are demonstrated through knowledge, skills, and experience that can affect AQ. The higher the auditor's competency level, the higher the AQ. Therefore, the auditor's qualifications will affect their in-depth knowledge. In addition, improving experience helps auditors detect errors in auditing more easily. Many studies have provided evidence that audit capacity has a positive impact on AQ, as Zahmatkesh and Rezazadeh (2017), Meidawati and

Assidiqi (2019), Kertarajasa et al. (2019), Hajering (2019), Pinto et al. (2020), Abdelmoula (2020), and Oktari et al. (2020). In addition, Alsughayer's (2021) study concluded that the attributes of competence, integrity, and ethics have a significant impact on AQ; auditors' continuous improvement and training programs help auditors improve capacity and AQ; Capacity increases the ability to detect material errors in financial statements, thereby improving AQ; The auditor's professional experience will improve capacity and positively affect the quality of the audit; An auditor's education level directly affects his or her competence and therefore AQ.

## 2.5. Work experience

Helyer (2015) defined work experience as accumulated during the learning process, accumulating knowledge, skills, and qualities through the process of exposure and direct work implementation. It is believed that Experience means that the auditor has performed audits of clients before and has experience in planning effective and efficient audits. Experienced auditors demonstrate an understanding of the client's risks, pay attention to misstatements or make risk predictions, and will make corrective requests to the client. Research results by Boon et al. (2008) showed that experience factors affect AQ. If the auditor has audit experience, users of audit results will feel satisfied with the quality of audit services. The results of this study are also consistent with the research of Pinatik (2021). In addition, many studies show a positive relationship between ethical behavior and work experience. Harris (1995) surveyed entrepreneurs at different management levels within the company. The results show that there is a statistically significant relationship between ethical behavior and work experience. Specifically, senior managers are less tolerant of fraud than other members of the organization. In contrast, Conroy et al. (2010) study found little difference between less experienced directors and directors in the acceptance of unethical behavior. In summary, previous studies show conflicting evidence regarding the role of work experience in AE and AQ in decision-making.

## 2.6. Ethical standards

Ethical standards for practicing auditors are principles and guidelines on professional ethics promulgated by the government or professional associations that require auditors to apply (Fatemi et al., 2018). Ethical standards provide guidance on ethical issues that auditors must follow. The importance of moral standards for an individual's moral assessment has been proven by many theoretical and empirical studies. Auditors of auditing firms that meet high standards mean performing high-quality audits because they have the ability to detect and report errors and unusual problems when discovered, with few exceptions and the possibility of compromise during the audit

process. Much empirical evidence from Maree and Radloff (2007) and Muslumov and Aras (2005) showed that moral standards have an impact on individuals' moral judgments. Research results show that there is a statistically significant relationship between ethical standards and auditor judgment. However, Pflugrath et al. (2007) found a positive relationship between ethical standards and auditor judgment in Australia. This shows that ethical standards help improve the judgment quality of auditors, especially experienced auditors. Previously, Douglas et al. (2001) study examined the impact of ethical standards on auditors' judgments at American auditing firms. The results show that auditors with a better understanding of ethical standards will make better quality judgments. On the other hand, according to research by Boon et al. (2008), ethical standards are an important factor affecting the AQ of businesses and user satisfaction with the quality of audit services maths.

## 2.7. Due care

Professional ethical standards for auditors issued by the Ministry of Finance together with Circular No. 70/2015/TT-BTC dated May 8, 2015: Professional auditors must comply with due care. Due care is understood as acting cautiously in accordance with applicable standards and techniques. Due care is considered an important factor affecting AQ and AE. Audits are carefully performed to comply with auditing standards. This means higher quality audit results, more reliable audit opinions, and a lower likelihood of the audit firm being implicated in malpractice allegations. When an auditing company detects negligence in cases, it means that the auditing company has ensured due care. Boon et al. (2008) argued that if auditors of auditing firms perform audits carefully, it means that users of audit reports are more satisfied with AQ. Due care affects AQ, as demonstrated by Yuhan's (2022) research. Meanwhile, Patriandari and Heryanto (2019) argued that professional prudence does not affect AQ.

