

YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
MASTER OF BANKING AND FINANCE PROGRAMME

**AUDIT QUALITY AND CLIENT SATISFACTION OF
INTERNATIONAL AUDIT FIRMS IN MYANMAR**

TIN LAY LWIN
EMBF II - 21
EMBF 9th BATCH

JUNE, 2024

YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
MASTER OF BANKING AND FINANCE PROGRAMME

**AUDIT QUALITY AND CLIENT SATISFACTION OF
INTERNATIONAL AUDIT FIRM IN MYANMAR**

ACADEMIC YEAR (2022-2024)

Supervised By:

Dr. Thynn Thynn Myint
Professor/Head
Department of Commerce
Yangon University of Economics

Submitted By:

Tin Lay Lwin
EMBF II - 21
EMBF 9th Batch
2022-2024

YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
MASTER OF BANKING AND FINANCE PROGRAMME

**AUDIT QUALITY AND CLIENT SATISFACTION OF
INTERNATIONAL AUDIT FIRMS IN MYANMAR**

“This Thesis submitted to the Board of Examiners in partial fulfillment of the requirements
for the Degree of Master of Banking and Finance (MBF)”

Supervised By:

Dr. Thynn Thynn Myint
Professor/Head
Department of Commerce
Yangon University of Economics

Submitted By:

Tin Lay Lwin
EMBF II - 21
EMBF 9th Batch
2022-2024

ACCEPTANCE

Accepted by the Board of Examiners of the Department of Commerce, Yangon University of Economics, in partial fulfillment of the requirements for the degree of Master Degree, Master of Banking and Finance (MBF).

Board of Examiners

(Chairman)

Dr. Tin Tin Htwe
Rector

(Supervisor)

Dr. Thynn Thynn Myint
Professor/Head
Department of Commerce
Yangon University of Economics

(Examiner)

Dr. Aye Thanda Soe
Professor
Department of Commerce
Yangon University of Economics

(Examiner)

Dr. May Su Myat Htway Aung
Professor
Department of Commerce
Yangon University of Economics

(Examiner)

Dr. Phue Pwint Nyo Win Aung
Associate Professor
Department of Commerce
Yangon University of Economics

June, 2024

ABSTRACT

The main purpose of this study is to analyze the effect of audit quality on client satisfaction, measured through audit quality determinant variables such as leadership commitment, engagement team expertise, professional competence, and communication effectiveness. This study adopts proportionate random sampling and combines both quantitative and qualitative research methodologies. Data analysis was carried out through linear regression using SPSS. Structured questionnaires were distributed to key personnel in the Finance Departments of client companies, focusing on those with relevant knowledge of the auditing process. The study found that among the four determinant factors, professional competence and communication effectiveness have above somewhat level influence on audit quality, whereas leadership commitment and engagement team expertise have less impact. Communication effectiveness emerged as the most influential factor on audit quality, followed by professional competence. Additionally, the findings showed a strong positive correlation between audit quality and client satisfaction, emphasizing the beneficial influence of audit quality on client satisfaction as a whole. According to the study, in order to increase audit quality and client satisfaction, audit firms should place a high priority on improving communication effectiveness and upholding high standards of professional competence.

ACKNOWLEDGEMENT

First and foremost, I want to sincerely thank Prof. Dr. Tin Tin Htwe, Rector of Yangon University of Economics, for giving me permission to do this research.

I would especially like to express my gratitude to my supervisor, Prof. Dr. Thynn Thynn Myint, Professor, Head of Department, Department of Commerce, Yangon University of Economics, for all of her help and support in getting ready to successfully finish this study.

I would also like to express my gratitude to my retired program director, professor Dr. Tin Tin Htwe, as well as other professors and associate professors who supported and encouraged me to complete this study and gave me the guidance I needed.

I also want to express my sincere gratitude to all of the lecturers at Yangon University of Economics' Department of Commerce for helping me to expand my knowledge and experience. I want to express my gratitude to the Department of Commerce's faculty and staff members who have helped me throughout my academic career with administrative support and strength.

Moreover, let me take this opportunity to express my thanks to my auditors from EY international Audit Firm and all client companies for the support of necessary data and questionnaire-respondents for their kind co-operation.

Lastly, I would truly like to thank my family and friends at EMBF for their unwavering patience, support, and encouragement during my studies.

TABLE OF CONTENTS

ABSTRACT	i
ACKNOWLEDGEMENTS	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	v
LIST OF FIGURES	vi
CHAPTER 1 INTRODUCTION	1
1.1 Rationale of the Study	4
1.2 Objectives of the Study	7
1.3 Scope and Method of the Study	7
1.4 Organization of the Study	8
CHAPTER 2 THEORETICAL BACKGROUND	9
2.1 The Concept of Total Quality Management	9
2.2 Audit Quality	11
2.3 Determinants of Audit Quality	11
2.4 ADIQUAL Model	14
2.5 Client Satisfaction	15
2.6 Previous Studies	16
2.7 The Conceptual Framework of the Study	18
CHAPTER 3 DETERMINANTS OF AUDIT QUALITY	20
3.1 Background of Audit Industry	20
3.2 International Audit Firms and Auditing Standards in Myanmar	21
3.3 Descriptive Analysis of Determinants of Audit Quality	24

CHAPTER 4	ANALYSIS OF THE EFFECT OF AUDIT QUALITY ON CLIENT SATISFACTION	29
4.1	Research Design	29
4.2	Profile of Respondents	31
4.3	Analysis of the Effect of Determinant Factors on Audit Quality	34
4.4	Analysis of the Effect of Audit Quality on Client Satisfaction of Big Four Audit Firm in Myanmar	37
CHAPTER 5	CONCLUSION	39
5.1.	Findings and Discussions	39
5.2.	Suggestion and Recommendations	40
5.3	Need for Further Research	41
REFERENCES		42
APPENDIXES		46

LIST OF TABLES

No. of Table	Particulars	Page no.
Table 3.1	No. of Key Personnel from Finance Department	7
Table 3.2	Reliability Test of the Survey Instrument	25
Table 3.3	Profile of Clients	27
Table 3.4	List of Client Companies	28
Table 3.5	Mean Rating Scale	29
Table 3.6	Mean Score of Perception of Leadership Commitment	30
Table 3.7	Mean Score of Perception of Engagement Team Expertise	30
Table 3.8	Mean Score of Perception of Professional Competence	31
Table 3.9	Mean Score of Perception of Communication Effectiveness	32
Table 3.10	Overall Mean Scores of Determinants Factor of Audit Quality	353
Table 4.1	Mean Scores of Audit Quality	374
Table 4.2	Analysis on Effect of Determinant Factor on Audit Quality	375
Table 4.3	Mean Scores of Client Satisfaction	377
Table 4.4	Analysis on Effect of Audit Quality on Client Satisfaction	378

