

A Study on Assessing the Quality of Accounting Services of Customers at Hanoi

Thi Ngoc Lan Nguyen¹, Thi Hanh Duyen Nguyen², Duc Tai Do³

¹Faculty of Accounting, Trade Union University, Vietnam

²Faculty of Economics, Vinh University, Vietnam

³Faculty of Accounting, University of Labor and Social Affairs, Vietnam

Abstract: This study is conducted to assess, investigate the quality of accounting services of customers using them. Data were collected from surveying firms doing business which are using accounting services provided by accounting service firms in Hanoi. The primary sources of data collected from March 2019 to December 2019 in Hanoi City. Based on the collected data, we employ both qualitative and quantitative methodology along with some tools such as descriptive statistics, Cronbach's Alpha, Anova to analysis, evaluate and measure the quality of accounting services. The results show that there are five (5) attributes of the quality of accounting services. Based on the findings, some recommendations are given for accounting service firms and Vietnam Association of Accountants and Auditors (VAA) for improving the quality of accounting services in accounting service firms doing business in Hanoi.

Keywords: The Quality of Accounting Services, Accounting Service Firms, Hanoi

JEL codes: M40, M41, L84

1. Introduction

Accounting is the only tool that reflects, inspects and manages the movement of financial flows within the firm. Besides, accountants are obliged to calculate and list all data related to the activities of enterprises such as purchasing, selling, manufacturing, etc. Therefore, depending on the size and feature of operations as well as the requirements of the head, each organization needs different numbers of accountants. However, many enterprises have hired accounting services from accounting service firms for reasons such as: (i) saving costs, reducing staffing and increasing productivity; (ii) business owners have not yet been competent in accounting and tax regulations; (iii) an accounting service firm with good accounting skills, good general reporting and analysis skills, especially good command of computer skills, excel and accounting software. Vietnam has created favorable conditions for the formation of a system of firms providing accounting services. From 18 firms, with more than 30 professional accountants in 2008, by 2018, it has grown to 120 firms with more than 260 professional accountants. However, it is just the beginning. The market of accounting services is too small in a country of more than 90 million people, more than 600 thousand firms, of which 95% are small and medium enterprises, many micro enterprises. The contingent of professional accountants is still very small, the capacity and professional skills are limited, the accounting services market is free and spontaneous, and is not controlled and not managed. Creating an unfair competition service market has hindered the development of an authentic accounting service market

(Speech of Mr. Dang Van Thanh, chairman of Vietnam Association of Accountants and Auditors).

Accounting services in every business plays a vital role for firms to survive in the economy (Baba, 2009). However, the quality of accounting services has been currently unregulated, enterprises were racing in price, so the quality is uneven, the use of accounting services such as financial advisory services, taxation was low (Chu, 2017). Managing the quality of accounting services is a very necessary requirement for entities related to accounting services. It should be based on certain criteria that have been developed, in order to have an evaluation to overcome and promote existing results (Chuc, 2018).

The increasingly diverse and in-depth development of services in the field of accounting and auditing have contributed positively to the mobilization and improvement of the efficiency of using all domestic and foreign resources for invest in development, creating a favorable environment for all economic sectors. On the other hand, the development of these types of services contributed to increasing transparency in economic activities, ensuring the health and security in the national financial system (Le & Nguyen, 2018).

Higgins & Jeffery (1991) said that accounting service providers must know how their customers perceive their services if they want to survive under the fierce competition. From the above reasons, evaluating the quality of accounting services of customers using accounting services is necessary and meaningful.

2. Literature Review

Gronroos (1984) stated that service quality was assessed by comparing the value that customers had expected before using the service and the value that customers received when using the service. According to Parasuraman et al. (1985), service quality was the difference between customer expectations and how they feel when using that service.