From domestic and foreign research perspectives, the study proposes the following hypotheses:

- H1:** Independence has a positive impact on AE
- H2:** Competence has a positive impact on AE
- H3:** Work experience has a positive impact on AE
- H4:** Ethical standards have a positive impact on AE
- H5:** Due care has a positive impact on AE
- H6:** Independence has a positive impact on AQ
- H7:** Competence has a positive impact on AQ
- H8:** Work experience has a positive impact on AQ
- H9:** Ethical standards have a positive impact on AQ
- H10:** Due care has a positive impact on AQ
- H11:** AE has a positive impact on AQ

From a theoretical basis and general research, the authors propose the following research model (Fig. 1).

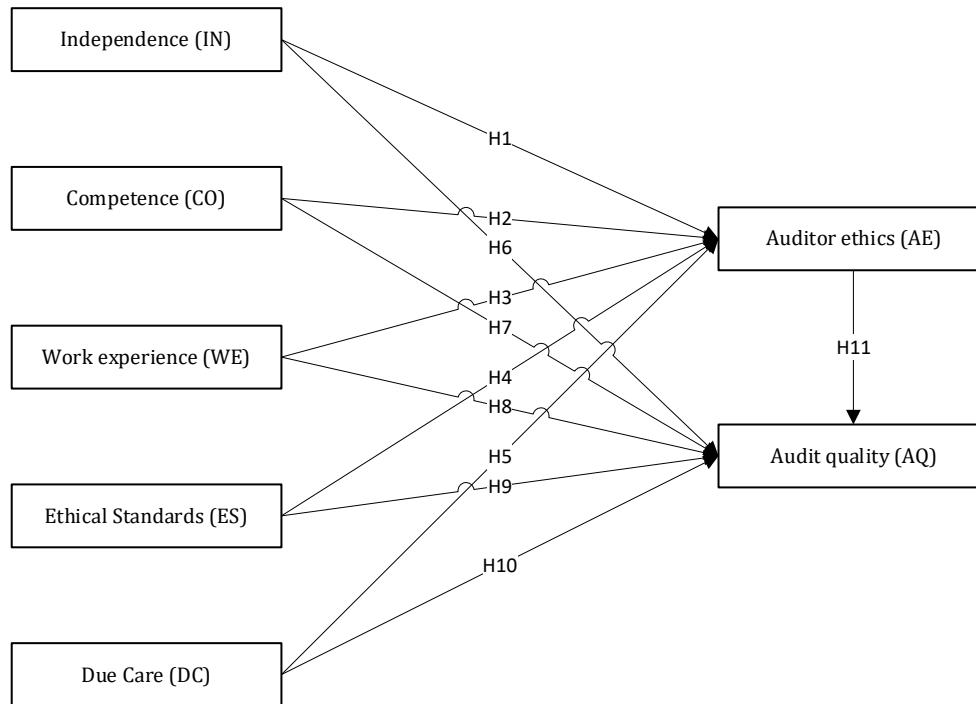


Fig. 1: Research model

### 3. Research methodology

#### 3.1. Sample description and data

The authors collected data through questionnaires to collect opinions of auditors working at independent auditing companies in Hanoi and Ho Chi Minh City.

According to Hair et al. (2010), the minimum sample size is 500, with the number of factor groups over 7. Each group can have less than 3 observed variables. To improve the reliability of the survey information, the study selects the largest sampling in the scope possible for the research model. Research subjects: auditors of 118 Vietnamese independent auditing companies (accounting for 50% of the total). For each company, the questionnaire was sent to 5 auditors to respond. Thus, the expected number of votes collected is 590 votes.