LIST OF FIGURES

No. of Figure	Particulars	Page no.
Figure 2.1	The Concept of Total Quality Management	10
Figure 3.1	AUDITQUAL Model	14
Figure 4.1	Four Factor Model	15
Figure 4.2	Determinants of Audit Quality	17
Figure 4.3	Analysis of Audit Quality Attributes and Client Satisfaction	18
Figure 4.4	The Conceptual Framework of the Study	19

CHAPTER 1

INTRODUCTION

Businesses around the world are aware that concentrating only on short-term financial objectives is insufficient, and as a result, they make extensive use of professional services. The significance of auditing firms in guaranteeing financial transparency and accountability has grown in the ever-changing global business scene. The Global Financial Crisis has, more recently, prompted policymakers to reconsider the value of an effective audit function as a fundamental component of efficient capital markets and to search for significant elements that impact audit quality.

Due to the fast-changing economic environment in Myanmar, which is marked by expanding businesses and more stringent regulations. In Myanmar, where economic growth and international investments are on the rise, the role of audit quality takes center stage. As a burgeoning economy, Myanmar has witnessed a surge in the significance of audit quality, a key determinant in establishing trust and reliability in financial reporting. This is particularly also critical for statutory purposes, where adherence to regulatory standards is imperative. Stakeholder decision-making is supported by the auditing profession's crucial role in guaranteeing the accuracy and dependability of financial information. Audit quality is becoming more and more important in guaranteeing financial accountability and transparency.

In recent decades, stakeholders, regulators, and the general public have grown increasingly concerned about audit quality (Sikka, 2009). Maintaining investor confidence and market stability depends on accurate and reliable financial reporting, which is ensured by high-quality audits. An essential part of keeping openness, accountability, and investor trust in the ever-changing global corporate landscape is played by international audit firms with worldwide operations. According to (Fremeaux and Noel, 2009), an auditor's ability to identify and report breaches in a client's accounting system is a key indicator of audit quality. Other factors that affect audit quality include auditor competence, independence, technical competence, ethical competence, and relational competence.

One of the most significant subjects in the accounting literature is the caliber of the data provided in financial statements. This quality can be measured using a wide range of

indicators, many of which are influenced by the actions of investors and other stakeholders. However, the financial auditor, who is expected to evaluate the financial statements' compliance with the accounting standards followed by the audited entity, has control over the financial information provided by entities. Auditing is a methodical process of evaluating and verifying financial information to make sure it is correct, complete, and compliant with all applicable laws and regulations. All companies doing business in Myanmar are required to follow Myanmar Accounting and Auditing standards. This obligation includes the annual, error-free submission of audited financial account to the tax authorities, which also contain any corporate income tax. Understanding audit quality is crucial because it can affect how clients finance their projects, and a higher audit quality can lessen the impact of market conditions on clients' capital structures and financial decisions (Chang et al., 2009).

Unique context for examining the dynamics of client-audit firm relationships is provided by Myanmar's expanding economy and growing incorporation into the global marketplace. In order to achieve a high degree of assurance that financial statements accurately represent an entity's financial status and performance, in line with their financial presentation systems and inherent characteristics, the International Auditing and Assurance Standards Board (IAASB, 2014) states that a good audit quality is essential. The improvement of a particular regulation, as well as professional regulation, the size of the audit firm, the auditor's industry specialization, familiarity with the local market and business community, and the fusion of a nation's audit standards and legal framework are all factors that contribute to an increase in audit quality.

The quality of the audit is determined by a wide range of variables. This study will concentrate on a few of these factors, including professional competence, engagement team expertise, leadership commitment, and communication effectiveness. In this context, one important factor affecting the effectiveness of audit quality is the leadership position held by audit teams. The experience of the engagement team is another element that affects audit quality, according to Ningrum and Budiarta (2017). Experience can be seen as a process that leads someone to a higher pattern of behavior or as a means of learning and adding potential development behavior from both formal and informal education (Saripudin et al, 2012). Having solid work experience in the client company industry offers auditors several benefits, such as the ability to identify mistakes, comprehend the errors, and determine the connections between decisions made. An individual will act with greater caution. When

compared to less experienced auditors, more experienced auditors can offer higher-quality audits. Competence is defined as a person's total knowledge, aptitude, or skill, work attitude, and personality traits (Dinata, 2006).

The auditor must possess competency in the relevant auditing standards. The quality of audits provided by auditors increases with their level of competence. In order to perform a quality audit, the auditor needs to adhere to established guidelines and standards. Generally accepted regulations and auditing standards are used to measure the quality of audits. Previous research on the communication of external auditors contends that during the audit process, communication enhances the auditors' comprehension of accounting information, improving the quality of the audit and accounting transparency (Cohen, Gaynor, Krishnamoorthy & Wright, 2008; Handoko & Widuri, 2016). Successful communication affects not only the performance of individual auditors but also the general efficacy and efficiency of audit procedures, which in turn promotes stakeholder confidence and organizational success. Effective communication between audit teams and their client companies plays a pivotal role in determining the dynamics, effectiveness, and results of audit initiatives.

Oliver (1997) defined satisfaction as the degree to which the level of fulfillment is pleasant or unpleasant, based on the consumer's fulfillment response. Perceived quality and satisfaction have a strong correlation (Bitner & Hubbert, 1994). De Ruyter, Bloemer, and Peters (1997) found that although some studies find that general perceptions of quality are driven by satisfaction, others find that satisfaction is driven by perceptions of quality. However, Tini Martini (2007) contended that if the accounting and auditing firm is aware of the variables affecting audit client satisfaction, then maximum effort can be made to provide that satisfaction. Thus, it is particularly crucial to understand the factors that also impact audit quality in order to understand how audit quality impacts client satisfaction in Myanmar, where businesses have to deal with a number of challenges, including complying with regulations and adapting to a rapidly changing market. The conflicting interests of management and businesspeople make audit quality difficult to achieve.

1.1 Rationale of the Study

In today's increasingly interconnected and transparent business world, the assurance of audit quality stands as a cornerstone of trust and confidence in financial reporting.