Businesses in service sector customer satisfaction bear a great importance. The measurement and continuation of customer satisfaction should be fulfilled for all service sectors (Churchill and Carol, 1982; Oliver, 1980). Hence, those in the accounting service sector must measure the customer satisfaction and sustain this satisfaction.

Keng and Liu (1998) analysis why the firms in Singapore, Japan, Europe and US chose the five big accounting control companies and how they sustain to work with them over the years. They utilized modified SERVQUAL model developed by Parasuraman to show the accounting control companies' performances and to measure the difference between these performances and the clients' expectations (Keng & Liu, 1998).

Saxby (2004) used quantitative research method, conducted survey of 154 enterprises, survey questionnaire was built with a scale based on SERVQUAL model. The research results showed that the quality of accounting services was the trust of customers and the service capacity of accounting service firms.

Aga & Safakli (2007) said that the quality of service in the field of professional accounting service was customer satisfaction when using the service.

Groff et al., (2015) based on survey data of 237 Slovenian small and micro firms that outsource accounting. The authors conclude, the quality of accounting services included: Competences, assurance, reliability & Empathy.

In Vietnam, there have been studies on the quality of accounting services, such as:

Pham (2017) through the method of expert interviews and processing of survey data with SPSS20 software, the author affirmed that the quality of accounting services was assessed through customer satisfaction as well as their loyalty to use customer services, namely: (Q1) Do you feel satisfied with the quality of accounting services provided by X' enterprise; (Q2) In the future, will the firm continue to use accounting

services at X' enterprise?; (Q3) Would you introduce friends and relatives to use accounting service of X' enterprise.

Nguyen et al., (2019) surveyed 250 enterprises using accounting services in Ho Chi Minh City, Dong Nai and Ba Ria Vung Tau. The authors used a mixed research method to measure the factors affecting the quality of accounting services. The research results show that the accounting service quality included (i) The enterprise has satisfied with the quality of accounting services, (ii) the enterprise is to meet the needs of the customer and (iii) the enterprise continues to use accounting services.

3. Research Methods and Sample

We collected both primary and secondary data for research purposes. We conducted interviews with board of directors from five firms which are using accounting services provided by accounting service firms in Hanoi. Totally, five (5) individuals were interviewed between May and August, 2019. All interviewed individuals have experience in the field of research.

Next, we designed a questionnaire based on previous research and interview results. Official questionnaires had been distributed to a sample survey included 150 board of directors who are working at firms which are using accounting services provided by accounting service firms in Hanoi. They interpreted their degree of agreement and disagreement about five (5) attributes of the quality of accounting services (see table 1) with the use of 5-point Likert scale (from 1 “without satisfy” to 5 “strongly”), as follows,

Customers continue to use accounting services (QAS3): from 1 “without use” to 5 “strongly” Customers introduced friends and relatives to use accounting service (QAS4): from 1 “without introduce” to 5 “strongly”.

Accounting service firms are to meet the needs of customers (QAS5): from 1 “without agree” to 5 “strongly”.

The survey results collected 120 responses. 15 invalid responses were removed, and 105 valid responses were retained, the research sample is consistent with that of Hair et al. (1998). Data analysis was conducted. We entered the responses into SPSS software 22.0. This software allowed us to perform descriptive statistics and Cronbach's Alpha coefficient, etc.

Table 1: Attributes (indicators) of the quality of accounting services

Code	Scale	Sources
QAS1	Competences of accounting service firms	Saxby (2004), Groff et al. (2015)
QAS2	Customers feelsatisfied with the quality of accounting services	Aga vàSafakli (2007), Pham (2017), Nguyen et al. (2019), Groff et al. (2015)
QAS3	Customerscontinue to use accounting services	Aga vàSafakli (2007), Pham (2017), Nguyen et al. (2019), Groff et al. (2015)
QAS4	Customers introduced friends and relatives to use accounting service	Aga vàSafakli (2007), Pham (2017), Groff et al. (2015)
QAS5	Accounting servicefirmsare to meet the needs of customers	Nguyen et al. (2019),