The research sample was collected for 2 months, from November to December 2023. The specific research process was conducted using direct interviews combined with sending questionnaires by post, email, or Google Docs. The assessment criteria are based on a five-point Likert scale ranging from 1 = “Strongly disagree” to 5 = “Strongly agree”. The actual number of votes collected was 326 votes, reaching 55.3% of the total. Once collected and cleaned, sample 314 was considered valid and used as the final study sample for data analysis. Of the 314 respondents, 255 are auditors, 45 are audit team leaders, and 14 are deputy department heads/heads of independent auditing companies in Vietnam. The number of years of experience ranges from 3 to 10 years, of which the number of people with 3-5 years of audit experience accounts for more than 70%. The auditors participating in the survey belong to auditing firms of diverse sizes and types, and all have

CPA certification. Thus, reliable and quality answers can be guaranteed.

#### 3.2. Dependent and independent variables

The authors use a model with 1 dependent variable, 5 independent variables, and 1 intermediate variables, in which:

- Dependency variable: AQ.
- Independent variables: Competence (CO), independence (IN), ethical standards (ES), work experience (WE), due care (DC).
- Intermediate variables in the model is the AE variable.

Independent and intermediate variables are measured using observable variables. A five-point Likert scale is also applied to evaluate these observations for both independent and intermediate variables.

#### 3.3. Research method

To test the model and research hypotheses, the study uses a mixed research method to analyze the impact of the intermediate variable AE on AQ.

- Qualitative research: The authors conducted in-depth interviews with 5 experts with more than 10 years of experience as auditors in Vietnam to evaluate AE on AQ of independent audit companies. The interview content focuses on the research topic, including its impact factors and attributes. Inheriting from previous studies and the results of expert interviews, the authors determined the model with variables and scales as presented above.

- Quantitative research: Data collected through the survey were also coded into SPSS version 26 and AMOS 24 for further analysis of descriptive and inferential analysis. In particular, descriptive analysis is used to analyze the correlation between variables. In comparison, inferential statistics is used to contain data collected through Structural Equation Modeling (SEM). The purpose of this process is to re-examine the measurement model as well as the proposed theoretical model and the hypotheses in the model. The linear structural model is a model that allows the modeling of complex multivariate data and is the most effective method to simultaneously examine interdependent relationships between latent measurement variables (Hair et al., 2010).

#### 4. Research and discussions

##### 4.1. Measurement model testing

The study tested the validity of the data by testing the reliability of Cronbach's Alpha through SPSS 26 software. In Table 1, Cronbach's Alpha values, all greater than 0.6 (Khan et al., 2020), were found to be satisfactory. Cronbach's Alpha coefficient reaches the maximum value of the AQ factor, and Cronbach's Alpha coefficient reaches the minimum value of the CO factor. Composite Reliability index > 0.7 (convergence guaranteed), Average Variance Extracted (AVE) index > 0.5 (a good rule indicates full convergence). Thus, both indicators ensure a very strong threshold of evaluation and convergence to satisfy the conditions. The variable is conditionally satisfied to proceed to the next steps with the results shown in Table 2.

In the measurement model, Table 2 results show discriminant value based on the criteria of Fornell and Larcker (1981). According to Soundarapandiyar

et al. (2018), bold values and cross-loading factors should have higher weights than the remaining factors (threshold value for discriminant validity). The research variables and scales in Table 1 and Table 2 all meet the requirements.

KMO analysis results = 0.865 (good), satisfying the condition of  $0.5 < 0.865 < 1$ . The  $p\_value = 0.000 < 0.05$  coefficient showed that the variables were relevant, and the EFA analysis was consistent with the sample data (Kaiser, 1974) (Table 3).

Rotation matrix results show 33 observed variables classified into 7 groups of factors. All observed variables have factor loading greater than 0.3 and no more bad variables (Table 4). According to Hair et al. (2010), the CFA assertion factor analysis method is used to test whether the theoretical scale model is consistent with the actual data. In Fig. 2, the study indicated  $CMIN/df \leq 5$  (acceptable),  $CFI \geq 0.9$  (good), and  $RMSEA \leq 0.08$  (good).