Following the financial crisis, regulators and specific audit firms, namely the Big Four, imposed significant changes on the auditing profession (Sikka, 2009). The four biggest professional services firms in the world are referred to as the "Big Four" because of their strong market positions, wide-ranging global clientele, and substantial sway over the auditing, tax, consulting, and advisory services industries. The Big Four accounting firms are the biggest worldwide in terms of revenue, workforce, and operational scope: Deloitte, PwC, EY, and KPMG. Big Four audit and provide services to the vast majority of publicly traded companies and many private companies, including Fortune 500 companies. The Big Four audit firms remain important entities offering international audit services that are essential for companies managing the intricacies of doing business in Myanmar. The audit industry in Myanmar is expanding quickly as a result of shifts in the market and economic climate. The professional services of international audit firms, like the Big Four audit firms or other international audit firms, are heavily utilized by business organizations.

Understanding the factors that determine audit quality and how they affect client satisfaction during the audit process is essential for maintaining strong corporate governance and drawing in foreign investment in Myanmar, where economic growth is accelerating. Due to their direct and indirect effects on the rights and decisions of their users, financial information must be highly transparent and truthful in order for the economic market to flourish. Companies face increased risks as a result of the ongoing evolution of the global economic markets. Financial auditing services have been developed as a result, with the goal of protecting the interests of consumers of financial information. It has since become clear how important it is to evaluate, oversee, and enhance the audits' quality. Although auditors are crucial in assessing the accuracy and caliber of financial data in businesses, errors and omissions can still happen. (D.h. Hai & Al., 2016) Examining the factors that influence audit quality is vital in order to ensure that audits are of the highest caliber.

There are financial, legal, and regulatory obstacles to doing business in this rapidly developing nation, and prospective investors frequently require help navigating the business environment. Over the past ten years, auditing has grown deeper and more comprehensive. The majority of businesses, both domestic and foreign, are currently obligated by law to conduct statutory audits. As companies in Myanmar navigate complex regulatory frameworks and adopt international standards, the Big Four audit firms assume a more significant role in providing assurance and consulting services. Through the

integration of their industry experience and knowledge with local market knowledge, the four major firms offer creative solutions to support Myanmar businesses in thriving and resolving any challenges they may face. When indications of discontent with the services emerge, the caliber of service rendered by audit firms becomes crucial in the context of auditing (Sutton, 1993).

The quality of audits conducted by firms not only influences financial reporting accuracy but also plays a pivotal role in shaping client satisfaction (Al-Mawali & Abu Lail, 2020). Among several determinants of audit quality, this study aims to investigate how four determinants effect on audit quality and its may impact client satisfaction. A robust audit process not only enhances credibility but also helps mitigate risks, comply with regulations, and make informed strategic decisions. When considering an audit firm to ensure high-quality audits, companies focus and select audit firm with several key factors: reputation and experience, expertise and resources independence and objectivity, compliance and quality control, communication and transparency, technology and innovation.

More recently, the Financial Crisis during COVID has caused top managements to once again emphasize the significance of an effective audit function as a crucial component of successful markets. They have also attempted to identify critical factors that may be driving the need for thorough analysis, such as regulations, the growing demand for transparent financial reporting, or particular challenges in maintaining audit quality in the local context.

In Myanmar, the internal revenue department's authority for evaluating tax returns must be based on a precise and high-quality audited report. The quality of financial reports is key to confident and informed markets and investors. Pizzini et al. (2014) state that large audit firms, like Ernst and Young, Deloitte, PwC, and KPMG, have appropriate management structures designed to guarantee a suitable audit function. The main responsibility of audit firms providing external assurance to both public and private businesses is to produce accurate and dependable audit reports that are founded on a thorough examination of the books of accounts and operational effectiveness. It is especially important to comprehend how audit quality affects client satisfaction in Myanmar, where companies must deal with a variety of issues, such as meeting legal requirements and adjusting to a market that is changing quickly. Tightening audit quality standards has allowed audit firms to respond in a structured way, improving their ability to detect fraud in corporate entities.

Watanabe and Kumar (2019), highlight that in Myanmar, the impending transition towards aligning with International Financial Reporting Standards (IFRS) signifies a pivotal moment for companies striving to enhance their financial reporting practices. The forthcoming adoption of IFRS reflects Myanmar's commitment to fostering transparency, reliability, and comparability in financial reporting, thereby bolstering investor confidence and facilitating access to Myanmar capital markets. This regulatory convergence underscores the imperative for companies to prepare diligently, ensuring a smooth transition towards compliance with IFRS standards. By embracing this evolution in accounting regulations, Myanmar's businesses can seize the opportunity to elevate their financial reporting standards to international best practices, positioning themselves for sustainable growth and competitiveness on the global stage. The important role audit quality plays in determining client satisfaction in Myanmar is the driving force for the analysis. Businesses that want to handle the transition to IFRS compliance well will need to have a solid grasp of the factors influencing audit quality. By looking at the variables that affect audit quality, this study aims to shed light on how businesses can improve audit quality and raise client satisfaction. Through their combination of industry experience, international capabilities, and local market knowledge, the Big Four firms provide creative solutions to support Myanmar businesses in thriving and resolving any challenges they may face.

This study provides variable insights for international audit firms in Myanmar to enhance their quality and better meet client satisfaction. Through this analysis, it can be aspired to offer practical recommendations for enhancing key determinants of audit quality practices in Myanmar, thereby fortifying the foundation of transparent financial reporting, meeting statutory standards, and bolstering the confidence of stakeholders. This will support the general growth and sustainability of the audit profession as well as client companies and the local business environment.

1.2 Objectives of the Study

The objectives of this study research are as follows:

1. To examine the determinants of audit quality at international audit firms in Myanmar
2. To analyze the effect of audit quality on client satisfaction at International Audit Firms in Myanmar.

1.3 Scope and Method of the Study

This study examines the determinants of audit quality and analyzes the impact of audit quality on client satisfaction. The focus is on the Big Four audit firms, given their significant influence on client companies through industry trends and auditing practices. The lists of client companies in sectors such as telecommunications, trading, and banking and financial services in Yangon were obtained from available web pages. Each of the Big Four audit firms serves approximately 24 client companies, resulting in a combined total population of 92 client companies. A sample consisting of 20% of client companies from each audit firm was randomly selected, amounting to a proportionate representation from each firm. Additionally, the study involves five key personnel from the finance department of each client company, who are directly related to and involved in the auditing process. The respondent criteria include positions such as Accountants, Chief Accountants, Treasury Managers, Financial Analysts, Controllers, Finance Managers, CFOs from the Finance Department, and CEOs of the client companies. Consequently, the respondent sample size is 95. Since they all had pertinent experience with the auditing process, all responders from these companies were specifically targeted. This study makes use of both qualitative and quantitative research methods. A structured questionnaire with a 5-point Likert scale ranging from "strongly disagree" to "strongly agree" was used to gather primary data in order to measure the variables. Web searches, journals, and previously published material were used to gather secondary data. Regression analysis, correlation, and descriptive statistics were employed in this study's data analysis.