4. Results

Descriptive Statistics

Table 2: Respondents by Gender, business sector

	Frequency	Percent	Cumulative Percent
Gender			
Male	68	64.8	64.8
Female	37	35.2	100.0
Business sector			
Manufacturing	34	32.4	32.4
Trade and services	37	35.2	67.6
Construction	34	32.4	100.0
Total	105	100.0	

Table 2 shows that among the 105 respondents, about 64.8% were male while the remaining 37 (35.2%) were female. Of these, 34 of them (or 32.4%) working at manufacturing

enterprises, 37 of them (or 35.2%) working at trade and services enterprises, and 32.4% of the participants working at construction enterprises.

Table 3: Descriptive analysis of attributes of the quality of accounting services

	N	Minimum	Maximum	Mean	Std. Deviation
QAS1	105	1.0	5.0	3.486	1.066
QAS2	105	1.0	5.0	3.476	1.057
QAS3	105	1.0	5.0	3.248	1.150
QAS4	105	1.0	5.0	3.295	1.091
QAS5	105	1.0	5.0	3.248	1.175
Valid N (listwise)	105			3.350	

Table 3 indicates that the respondents agree with the dependent variables of “the quality of accounting services”, where five (5) attributes were quite high with an average of 3.350 compared with the highest of the Likert 5-point scale. All these five (5) attributes were rated at an average of 3.248 or higher.

Cronbach’s Alpha

The quality of accounting services has been measured by the Cronbach’s Alpha. Results of testing Cronbach’s alpha of attributes are presented in Table 4 below.

Table 4: Results of Cronbach’s Alpha Testing of Attributes

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The quality of accounting services (QAS): Cronbach's Alpha: .684				
QAS1	13.267	5.101	.473	.624
QAS2	13.276	5.106	.477	.620
QAS3	13.505	4.483	.361	.602
QAS4	13.457	5.424	.304	.671
QAS5	13.505	5.810	.311	.679

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 and Chu, 2008; Hair et al, 2009).

ANOVA analysis

ANOVA test helps us perform a comparison for the results of the evaluation of the quality of accounting services between the three subjects, including manufacturing enterprises; trade and services enterprises and construction enterprises in Hanoi, Vietnam.

Table 5: Test of Homogeneity of Variances

QAS

Levene Statistic	df1	df2	Sig.
.081	2	102	.923

Table 6: Anova
QAS

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.164	2	.082	.307	.736
Within Groups	27.258	102	.267		
Total	27.422	104			

Table 5 & table 6 show that Sig Levene Statistic of .923 is more than 0.05, which means that the variance between the options of the qualitative variable above (different business sector) is not different and Sig. = .736 is more than 0.05, which indicates that there is not, statistically, significant difference in the level of the quality of accounting services between the mentioned three groups of business sector (Hair et al. 2009; Hoang and Chu, 2008).

5. Discussions and Implications

Accounting service business is about providing accounting service, chief accountant, accounting consultancy, making financial statement and other tasks relating to accounting according to accounting law for organizations and individuals (National Assembly, 2015). Luật kế toán số 88 cũng trình bày cụ thể các nội dung liên quan đến dịch vụ kế toán như: Accounting Law No. 88 also specifically discusses contents related to accounting services such as: hiring accounting services, chief accountant services (Accounting offices may sign contracts with accounting service firms or accounting service-providing households to hire accounting services or chief accountant in accordance with law); registration of accounting services practice; accounting service businesses, etc. (National Assembly, 2015).

