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Tóm tắt

**The Impacts Of Individual Characteristics And Working Environment On The
Intention To Stay In Audit Profession In Vietnam**

Abstract

In auditing field, human resource always plays an important role and is considered as the heart of the business. However, it is noted that the turnover rate within this profession is really high. The leaving of the auditors not only causes the financial loss for the firm due to the increasing costs of recruiting and training new staff but also causes the morale problem among the remaining workforce. Therefore, it is essential to understand the determinants of the intention to stay in audit profession of practitioners. This study aims to investigate the influence of auditors' characteristics including work-life conflict and career orientation as well as working environment namely compensation and benefit, career promotion and organizational justice on the intention to stay in audit profession with organizational commitment as a mediator. A survey was conducted to collect data from current auditors with experience of at least 1 year in Hanoi, Vietnam for the generation of research findings. 152 usable respondents were processed through Smart PLS 3.3.9. It is suggested that while the intention to stay of auditors is impacted by work-life conflict and compensation and benefit, organizational commitment is affected by work-life conflict, career orientation and organizational justice. Regarding the mediating effect, organizational commitment mediates the relationship between work-life conflict, career orientation, organizational justice, and the intention to stay in audit profession.

Keywords: audit profession, intention to stay

Introduction

Being the type of business operating in the service sector, human resource plays a vital role in any audit firm. This is mainly because most audit procedures need auditors to evaluate and complete based on professional judgement. In order to achieve productivity and effectiveness of the full audit process, it is necessary for auditors to build sufficient knowledge and experience in this field. And to be more proficient in audit profession, practitioners would have to devote a lot of years to gain insights and improve the professional judgment (Yeni, 2017). However, it is a common issue in auditing field that less than fifty percent of those who had worked as an auditor for their first positions choose to follow this career path for more than three years (Hiltebeitel and Leaby, 2001). Such a high turnover rate poses potential challenges to audit firms in both financing and development aspects. After the departure of the staff, the firm needs to recruit new members and spend a huge amount of money, which is estimated as 150% of audit assistants' annual salaries (Hiltebeitel and Leaby, 2001), to train them. In addition to that, from the quality aspect, the skill of the engagement teams and the quality of the audit are threatened due to the lack of expertise of inexperienced staff (Chi et al, 2013). Therefore, it is important to understand the determinants of the intention to stay in audit profession to retain employees. In order to suggest effective solutions for audit firms to keep the talents within the business, this study aims to investigate the impact of individual characteristics (work-life conflict, career orientation) and working environment (compensation and benefit, organizational justice, career promotion) on auditors' intention to stay.

Literature review and Hypothesis development

Intention to stay

Intention to stay is perceived as the willingness to commit to an organization as an active employee (Hewitt, 2004). In addition to that, according to the findings in the research of Liu et al. (2000), the intention to stay affects directly the turnover decision of employees. The intention, from psychological perspective, is the determinant of actual behaviour, in other words, it has a direct link to the decision to stay or leave a profession (Liu et al., 2000).

Organizational commitment

Organizational commitment, commonly defined as the close relationship between the employees and the whole organization, is seen as one of the most important factors that lead the employees to act in the best interest of the firm (Wiener, 1982). When the organizational commitment rises, staff would have long-term attachment within the business and also have the best of their performance (Nawab & Bhatti, 2011). Apart from that, organizational commitment also has the link with the turnover intention and then, the actual behavior to stay or leave a career (Tett & Meyer, 1993). In other words, the higher the degree of organizational commitment, the lower the turnover rate of employees.

Work-life conflict, organizational commitment, and intention to stay

Work-life conflict is used as an opposite term for the work-life balance, which is commonly seen as the equality between the time for work and the time for personal activities. Mendis (2017) proposed that the unbalance of the amount of individual's time spent on working and family matters is the main source of conflict that results in the turnover intention. Since audit is a profession that requires practitioners to travel a lot and always has a tight deadline for the report, auditors usually find the work-life conflict as a typical characteristic in this field. Therefore, if an

organization could provide employees with a flexible policy to reduce the work-life conflict, the organizational commitment among practitioners would be enhanced (Gideon, 2019).

H1a: Work-life conflict exert a negative effect on the intention to stay

H1b: Work-life conflict exerts a negative effect on the organizational commitment

Career orientation, organizational commitment, and intention to stay

Career is a term often used for the attachment of a person with a field for the long term, or according to Adams (1991), it can be seen as a life-long process. In extant research, the concept of career orientation is said to be broad and related to not only self-determination but also other external factors such as career development or organizational support. The research findings of Feldman & Bolino (1996) suggested that an individual's career orientation has a positive effect on the intention to stay in a field. As regards organizational commitment, Yani, N. W. M. N., & Rahyuda, A. G. (2019) proposed that an organization that provides clear career orientation and the opportunities to develop could increase the commitment among the workforce.