1.4 Organization of the Study

There are five chapters in this research paper. The purpose of the study, its goals, its methodology, its scope, and its organization are all covered in Chapter 1. The theoretical foundation of the study is described in Chapter 2. It consists of theoretical frameworks that have been used regarding Audit Quality and Clients Satisfaction as well as determinants of audit quality, such as leadership commitment, engagement team expertise, professional competence, and communication effectiveness. The history of the audit industry, the Big Four international audit firms, the auditing system in Myanmar, and a mean value analysis of the variables that determine audit quality are all covered in Chapter 3. The study's analysis is included in Chapter 4. Chapter 5, which concludes the thesis, presents the findings and discussion, offers suggestions and recommendations, and outlines the needs for additional research.

CHAPTER 2

THEORETICAL BACKGROUND

This chapter presents about audit quality, its determinants factors and client satisfaction. There are five sections in this chapter including. concept of Total Quality Management, AUDITQUAL model and Audit Quality Determinants, client Satisfaction and previous studies. The conceptual model of the study is extracted from AUDITQUAL Model.

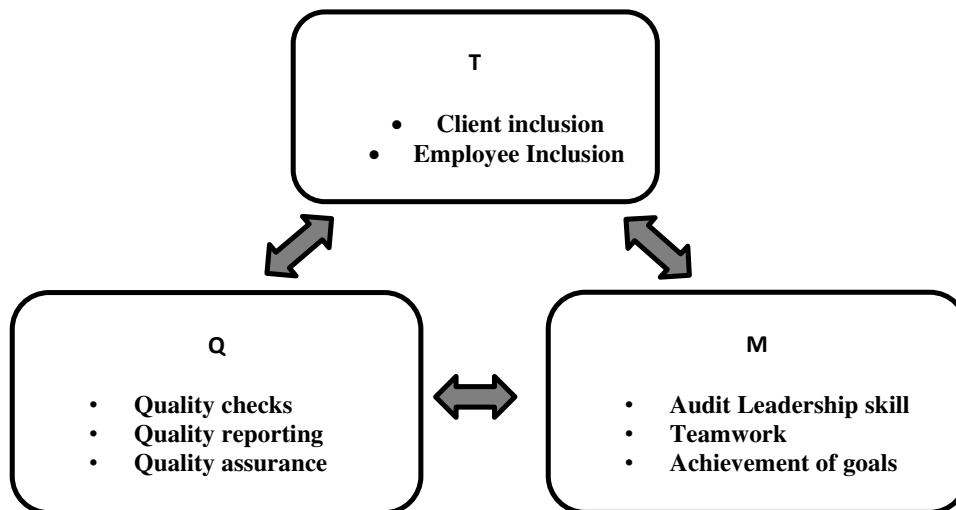
2.1 Total Quality Management

Total quality management (TQM) is a management approach that aims to achieve long-term success through customer satisfaction, according to the American Society for Quality (n.d.). Additionally, as time has gone on and client and customer needs have changed, the concept of quality has also changed. However, at its core, quality has essentially been able to develop an approach to problem solving and confirmation to standards for customer satisfaction (Vindu & Himanshu, 2007). Every employee in a company participates in a TQM endeavor to enhance the company's procedures, goods, and culture. Total quality management (TQM) procedures and the provision of services by audit firms are specifically important to the economy in that companies need the services of audit firms because they appoint auditors to give the financial statements credibility. For various reasons, a great deal of people are curious about a company's financial statements.

To raise the caliber of their operations, businesses everywhere and in various economic sectors are making big operational adjustments. TQM is a process improvement methodology that incorporates multiple quality determinants, particularly audit quality as it pertains to this study. The majority of methods for improving quality place emphasis on specific aspects of the product, like measurements and standards, effective management and supervision, frequent feedback, and employee training. The approach is seen as a continuous process that entails assessing an audit firm's procedures on a regular basis in order to find and fix mistakes and enhance client satisfaction. An organization's commitment and trust are increased when all pertinent stakeholders are fully involved in its operations (Kaynak & Roger, 2013). The audit firms' efficacy and impartiality are a result of their overall quality management practices.

The professional competence of auditors and the leadership commitment of audit firms are in line with TQM principles like "Continuous Improvement" and "Employee Involvement." TQM places a strong emphasis on employees' continuous development, making sure they have the abilities and know-how to carry out their jobs well. Leadership commitment in TQM sets the tone for quality. Professional competence contributes to the overall quality of service. In auditing, a strong commitment from engagement team leaders and firm leadership to uphold high standards of professionalism, ethics, and quality directly influences the experience of the engagement team of the audit firm. Customer Focus in TQM centers around meeting customer needs. In auditing process, engagement teams serve as internal customers to their clients, and their experience is enhanced when the audit process is designed to address their information needs, foster collaboration, and ensure overall satisfaction. TQM emphasizes the importance of clear, timely, and transparent communication. Effective Communication with clients is essential throughout the auditing process. By actively engaging with clients, providing regular updates, and addressing concerns promptly, auditors enhance client satisfaction. A customer-focused approach ensures that communication meets clients' needs and expectations, fostering trust and positive experiences.

Figure (2.1) The Concept of Total Quality Management



Source: Evans, J. R., & Lindsay, W. M. (2017)

2.2 Audit Quality

A crucial component of corporate governance and financial reporting is audit quality. For all parties involved, including investors, regulators, and the general public, ensuring the accuracy and dependability of financial statements is crucial (Dresdner & Fischer, 2020). The quality of this audit is critical because it will yield financial reports that can be relied upon as a basis for making decisions. Audit quality is a result of the competence and independence of the auditor, which is measured by the auditor's capacity to identify accounting standard violations and their motivation to report them.

Numerous authors have expressed the significance of the individual differences among auditors in the audit process. For instance, the following is stated by Nelson and Tan (2005, p. 42): "Auditors must complete a number of tasks in order to form an overall assurance or attestation opinion. In order to do this, the auditor's personality and skill set, among other things, affect the result. In recent years, policymakers and academics have paid more and more attention to the role that auditors play in determining the quality of audits.

2.3 Determinants of Audit Quality

The determinants of audit quality are leadership commitment, engagement team expertise, professional competence and communication effectiveness.