Basic characteristics of accounting services provided to customers include: Checking and reviewing accounting vouchers; checking and comparing data of departments and enterprises; Checking the balance between detailed accounting data and general accounting data; checking the reasonableness and match between the ending balance with the detailed reports; accounting of turnover, income, expenses, debts, value added tax (VAT) and tax notices; monitoring and managing debts to identify and propose provisioning or handling of doubtful debts; preparing quarterly financial statements; collecting accounting data when required; providing data to management or authorities upon request; providing documents and data to tax agencies, audits and inspectors upon request; storing accounting data according to regulations; advising and giving suggestions to customers, etc. Therefore, with accounting services provided by accounting service firms, all accounting jobs of customers (service users) will be performed quickly and accurately at most reasonable cost, thereby contributing to help customers focus on work, expand investment, production and business.

Most employees of the accounting service firms were highly specialized, experienced, always timely updated the laws of the current accounting regime and had good working spirit.

Accountants not only had strong professional skills but were also always dedicated, honest and accountable for the job. Therefore, the accounting service firms needed to develop policies to encourage long-term employee engagement with the firm because the accounting service was characterized by a long-term commitment to customers, so retaining highly qualified employees made customers trust and continue using the services of accounting service firms. In addition, accounting service firms needed to gradually stabilize and strengthen in terms of personnel, especially increasing the number of practicing accountants, auditors, gradually increasing the scope of operations; gradually improving the management regulations, it was advisable to set up the regulations on hiring and managing employees; reviewing and finalizing the regulation on quality of providing general services for the whole company and proceeding to each type of service contract; developing training regulations and updating new knowledge, improving professional knowledge and professional ethics for employees who are not practicing accountants; arranging time, budget for appropriate updates; considering the efficiency and economic benefits when negotiating service charges, to ensure the quality of services when provided (Dao, 2019).

Kotler (2001) stated that referral was one of the factors influencing customer buying behavior. Accounting services were one of the fields which were not fully understood, analyzed and appreciated properly. In addition, the awareness of accounting services and accounting practice was not really completed and unified. There were still misconceptions, which even distorted about the market and career, from the state, from businesses as well as accountants (Speech of Mr. Dang Van Thanh, president of the Vietnam Association of Accountants and Auditors). Therefore, accounting services needed referrals from professionals or customers who have used the service. Therefore, accounting service firms must increase reputation, increase existing relationships and develop other relationships to be introduced to these businesses needing to use accounting services (Nguyen & Hoang, 2018).

According to Mr. Dang Van Thanh - Chairman of the Vietnam Association of Accountants and Auditors: The control of accounting service provision activities mainly assesses the compliance with laws and regulations with internal control over service enterprises but not really goes into the assessment of service quality, because there is not enough manpower with necessary capacity and practical experience. Therefore, it is crucial to improve the quality of

accounting services and improve the competitiveness of the accounting service firms. In addition, the quality of accounting services determines the existence and development of accounting service firms. Thus, it is necessary to ensure and improve the quality of accounting services on all aspects: Respecting the laws, processes, reliability of accounting information and customer satisfaction, and of businesses. Accounting service firms need to improve their competitiveness on the basis of service quality, accountant quality and maximum customer satisfaction.

For the Vietnam Association of Accountants and Auditors (VAA): VAA needed to complete a detailed process on consistent procedures and forms related to practicing and quality control in order for the companies to implement uniformly; complete and uniformly guide how to grade on the quality control scorecard. Regulations on the legal value of the accounting service, thereby linked the responsibility of practicing accountant with the quality of service and this was also a measure to gradually bring the service to comply with the law, to eliminate companies that did not sign up to practice but still provided accounting services (Dao, 2019).