H2a: Career orientation exerts a positive effect on the intention to stay.

H2b: Career orientation exerts a positive effect on organizational commitment.

Compensation and benefit, organizational commitment, and intention to stay

It is a norm that the level of payment should be compatible with the ability of the practitioners since it is considered as the driving force behind the high level of performance among the staff (Absar et al., 2010). The research conducted by Chin (2013) on the key intention factors among accounting employees in Klang Valley with the 242 respondents concluded that remuneration and other benefits have a significantly positive effect on the retention factor among practitioners. Apart from that, regarding organizational commitment, it is positively influenced by the compensation and benefit (Muhamad, 2014).

H3a: Compensation and benefit exert a positive effect on the intention to stay

H3b: Compensation and benefit exert a positive effect on organizational commitment

Organizational justice, organizational commitment, and intention to stay

Organizational justice is referred as the employees' perception of the fairness of employment within the business (Bayarçelik and Findikli, 2016). It can also be defined as the way the management makes decisions based on the performance and contribution of the staff (Parker, 2005). The study of Bayarçelik and Findikli (2016) surveyed 294 employees from both public and private companies and concluded that justice positively influences on job satisfaction and intention to stay. In auditing field, Parker (2013) conducted a survey of 76 practitioners from public accounting firms in urban areas in Canada to reach the findings that the perception of fairness associates with a high level of organizational commitment and intention to stay.

H5a: Organizational justice exerts a positive influence on the intention to stay

H5b: Organizational justice exerts a positive influence on the organizational commitment

Career promotion, organizational commitment, and intention to stay

Career promotion is the progress of advancement from a lower position with a lower level of responsibility and benefits to a higher one (Ismail, 2003). In the context of auditing field, the

analysis of 256 Big-four auditors' responses by PLS-SEM model in Trang & Phuong (2017) research proposed a significant influence of the promotion on the intention to stay among auditors. As regards organizational commitment, Tsai and Wu (2010) revealed in their study report about career promotion and organizational commitment that a clear policy for promotion within a business would help to increase the commitment among the workforce.

H4a: Career promotion exerts a positive effect on the intention to stay

H4b: Career promotion exerts a positive effect on the organizational commitment

Organizational commitment and intention to stay

Organizational commitment is an important factor that directly affects the performance and then the intention to stay of the practitioners (Tett & Mayer, 1993). By increasing the organizational commitment among the workforce, the absenteeism rate would be lowered and the intention to stay would be improved (Stairs & Galpin, 2010). In auditing field, organization commitment is also found to have a negative correlation with the turnover intention by Cannon & Herda (2016) after the analysis of data collected from 204 auditors from audit firms in America through structural equation modeling.

H6: Organizational commitment exerts a positive influence on the intention to stay

Mediating effect of organizational commitment

Phuong & Trang (2017) conducted the study to identify the determinants of the intention to stay of practitioners through the organizational commitment and found out that this criterion would mediate the influence of compensation and benefit and promotion opportunities on the intention to stay. In other fields, organizational commitment is confirmed to be a mediator between organizational justice and the intention to remain in banking (Bakri & Ali, 2015) or in manufacturing industry (Olcer, 2015).

H7a: Organizational commitment is a mediator of work-life conflict and the intention to stay.