2.3.1 Leadership Commitment

Because it gives the organization's efforts to improve quality direction, inspiration, and guidance, leadership is crucial to quality management. Ensuring that goods and services fulfill or surpass customer expectations while optimizing effectiveness, productivity, and profitability is the goal of quality management (Evans & Lindsay, 2020). Attaining these objectives and promoting ongoing development depend heavily on effective leadership. Effective leadership is crucial to quality management because it establishes the organization's culture of quality, synchronizes objectives with customer needs, promotes ongoing development, fosters trust, and stimulates creativity. The emphasis placed by the Transformational Leadership Theory on leaders inspiring and motivating staff to reach higher performance standards, creating a common vision, stimulating creativity, and enabling staff to take the lead on quality improvement projects

all imply a commitment to leadership. This theory underscores the significance of leadership commitment in driving organizational change and fostering a culture of quality.

2.3.2 Engagement Team Expertise

Iselin, Kent, and Li (2010) describe, the expertise of an engagement team in an audit firm refers to the collective knowledge, skills, experience, and competencies of the team members on relevant industry-specific knowledge who are responsible for planning, conducting, and reporting tax regulations on an audit engagement. This includes the ability to understand complex financial reporting frameworks, apply auditing standards, evaluate risks, and provide an independent assessment of an organization's financial statements. Any partners and employees of the firm who carry out audit work on the engagement, as well as any other people who carry out audit procedures, make up the engagement team for an audit engagement. Those carrying out assurance procedures on the assurance engagement are referred to as the engagement team. It is uncommon for someone to be fully versed in accounting and auditing within the audit engagement industry. When conducting audits in industries with distinct or differing accounting rules, auditors' industry knowledge is especially crucial. Understanding the operations of the clients' businesses aids the auditor in spotting possible issues and bringing them up with staff members. Because it enables accounting firms to manage differentiation strategies to meet the needs of a sizable group of companies with similar characteristics, industry specialization is important. Ability and knowledge are thought to be connected to the caliber of the audit (Mansouri et al., 2009). There were no differences in the consensus on internal control evaluation between experienced and inexperienced auditors in accounting, according to Ashton and Brown (1980) and others. Even seasoned auditors with the right background in knowledge who struggle to solve problems won't be experts in all areas. Similarly, auditors who possess problem-solving skills but lack the necessary knowledge base will struggle with certain assignments. Hall (1988) has identified these dimensions of auditor expertise as being significant.

2.3.3 Professional Competency

Competence is defined as a person's total knowledge, aptitude, or skill, work attitude, and personality traits (Dinata, 2006). An auditor's competence is the knowledge and training they have acquired. To become an auditor, a person must meet certain requirements. To ensure that clients or employers receive competent professional services

based on the most recent advancements in practice, legislation, and work methods, practitioners must continuously maintain the necessary level of professional knowledge and expertise (Mulyadi, 2014). According to auditing theory, an auditor must follow widely recognized guidelines and standards in order to perform a quality audit (Mautz and Sharaf, 1961).

An auditor needs to possess strong personal qualities, sufficient knowledge, and specialized expertise in their field in order to conduct an audit. This implies that an auditor with extensive knowledge in both auditing and accounting will be able to identify deviations and, with high competence, enhance the audit results' quality. According to Mansouri et al. (2009), an incompetent auditor will likely rely more on client management, which could jeopardize the client's independence. According to Bedard and Chi (1993), auditors may not be able to deliver high-quality services if they lack the necessary knowledge. According to Libby and Frederick (1990), an auditor's competence is derived from their experience and knowledge, which have a substantial positive impact on audit quality. Additionally, competence is linked to having a sufficient education and experience in particular fields or exams. The length of an audit firm's tenure has an effect on the reported financial statements' quality. The quality of reported financial statements will depend on the number of qualified auditors in a group. The audit quality of reported financial performance is impacted by an auditor's international work experience.

2.3.4 Communication Effectiveness

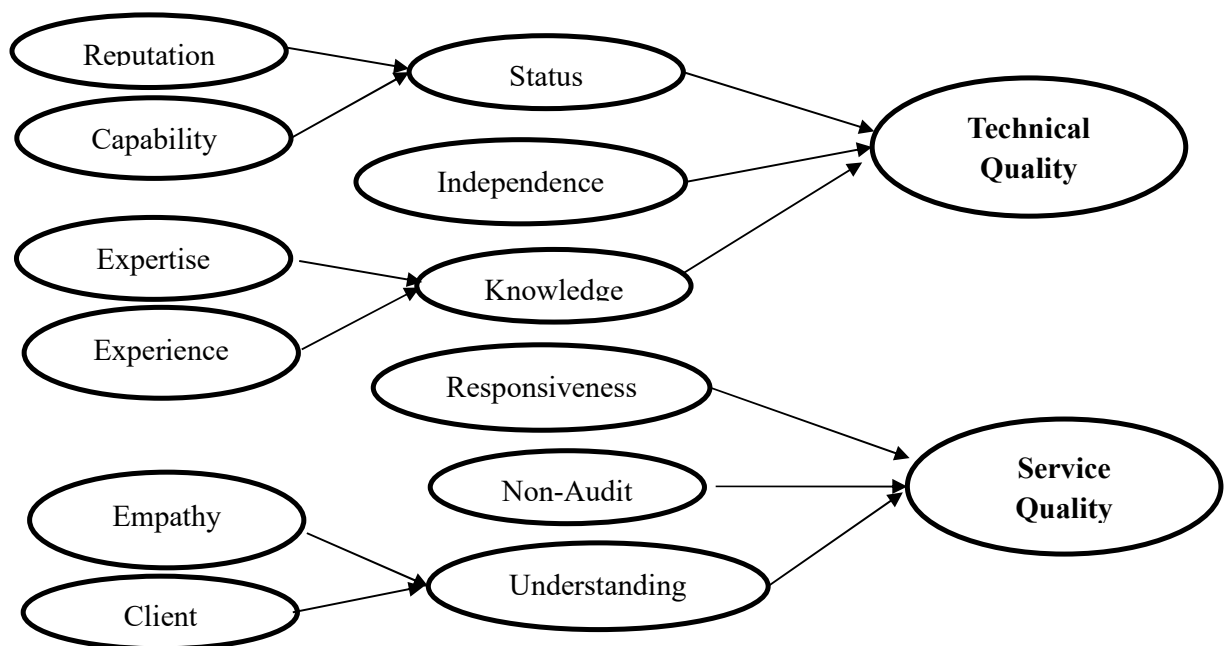
Communication is a critical component of any quality management system. By effectively communicating quality-related information, organizations can help ensure that everyone is working towards the same goals and following the same quality standards. One way that the audit profession can increase its relevance and rebuild trust is through better and more communication about the issues that are important to the stakeholders. Improving the financial reporting of the companies is the ultimate goal of efficient communication between audit committees and auditors (Cohen et al., 2008). Communication, in the words of Pearson and Nelson (2000), is the exchange of meaning and comprehension. In other words, sharing is doing something with other people, whereas process refers to a dynamic action that is hard to describe because of changes in the cause (McLean, 2005). Furthermore, meaning is what we communicate through communication, whereas understanding is the ability to perceive, relate, and interpret our perception and

interpretation to what is already anticipated from what we know (McLean, 2005; Pearson & Nelson, 2000).