##### 4.2. Hypothesis testing

Variables built according to the proposed model include assurance, loyalty, responsiveness, empathy, reliability, tangibles, customer trust, and customer satisfaction, which continue to clarify the multidimensional relationship between many variables in a model through SEM analysis (Haenlein and Kaplan, 2004). Fig. 3 shows the indicators in line with market data:  $Chi-square/df = 2.362$ ;  $CFI = 0.927$ ;  $RMSEA = 0.066$ .

The analysis results found that the impact of the DC factor on AE was the weakest (-0.229), and the strongest impact was the AE factor on AQ (0.732). Fig. 3 and Table 5 show the results of parameter estimation of the relationship between statistically significant variables. Details are found in Table 6.

**Table 1:** Construct reliability and validity

No.	Variable	Variable item	Alpha value	CR	AVE
1	WE	4	0.910	0.911	0.632
2	AQ	5	0.946	0.944	0.773
3	IN	5	0.935	0.936	0.746
4	CO	5	0.874	0.877	0.590
5	DC	6	0.915	0.917	0.734
6	ES	4	0.900	0.904	0.702
7	AE	4	0.885	0.888	0.666

**Table 2:** Discriminant validity

Factor	WE	AQ	IN	CO	DC	ES	AE
WE	0.795						
AQ	0.285	0.879					
IN	0.323	0.068	0.864				
CO	0.476	0.357	0.158	0.768			
DC	-0.049	-0.169	-0.060	0.002	0.857		
ES	0.340	0.295	0.138	0.383	0.039	0.838	
AE	0.393	0.544	0.188	0.373	-0.277	0.191	0.816