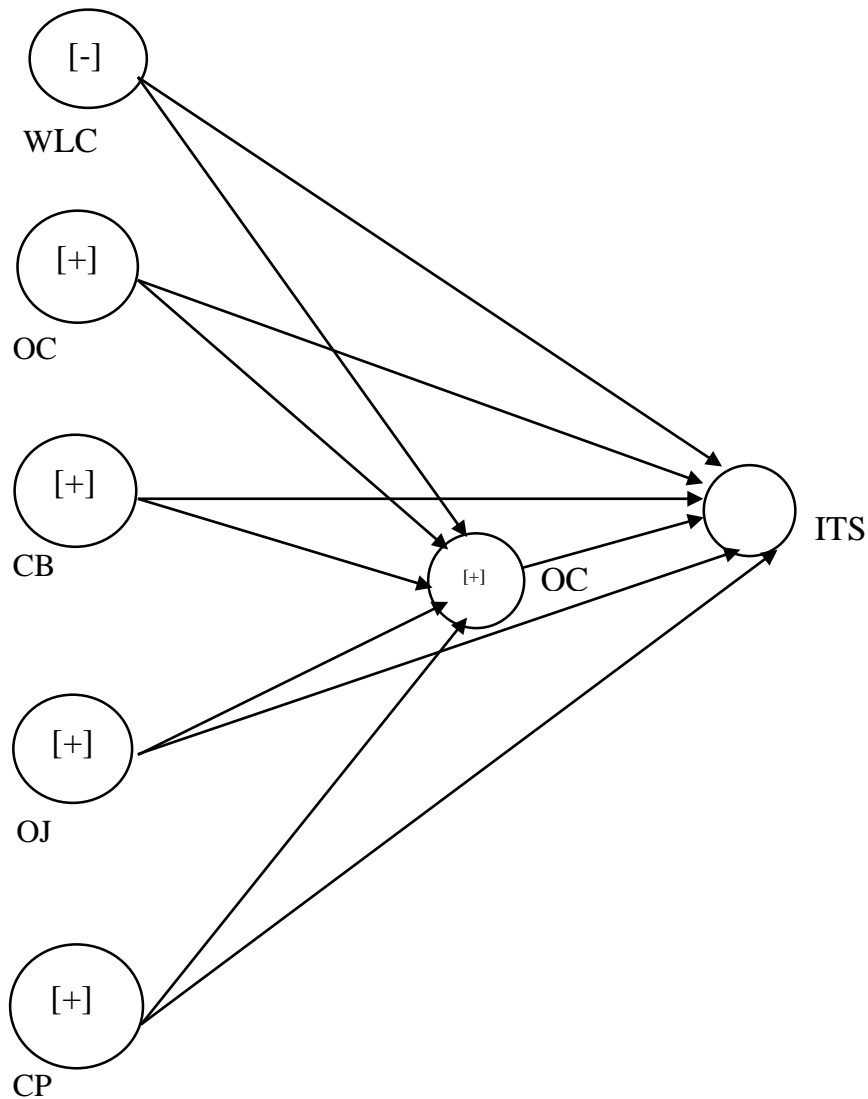
H7b: Organizational commitment is a mediator of career orientation and the intention to stay.

H7c: Organizational commitment is a mediator of compensation and benefit and the intention to stay.

H7d: Organizational commitment is a mediator of organizational justice and the intention to stay.

H7e: Organizational commitment is a mediator of career promotion and the intention to stay.

Research model



Hình 1.

Nguồn:

Methodology

Construct measurement

The measurement of all constructs is adapted from previous studies to ensure the validity. Each construct was measured by a multi-item scale for which each item is a statement that will be evaluated by the respondents based on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

The intention to stay and compensation and benefits questionnaire is developed from the scale of Johari et al. (2012). Organizational commitment is based on the study of Mouhamadou (2015). Work-life conflict is customized based on the questionnaire of Buchheit et al. (2016). Career orientation is employed from the research of Igbaria and Baroudi (1993). In addition to that, the scale of organizational justice is adapted from that of Niehoff & Moorman (1993). Finally, the research of Gathungu, Iravo & Namusonge (2015) is the reference for the questions on career promotion.

Questionnaire and data collection

In order to collect data for the study, an online questionnaire through Google form was used to ease the time and resource constraints. Since the context of the study is in Hanoi, all the questions are carefully translated into Vietnamese to avoid ambiguity. The target respondents are auditors who are currently working in an audit firm with experience of at least 1 year. Overall, the total number of questionnaires sent back and used in the data analysis through the Smart PLS 3.3.9 is 152.

Background of the respondents

Among 152 respondents of the study, while the female auditors constitute 67% and male auditors account for 30%, the remaining prefers not to say about their gender. 94 auditors (62%) are working at Big 4 auditing companies namely PwC, EY, Deloitte and KPMG, and 58 auditors are working at Non-big auditing firms. Considering the seniority in auditing profession, the percentage of participants has 1-3 years of experience is 68%, while that for those who have 3-5 years of experience is 15%. The respondents with longer working years 5-10 and over 10 years account for 13% and 5% respectively.

Research findings

The data collected from current auditors is processed by Smart PLS 3.3.9, a software and then analyzed by PLS-SEM with the evaluation of measurement and structural model.