2.4 The AUDITQUAL Model

A model of audit quality is developed by synthesizing the literature on audit quality and service quality. The secret to figuring out where audit quality failure might happen is to use the model to identify discrepancies between client and stakeholder expectations. It is important for participants in the audit market to understand that audit quality is a multifaceted concept. According to DeAngelo (1981), "audit quality" is the auditor's impartiality (i.e., independence) and technical competence (i.e., ability to review the accounts and spot errors). On the other hand, Duff, A. (2004) contended that audit quality encompasses both technical and service quality. A thorough study by Duff, A. (2004) has presented and developed audit quality factors down from extent service quality and service quality literature in one model, AUDITQUAL, which consists of 8 gaps within audit quality area resulting in the combination of the service quality and technical quality. Audit quality is made up of both service quality issues and the need to deliver technical quality. In Figure (2.2), the AUDITQUAL model is displayed.

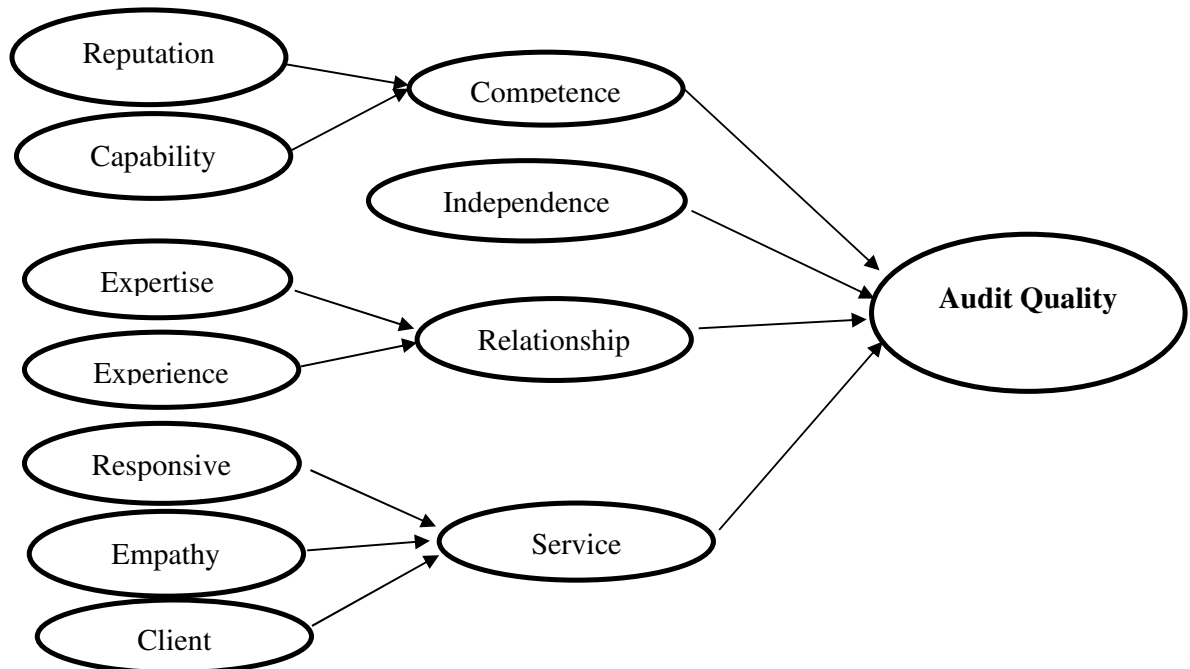
Figure (2.2) AUDITQUAL Model



Source: Duff, A (2004)

An alternative AUDITQUAL model, introduced by Duff (2009), compares the perceptions of audit quality in the UK audit markets in the years 2002 and 2005. The study's findings indicated that the four-factor model, which is the rival model, provides the best description of audit quality. Four higher-order factors—competence, independence, relationship, and service qualities—make up the model. Competence, independence, and relationship—the first three factors—are regarded as the technical attributes. Competency encompasses qualities related to the auditor's perception of their ability to identify errors, such as assurance, capability, and reputation. Expertise and experience are considered the two dimensions of the relationship factor, whereas independence is thought of as a unidimensional factor. The three dimensions of the fourth factor, the service qualities, are non-audit services, responsiveness, and empathy. Between the three categories of auditors, auditees, and investors, as well as between administrations in 2002 and 2005, this four-factor model is comparable. Figure 2.3 illustrates the four-factor model.

Figure (2.3) Four Factor Model



Source: Duff, A (2009)

2.5 Client Satisfaction

"The consumer's fulfillment response, the degree to which the level of fulfillment is pleasant or unpleasant" is how Oliver (1997) defined satisfaction. According to Zeithaml and Bitner (2000), customer satisfaction is the measure of how well a product or service meets the needs and expectations of the customer. When a product or service falls short of the expectations and needs of the customer, they become dissatisfied with it. Perceived quality and satisfaction have a strong correlation. Churchill and Surprenant (1982); Bitner and Hubbert (1994). While some studies find that general perceptions of quality are driven by satisfaction, others find that satisfaction is driven by perceptions of quality De Ruyter, Bloemer, and Peters (1997). The majority of marketing researchers subscribe to a theory that says satisfaction is a function of quality. Johnson and Gustafson (2000); Oliver (1999); Dabholkar, Shepherd, and Thorpe (2000); Oliver (1997), which in turn influences purchasing behavior. These arguments imply that customer satisfaction is probably going to be impacted by service quality.