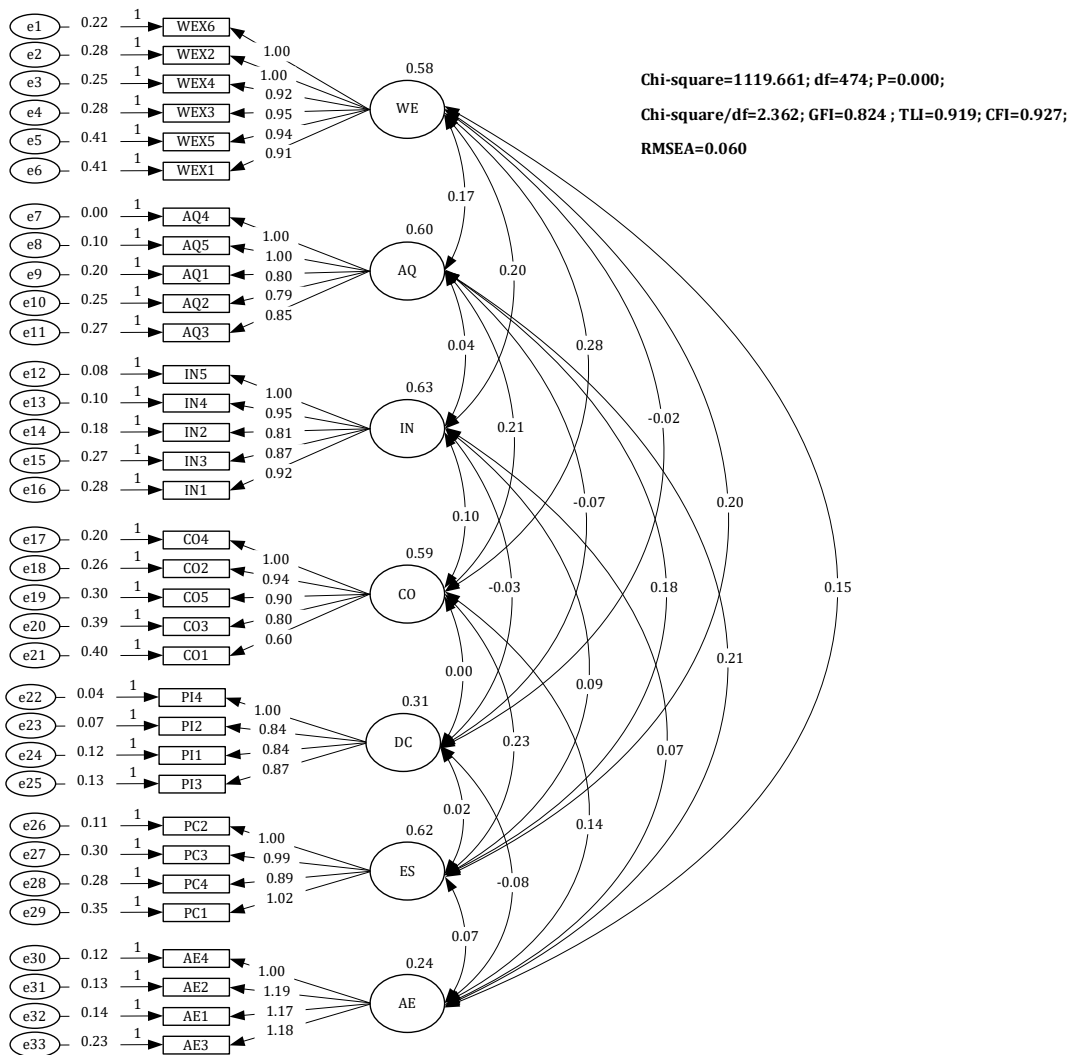
**Table 3:** EFA analysis result

KMO and Bartlett's test		
Kaiser-Meyer-Olkin measure of sampling adequacy		0.865
Bartlett's test of sphericity	Approx. Chi-Square	9023.973
	df	528
	Sig.	0.000

**Table 4: Pattern matrix<sup>a</sup>**

	1	2	3	4	5	6	7
WE6	0.819						
WE2	0.818						
WE4	0.807						
WE3	0.802						
WE5	0.747						
WE1	0.740						
AQ4		0.911					
AQ5		0.907					
AQ1		0.845					
AQ2		0.838					
AQ3		0.785					
IN5			0.922				
IN4			0.905				
IN2			0.886				
IN3			0.845				
IN1			0.831				
CO4				0.848			
CO2				0.792			
CO5				0.788			
CO3				0.729			
CO1				0.671			
DC4					0.928		
DC2					0.876		
DC1					0.869		
DC3					0.855		
ES2						0.889	
ES3						0.860	
ES4						0.831	
ES1						0.818	
AE4							0.843
AE2							0.831
AE1							0.770
AE3							0.693

Extraction method: Principal component analysis; Rotation method: Varimax with Kaiser Normalization; a: Rotation converged in 7 iterations