Measurement model evaluation

Reliability and validity are assessed to evaluate the measurement model. Usually, outer loading of over 0.7 is satisfactory; however, the range from 0.6 to 0.7 is still acceptable (Chin, Gopal & Salisbury, 1997). Since almost all of the items have the outer loading higher than 0.7, except for two manifest variables namely CP3, and CP4 (0.608 and 0.621 respectively) and no CR value below 0.7, the internal consistency is confirmed.

Table 1. Outer loadings, CR and AVE

Construct	Outer loading	CR	AVE
Intention to stay (IT1-IT3)	0.857-0.931	0.919	0.792
Organizational commitment (OC1-OC3)	0.898-0.913	0.934	0.825
Work-life conflict (WLC1-WLC5)	0.757-0.931	0.926	0.716
Career orientation (CO1-CO3)	0.831-0.877	0.894	0.737
Compensation and benefit (CB1-CB3)	0.875-0.914	0.918	0.788

Organizational justice (OJ1-OJ4)	0.756-0.912	0.921	0.745
Career promotion (CP1-CP4)	0.608-0.933	0.851	0.597

Nguồn:

There are two types of validity needed to be taken into account when performing the assessment of measurement model namely convergent and discriminant validity. The convergent validity is examined through AVE metric (Fornell and Lacker, 1981). The figures for AVE in Table 1 show that all AVE are greater than 0.5; therefore, the convergent validity is verified. The discriminant validity is confirmed through the analysis of the Fornell and Larcker criterion and the cross loadings. Regarding the Fornell and Larcker criterion, the square root of AVE of each latent variable is higher than the intercorrelations of this variable with others. Apart from that, the analysis of cross loading suggests that the outer loading of each measurement item against the assigned latent construct is greater than that against other latent variables. It means that the discriminant validity is qualified.

Table 2. Fornell and Larcker criterion

	CB	CO	CP	ITS	OC	OJ	WLC
CB	0.888						
CO	0.314	0.859					
CP	0.505	0.368	0.772				
ITS	0.579	0.409	0.410	0.890			
OC	0.581	0.519	0.345	0.664	0.908		
OJ	0.735	0.427	0.618	0.594	0.708	0.863	
WLC	-0.156	0.041	0.032	-0.269	-0.187	-0.094	0.846

Nguồn:

Structural model evaluation

From the above evaluation, both reliability and validity of the measurement model are qualified for the predetermined requirements. It means that all the measurement items in the research are suitable and the structural model can be further assessed to test the hypothesis. First, multicollinearity should be concerned before any analysis of the structural model is performed since it would lead to misunderstanding results. The variance inflation factor (VIF) of all constructs are far below the threshold of 5.0 (Hair et al., 2017) means that the multicollinearity issue would not exist. Second, the coefficient of determination or R^2 is taken into account to see the extent to which the exogenous variables can explain the variance in the endogenous variables. The variation in the auditors' intention to stay and organizational commitment is explained by 53.6% and 60.6% respectively by factors relating to auditors' characteristics and also the working environment. Subsequently, the effect size (f^2) is used to measure the change in R^2 after a specific exogenous variable is taken out from the model. There are three threshold 0.35 (strong), 0.15 (moderate) and 0.02 (weak) to evaluate the metric f^2 (Cohen, 1988). The findings proposed that organizational justice, career orientation and career promotion may have no effect ($f^2 < 0.02$) on the

intention to stay of the auditors. Other constructs have small or moderate effects on the organizational commitment and the intention to stay.

The hypotheses test through path coefficient and p-value indicates work-life conflict ($\beta = -0.165$, $p\text{-value} < 0.05$). This is in line with the findings of Wickharm et al. (2006) and Gertsson, N., Sylvander, J., Broberg, P., Friberg, J., (2017) compensation and benefit ($\beta = 0.21$, $p\text{-value} < 0.05$) organizational commitment ($\beta = 0.410$, $p\text{-value} < 0.05$) would have direct influence on the intention to stay of the auditors. In addition to that, except for compensation and benefit and career promotion, the relationship between other variables with organizational commitment is of statistical significance. Since compensation and benefit has no correlation with the organizational commitment, the reason for the attachment to the firm of auditors may not come from the level of payment and other welfare. Apart from that, in considering the career promotion, although the finding is different from the hypothesis, it is in line with that in the study of Elif (2017) that other opportunities in a company such as the skill development or challenge exposing would receive more concern in recent years than the career promotion.