One way to understand satisfaction is as an attempt to complete a task or make something suitable. Every business wants to fulfill the needs of its customers. Additionally, meeting customer needs can give a business a competitive advantage since it is crucial to its survival. When the same needs later arise, customers who are happy with the goods and services are more likely to purchase the goods and utilize the services again. Numerous advantages are gained by the business from satisfied customers. Customer satisfaction can have a number of positive effects on a business, including a positive working relationship with clients, a solid foundation for repeat business, the development of client loyalty, positive word-of-mouth marketing, improved customer perception of the business, and higher profits. Another way to gauge perceived audit quality is to look at how satisfied clients are with the auditors' work. According to Behn et al. (1997), audit quality attributes are related to the overall satisfaction of clients with external audit work, as determined by the evaluation conducted by company controllers.

2.6 Previous Studies

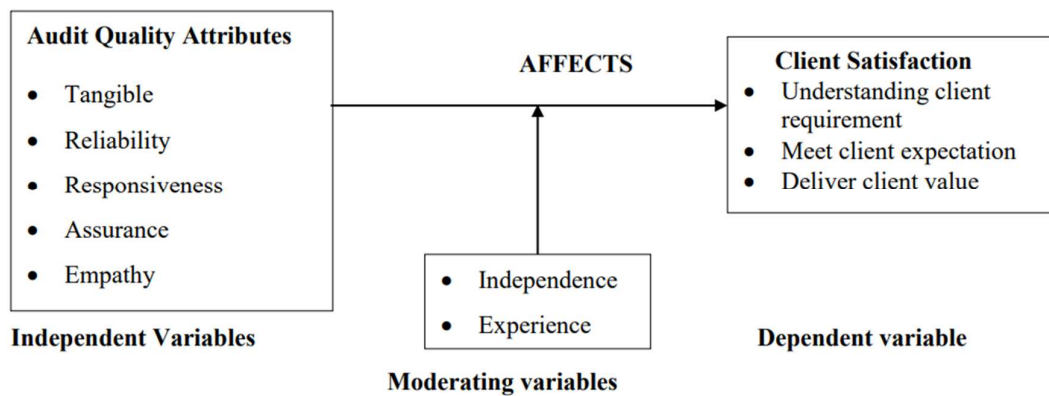
Despite the fact that numerous studies provide methods for quantifying audit quality, the measure's actual application is still challenging since audit quality is hard to

observe. This portion of the study is predicated on earlier research on the factors that influence audit quality and how audit quality affects customer satisfaction.

2.6.1 Service Quality, Client Satisfaction and Loyalty towards Audit Firms

Mbakaya (2014) looked into the connection between audit quality characteristics and client satisfaction in companies that were listed as of December 31, 2013, on the Nairobi Securities Exchange (NSE). All 60 of the companies listed at the time on the NSE were included in the study. Both closed-ended and open-ended questions were included in the questionnaires used to gather information. The 5-point Likert scale was employed in the survey. Figure (2.4) displays the researcher's conceptual framework.

Figure (2.4) Analysis of Audit Quality Attributes and Client Satisfaction



Source: Mbakaya, Joab Anyika. (2014)

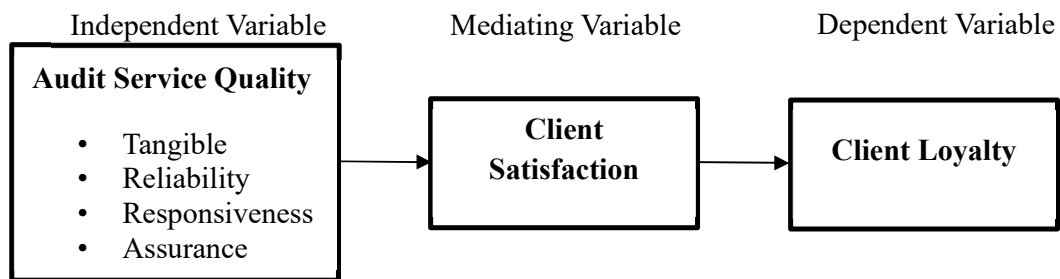
Mbakaya identified that only two out of the five dimensions of audit quality—namely, tangibility and responsiveness—were significantly related to client satisfaction. The study concluded that audit firms must focus on enhancing audit tangibility and responsiveness to meet client expectations effectively. These findings suggested that clients prioritize the tangible aspects of audit services and the responsiveness of audit firms over other factors like empathy. Consequently, to remain competitive, audit firms should emphasize tangible service quality and prompt responsiveness in their interactions with clients.

2.6.2 Service Quality, Client Satisfaction and Loyalty towards Audit Firms

This study makes reference to Ismail et al. (2006)'s investigation into the connection between client satisfaction, audit service quality, and audit firms' loyalty. The SERVQUAL

five dimensions—reliability, assurance, tangibility, empathy, and responsiveness—were employed to gauge the audit firms' level of service quality. Primary data were used in the research. For the year 2005, 500 publicly traded companies listed on Bursa Saham Malaysia received questionnaires. Both closed-ended and open-ended questions were included in the questionnaires used to gather information. The 5-point Likert scale was employed in the questionnaire. Figure (2.5) displays the researcher's conceptual framework.

Figure (2.5) Service quality, client satisfaction and loyalty towards audit firms



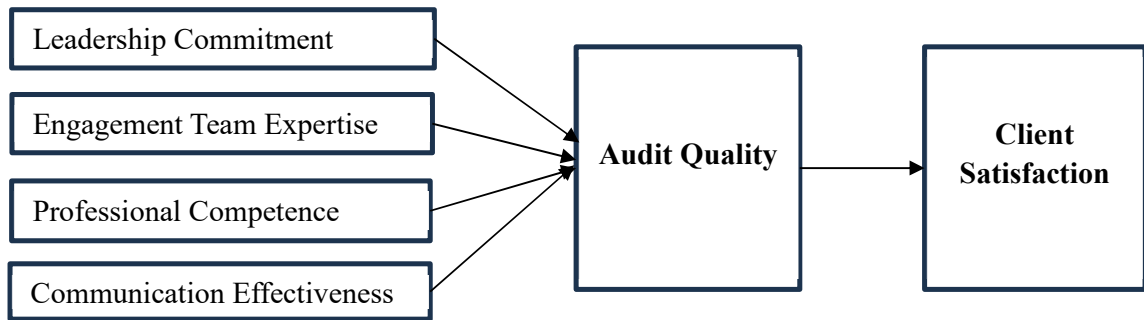
Source: Source: Ismail et al. (2006)

From the viewpoint of the clients, the study defined the characteristics of high-quality services. Audit firms will be in a better position to anticipate client requirements rather than respond to disgruntled clients once the needs are more clearly identified and understood. According to the study, the publicly traded corporations were content with the tangible dimension but not with the other four. The aspect with the biggest complaints was empathy. Reliability and customer loyalty were found to be partially mediated by customer satisfaction. The study's conclusions also showed that customer satisfaction is significantly impacted by the dimensions of tangibility, reliability, and empathy. It was discovered that responsiveness was not important. Additionally, it was discovered that increasing client loyalty is significantly influenced by client satisfaction. In this study, a happy audit client is therefore crucial to cultivating a devoted clientele. Additionally, it was discovered that client loyalty and client satisfaction moderated the relationship between audit service quality and reliability.