**Fig. 2: Results of model fit assessment through CFA**

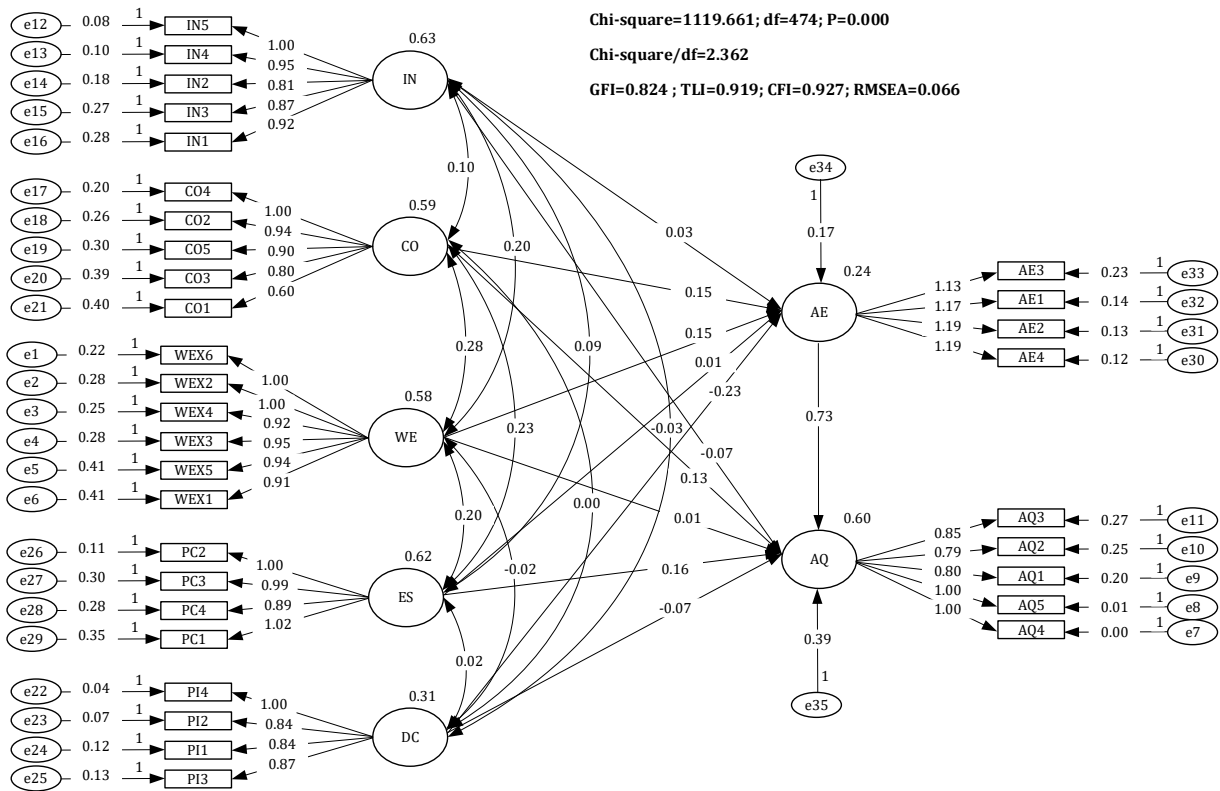


Fig. 3: SEM model theoretical analysis results

Table 5: Model test results

			Estimate	SE	CR	P
AE	<---	IN	0.033	0.035	0.929	0.353
AE	<---	CO	0.155	0.044	3.539	***
AE	<---	WE	0.155	0.045	3.459	***
AE	<---	ES	0.011	0.038	0.289	0.773
AE	<---	DC	-0.229	0.049	-4.717	***
AQ	<---	IN	-0.065	0.050	-1.309	0.190
AQ	<---	CO	0.130	0.063	2.061	0.039
AQ	<---	WE	0.006	0.064	0.086	0.931
AQ	<---	ES	0.164	0.054	3.041	0.002
AQ	<---	DC	-0.072	0.071	-1.020	0.308
AQ	<---	AE	0.732	0.099	7.367	***

\*\*\*: p < 0.05

Table 6: Hypothesis test results

Hypotheses	Testing results	Comparison with previous research results
H1	Disproved	Agree with the research results of Melinawati and Prima (2020). Disagree with the research results of Partha et al. (2021), Mita (2016), and Patriandari and Heryanto (2019)
H2	Proved	Consensus with the research results of Pinto et al. (2020), Abdelmoula (2020), Oktari et al. (2020), Meidawati and Assidiqi (2019), Kertarajasa et al. (2019), Hajering (2019), Zahmatkesh and Rezazadeh (2017), and Alsughayer (2021)
H3	Proved	Agree with the research results of Conroy et al. (2010). Disagree with the research results of Pinatik (2021)
H4	Disproved	Agree with the research results of Muslumov and Aras (2005). Disagree with the research results of Maree and Radloff (2007), Boon et al. (2008), and Pflugrath et al. (2007)
H5	Proved	Consensus with research results of Yuhan (2022). Disagree with the research results of Patriandari and Heryanto (2019)
H6	Disproved	Agree with the research results of Melinawati and Prima (2020). Disagree with the research results of Partha et al. (2021), Mita (2016), and Patriandari and Heryanto (2019)
H7	Proved	Consensus with the research results of Zahmatkesh and Rezazadeh (2017), Meidawati and Assidiqi (2019), Kertarajasa et al. (2019), Hajering (2019), Pinto et al. (2020), Abdelmoula (2020), Oktari et al. (2020), and Alsughayer (2021).
H8	Disproved	Agree with the research results of Pinatik (2021). Disagree with the research results of Conroy et al. (2010)
H9	Proved	Agree with the research results of Muslumov and Aras (2005). Disagree with the research results of Maree and Radloff (2007), Boon et al. (2008), and Pflugrath et al. (2007)
H10	Disproved	Consensus with research results of Patriandari and Heryanto (2019). Disagree with the research results of Yuhan (2022).
H11	Proved	Consensus with Tarigan and Susanti (2013)