Table 3. Path coefficient and p-value

Hypothesis	Path	β	p-values	Decision
H1a	WLC \rightarrow ITS	-0.165	0.012	Accepted
H2a	CO \rightarrow ITS	0.082	0.195	Rejected
H3a	CB \rightarrow ITS	0.210	0.015	Accepted
H4a	CP \rightarrow ITS	0.124	0.114	Rejected
H5a	OJ \rightarrow ITS	0.022	0.835	Rejected
H1b	WLC \rightarrow OC	-0.117	0.034	Accepted
H2b	CO \rightarrow OC	0.301	0.003	Accepted
H3b	CB \rightarrow OC	0.131	0.132	Rejected
H4b	CP \rightarrow OC	-0.194	0.004	Rejected
H5b	OJ \rightarrow OC	0.591	0.000	Accepted
H6	OC \rightarrow ITS	0.410	0.000	Accepted

Nguồn:

In considering the mediating effect of organizational commitment, the intention to stay in audit profession is indirectly affected by three criteria namely work-life conflict, career orientation, and organizational justice through organizational commitment.

Table 4. The mediating effect of organizational commitment

Hypothesis	Path	β	p-value	Decision
H7a	WLC \rightarrow OC \rightarrow ITS	-0.048	0.054	Accepted
H7b	CO \rightarrow OC \rightarrow ITS	0.123	0.006	Accepted
H7c	CB \rightarrow OC \rightarrow ITS	0.054	0.152	Rejected

H7d	OJ \square OC \square ITS	0.242	0.001	Accepted
H7e	CP \square OC \square ITS	-0.079	0.005	Rejected

Nguồn:

Discussion and implications

The findings from the data analysis suggest that while work-life conflict has a negative impact, both compensation and benefit and organizational commitment exert a positive effect on the intention to stay of auditors. These results are in line with the conclusion from previous studies reviewed above. Among three aspects, organizational commitment should be put substantial attention since its $\beta=0.410$, which is significantly higher than that of work-life conflict ($\beta=-0.165$) and compensation and benefit ($\beta=0.210$). Based on the results, it can be seen that the organizational commitment is influenced by three criteria namely organizational justice, career orientation and work-life conflict. By understanding the direction of the impact, the audit firm should focus on continuously improving the positive factors and minimising the negative aspects as much as possible.

First, to increase the level of intention to stay among the workforce, organizational commitment of them should be taken into account. To improve the organizational commitment, it is proposed that the firm should pay attention to these following factors in descending order: organizational justice ($\beta=0.591$), career orientation ($\beta=0.301$) and work-life conflict ($\beta=-0.117$). Regarding organizational justice, it is perceived as the fairness that the auditors receive in the work distribution and the way the key management treats them. Accordingly, the workload should be fairly distributed to make sure that an employee does not have to suffer from a high level of pressure. Apart from that, the management bias may exert a negative impact on the employees as they would suppose what they have done is not valued by the leaders of the firm. Furthermore, career orientation should be considered when the company make the decision to recruit an auditor. With a clear orientation, the auditors could be led through the profession a long way. Besides these two above-mentioned factors, work-life conflict also needed to be reduced since it has a negative impact on organizational commitment. To alleviate the level of conflict between work and personal life, the company should provide the auditors with a flexible working condition to help them fulfil all their responsibilities at work and in their personal life. For example, auditors would be allowed to work from home if possible or the workload should be logically organized during the busy season to ensure that all auditors have enough time to spend on other important activities not relating to work. Lastly, compensation and benefit policy should be updated in time to ensure that practitioners always get deserved financial and non-financial benefits. It means that the human resource department and the key management of the business should perform the review of the policy commonly and always acknowledge the contribution of the auditors to encourage them in time.

Limitation and future research

Although considerable effort has been contributed to this study to enhance the reliability and validity of the results, there are still limitations that exist. First, the questionnaire is collected from 152 auditors in Hanoi and most of them come from Big 4 auditing firms (62%). It means that the

sample may not represent the whole population. Secondly, since the individual characteristics and also the perception of the working environment may vary from culture to culture, the findings may not be applied in practice for other contexts that are significantly different from Vietnamese culture. Finally, considering that the survey was sent out to the respondents right after the end of the peak season, the answers would be distorted due to the high level of pressure auditors suffered during previous 3-month time. Due to the limited resource, only a small number of factors are investigated in the study. Future research could examine the influence of other factors such as the demographic, the major and the level of education on the intention to stay in audit profession. As regards the mediating effect of organizational commitment, the number of studies in audit field concerning this aspect is small. Therefore, future studies could take it into account to gain further insights into the indirect effects of the factors on the auditors' intention to stay through organizational commitment.

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