References

1. Aga, M., &Safakli, O. V. (2007). An empirical investigation of service quality and customer satisfaction in professional accounting firms: Evidence from North Cyprus. *Problems and Perspectives in Management*, 5(3), 84-98.
2. Baba, M. C. (2009).Expectation of Service Quality in Professional Accounting Firms.*Bulletin of the Transilvania University of Brasov*,2 (51), 59-66.
3. Chuc, A. T. (2018).Solutions to improve the quality of Vietnam's accounting services to meet integration requirements.*Journal of Accounting & Auditing (Vietnam)*, 7(4/2018), 24-27.
4. Churchill, G. A. J.,& Carol, S. (1982).An Investigation into the Determinants of Customer Satisfaction. *Journal of Marketing Research*, 19, 491 -504.
5. Chu, T. T. (2017). Some contents of development of Vietnamese accounting and auditing services. Retrieved December 10, 2017; from <http://tapchitaichinh.vn/tai-chinh-kinh-doanh/tai-chinh-doanh-nghiep/mot-so-van-de-phat-trien-dich-vu-ke-toan-kiem-toan-viet-nam-11486.html>.
6. Dao, N. H. (2019). Solutions to improve the quality of accounting services in Vietnam, Retrieved December 10, 2019; from <http://www.hoiketoanhcm.org.vn/vn/trao-doi/giai-phap-nang-cao-chat-luong-dich-vu-ke-toan-cua-viet-nam>.
7. Groff, M. Z., Slapnicar, S.,& Stumberger, N. (2015). The influence of professional qualification on customer perceptions of accounting service quality and retention decisions.*Journal of Business Economics and Management*, 16(4), 753–768. DOI: 10.3846/16111699.2013.858076.
8. Gronroos, C. (1984). A service quality model and its marketing implications.*European Journal of marketing*, 18(4), 36-44.
9. Hair, J.F., Joseph, F.Jr., Anderson, Rolph E., Tatham, Ronald L. and Black, Wiliam C., (1998). *Multivariate data analysis*.5th edition, Prentice Hall, Upper Saddle River, NJ.
10. Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2009). *Multivariate Data Analysis (7th ed.)*. Upper Saddle River, NJ: Prentice Hall International.
11. Hoang, T., & Chu, N.M.N (2008). *Analysis of research data with SPSS*.Hong Duc Publishing House.
12. Higgins, L. F.,& Jeffery, M. F. (1991).Practical Approaches for Evaluating the QualityDimensions of Professional Accounting Services.*Journal of Professional Services Marketing*, 7(1), 3-17.
13. Keng, K. A.,& Liu, P.(1998).Expectation of Service Quality in Professional Accounting Firms. *Journal of Customer Service in Marketing & Management*, 5(2), 39- 54
14. Kotler, P. (2001). *Marketing Management*.Pearson Education Canada.
15. Le, N. N. N.,& Nguyen, V. L.(2018).Improving the quality of Vietnam’s accounting and auditing services in the period of economic integration. *Journal of science accounting financial (Vietnam)*, 5, 56-63.
16. National Assembly (2015), Accounting Law No. 88/2015 /QH13.
17. Nguyen, A. H., Le, N. D. T., Ha, H. N., Pham, T. T., &Phan, T. T. (2019). The Determinants Affecting the Accounting Service Quality: A Case of Accounting Service Enterprises In Vietnam. *Academy of Accounting and Financial Studies Journal*, 23(2), 1528-2635-23-2-373.
18. Nguyen, Q. T.,& Hoang, T. T. N. (2018). Factors influencing the choosing accounting services of small and medium enterprises in Go Vap district, HoChiMinh city. *Journal of Accounting & Auditing (Vietnam)*, 13(10/2018), 419-425.
19. Oliver, R. L. (1980). A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions. *Journal of Marketing Research*, 17(4), 460-469.
20. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *The Journal of Marketing*, 49, 41-50. DOI: 10.2307/1251430.
21. Pham, X. T. (2017). Determinants influencing the quality of accounting services in firms in Ho Chi

Minh City. *Economic Asia – Pacific journal* (Vietnam), 9, 69-71.

22. Saxby, C. L., Ehlen, C. R., & Koski, T. R. (2004). Service quality in accounting firms: The relationship of service quality to client satisfaction and firm/client conflict. *Journal of Business & Economics Research* (JBER), 2(11).
<https://doi.org/10.19030/jber.v2i11.2941>.