5. Discussion

The above research results are consistent with the opinions of experts with many years of

experience working as auditors in Vietnam. The first hypothesis, H1, states that independence does not have a positive impact on AE, and hypothesis H6 also states that independence does not have a positive

impact on AQ. From the research results it can be concluded that AE and AQ can still be achieved despite the auditor's lack of independence. Independence is the attitude expected of an auditor who is not concerned with personal interests in carrying out his duties and is able to maintain his freedom of opinion. If an audit lacks independence, the audit results may not lose value to those who use the audit results. The requirement of independence requires auditors' honesty and responsibility towards users of audit results. Besides, auditors are exposed to documents and reports of businesses without being bound for any reason. Auditors are not allowed to audit clients with whom the auditor has family, relative, or economic interests. These results are consistent with the study conducted by Melinawati and Prima (2020), which found that independence does not affect AE and AQ. However, this research result is not consistent with research by Mita (2016), Patriandari and Heryanto (2019), and Partha et al. (2021), stating that independence affects the ethics of auditors and AQ.

The next hypotheses, H2 and H7, suggest that Competence has a positive impact on EQ and AQ. This means that the higher the competence, the higher the AE and AQ. A competent auditor will detect errors, understand them correctly, and find the cause of errors. The auditor's ability to detect errors in financial statements and provide reasonable explanations. These results are consistent with the study conducted by Zahmatkesh and Rezazadeh (2017), Meidawati and Assidiqi (2019), Kertarajasa et al. (2019), Hajering (2019), Pinto et al. (2020), Abdelmoula (2020), Oktari et al. (2020), and Alsughayer (2021) believed that Competence positively affects auditors' ethics and AQ.

The results of hypothesis H3 suggest that the influence of work experience on AE has a positive relationship. However, the results of hypothesis H8 suggest that the influence of work experience on AQ has a negative relationship. If the auditor has in-depth experience, it means the auditor shows that he or she has experience and a deep understanding of the client's business field. Regularly exchanging and imparting the experience of good, long-time auditors to new employees will have a positive impact on AE. However, auditors with less than 3 years of audit experience or audit team leaders who have held the position of team leader for less than 2 years will reduce AQ. At the same time, audit company managers with less than 2 years of audit management experience will have a negative impact on AQ. Thus, this result is consistent with research conducted by Conroy et al. (2010) and Pinatik (2021).

Hypothesis H4 states that ethical standards have a negative impact on AE. Thus, ethical standards do not necessarily help increase the quality of judgments of experienced auditors. However, Ethical Standards have a positive impact on AQ. This shows that auditors with a better understanding of ethical standards make better quality judgments. This result

is consistent with the study conducted by Muslumov and Aras (2005). Disagree with the research results of Maree and Radloff (2007), Boon et al. (2008), and Pflugrath et al. (2007).

Hypothesis H5 states that due care has a positive impact on AE and H10 suggests that due care on AQ has a negative impact. When auditors demonstrate due care during the audit process, the public will trust the financial statements. If the auditor fails to maintain due care, the audited financial statements may not be reliable and post-audit litigation may arise. The research results show that due care does not directly affect AQ, but due care is very important for AE. In this case, the auditor must always treat the audit evidence found seriously, carefully and thoroughly to achieve a quality audit. Auditors must not only be critical, careful and thorough in investigating evidence but must also always have a duty to investigate audit evidence to achieve good AQ. Consensus with research results of Patriandari and Heryanto (2019). Disagree with the research results of Yuhan (2022).

Hypothesis H11 shows that AE's influence on AQ has a positive impact, demonstrating that the higher the auditor's AE, the better the AQ. Auditing companies are very interested in AQ because it is an important assurance so that auditors can fulfill their obligations to clients. AE will greatly influence AQ and decision-making because compliance with the auditor's code of conduct and standards will be reflected in integrity, objectivity, professional behavior, and capacity.

## 6. Conclusions and implications

Thus, the research has met the research objective of identifying and evaluating influencing factors that impact AE on AQ. The research clarified theoretical issues about AE and AQ while combining qualitative and quantitative research methods. The research uses survey methods, sending questionnaires and analyzing the content of in-depth interviews with experts at companies. The results of testing and SEM analysis analyzed the relationship between the factors of independence, competence, work experience, ethical standards, due care to AE, and the relationship between AE and AQ. Thus, auditor ethical factors can completely mediate factors affecting AQ.

The findings of this study have important implications for regulators, auditors, and audit firms. For regulatory bodies, it is essential to create a fair and transparent business environment, allowing auditing companies and auditors to demonstrate their full capabilities and maintain their reputations in a competitive audit services market. There is also a need to enhance the monitoring of professional ethical standards and impose strict penalties on audit firms or auditors who violate these standards. Additionally, regular international cooperation and updates to international auditing standards are necessary. For auditing firms, it is crucial to lead by example in ethical behavior and reinforce ethical



values. Building a corporate culture centered around professional ethics is important, such as establishing ethical guidelines in the workplace and promoting them throughout the company, for instance, by reminding auditors not to accept gifts or advising caution in their work. It is also important to focus on improving the professional knowledge and skills of auditors to enhance their ability to make sound judgments and detect fraud or errors during audits. For example, in France, auditors must sign a written commitment to independence before each audit, which serves as a reminder of ethical standards and provides a basis for evaluating potential violations.

For individual auditors, it is necessary to perform their duties with care, build credibility, maintain professionalism, provide high-quality service, and inspire confidence. Auditors must also uphold confidentiality, objectivity, and independence in their work at all times.

As international economic integration deepens, this study highlights the importance of strengthening regulatory frameworks and enforcement mechanisms for ethical standards in countries beyond Vietnam. Policymakers should focus on reforms that promote transparency, accountability, and good corporate governance to enhance the effectiveness of ethical standards in businesses and improve AQ. AQ is crucial for ensuring the reliability of financial reports and maintaining investor trust. In developing countries, where weak governance, insufficient legal frameworks, and limited resources are common challenges, AQ is even more vital. A lack of AQ has been linked to financial scandals, corporate failures, and economic instability in these regions. Therefore, this study's focus on the impact of AE on AQ has both theoretical and practical significance.

However, like other studies, this research has limitations. First, it only examines the impact of AE on AQ, while AQ can be influenced by many other factors. Second, the study was conducted in Hanoi and Ho Chi Minh City using a convenience sampling method, which limits its representativeness. Expanding the research scope could increase the generalizability of the results.

Future research should explore other factors influencing AQ, such as company size, audit firm reputation, audit fees, and legal frameworks. Additionally, the use of a non-probability convenience sample may have introduced some bias, although the study's tests suggest this bias was minor. Future studies could benefit from employing different sampling methods and expanding the sample across Vietnam or to other countries to improve its representativeness. While this approach may be time-consuming and expensive, it is a valuable direction for future research.

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## Compliance with ethical standards

### Ethical considerations

All participants in this study provided informed consent, and their confidentiality was strictly maintained throughout the research process. The study followed ethical guidelines and received approval from the relevant institutional review boards.

### Conflict of interest

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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