2.7 The Conceptual Framework of the Study

The study's conceptual framework was created by taking into account earlier research on the impact of audit quality on client satisfaction in global audit firms. In Figure (2.4), the applied framework is displayed.

Figure 2.6 The Conceptual Framework of the Study



Source: Own Compilation (2024)

The developed theoretical framework for this study is based on that which has been presented in earlier research papers and literature reviews. According to the Figure (2.4), the study focused on Audit Quality with an emphasis on a determinants of audit quality such as leadership commitment, engagement team expertise, professional competence, and communication effectiveness (as the independent variable). Leadership commitment, engagement team expertise, professional competence and communication effectiveness are adapted from the concept of Total Quality Management. The rest variables of audit quality and client satisfaction are adopted from Duff, A (2004) and Duff, A (2009), AUDITQUAL model and Four Factor Model. Client Satisfaction is used as the dependent variable.

CHAPTER 3

DETERMINANTS OF AUDIT QUALITY

There are three sections to this chapter. The chapters on the audit industry in Myanmar, international audit firms, and an overview of Myanmar's auditing standards are presented. Research Design, Respondent Profile, and Descriptive Study of the Factors Affecting Audit Quality.

3.1 Audit Industry

In Myanmar, audit firms range in size from single owners (also known as "partners") to thousands of owners (also known as "partners"), staff members, and administrators. Audit firms commonly provide a variety of professional services apart from financial statement audits. Auditing companies in Myanmar are offering professional services in accounting & bookkeeping, financial auditing, tax compliance and accountancy consulting services for businesses and organizations in Myanmar. Audit firms are often classified by size.

Their operations likely focus on serving large local enterprises, multinational corporations, companies expanding internationally and potentially government entities. These firms often work with clients at various stages of development, from startups to established multinational corporations. Adherence to ethical and professional standards in audit firms is crucial for maintaining trust and credibility. In Myanmar, their industry focus may align with the key sectors contributing to the country's economic growth. Audit Industry's opportunities may arise from the country's economic growth and the need for professional services to support businesses.

Building strong client relationships is critical in the audit industry. Understanding the expectations and concerns of clients in Myanmar is essential for the success of audit engagements. The availability of skilled professionals and efforts to develop local talent contribute to the effectiveness of audit firms in Myanmar. Myanmar's economy has grown significantly in recent years, owing to economic liberalization and international investment. It entails the analysis and evaluation of an organization's internal controls, financial records, and financial statement. The main goal of auditing is to offer a neutral assessment of the

fairness and dependability of financial accounts in order to boost stakeholder confidence, including that of lenders, regulators and investors.

In Myanmar, companies must follow two methods of assessment Self-Assessment System (SAS) and official Assessment System (OAS) with audited financial statements. The Myanmar Accountancy Council (MAC) was created on Jan 12th 1972 with the passage of Union of Myanmar Revolution Council Law No.2, also known as the Myanmar Accountancy Council Law 2015, which have been amended overtime, are the major legislations controlling corporate compliance and audit standards for enterprises operation in Myanmar. Following is the auditing standard in Myanmar.

Audit Firms must appoint one or more auditors in Myanmar. The initial auditor is frequently decided by the board of directors of the company. Strict requirements established by the Myanmar Accountancy Council (MAC) must be met in order to qualify as an auditor. The MAC mandates that auditors either hold Certified Public Accountant (CPA) accreditation or a degree or certificate in accountancy from a recognized foreign country. Furthermore, in order to receive a Certificate of Practice, the auditors must be a Myanmar citizen and should also be registered with Myanmar Accountancy Council. The firm directors are in charge of distributing the audited financial statements to the shareholders at each Annual General Meeting (AGM). This guarantees the company's financial reporting will be transparent and accountable.

3.2 International Audit Firms in Myanmar

The present world largest audit firms are the Big Four: Deloitte, PwC, Ernst and Young, and KPMG. The Big Four are the international companies providing services around the world throughout their worldwide network (Eilifsen et al. 2006). The Big Four refers to the four largest accounting and auditing firms in the world, which bring in billions in revenue. Ranked by 2020 revenue figures. The Big Four audit firms, including Deloitte, PwC, EY, and KPMG, typically establish a presence in countries with growing economies and increased business activities. Since the Big Four provide an assurance service resulting in the publication of audit reports and the audit opinion on the financial statements could affect an investors' decision on investment.

Since the Big Four are listed among the world's Top 50 most attractive employers (Universum 2009), they are currently very successful in luring qualified candidates to work for them. However, maintaining the Big Four's position as the top four audit firms in Myanmar relative to local audit firms remains a critical issue.

The Big Four in Myanmar are known for providing a range of services beyond traditional auditing, including advisory, tax, and consulting services. Their service portfolio in Myanmar may align with the diverse needs of businesses in the region. The client portfolio of the Big Four in Myanmar may include companies from diverse sectors, such as banking, telecommunications, trading, manufacturing, FMCG and Fintech, Financial Institution services. The unique challenges of operating in Myanmar, such as navigating cultural nuances and addressing specific business practices, could influence the strategies adopted by the Big Four. The Big Four are recognized for their industry expertise, and their teams are typically composed of professionals with specialized knowledge in specific sectors. Compliance with local regulations and global auditing standards is a fundamental aspect of the operations of the Big Four in any country, including Myanmar.

Although it is also situated other international audit firms such as BDO, PKF in Myanmar, this study mainly focuses on Big Four International Audit Firms and it is brief described about as follow.

3.2.1 Ernst & Young

Ernst & Young Global Limited, commonly known as EY, is a global partnership for professional services. American Alwin Ernst and Scotsman Arthur Young established their respective businesses in 1903 and 1906, respectively. In 1989, the companies amalgamated. Currently, the company works in more than 150 countries and employs over 200,000 people. One of the biggest networks for professional services in the world is EY. As one of the Big Four accounting firms, alongside Deloitte, KPMG, and PwC. In order to help clients overcome their most difficult obstacles and create a better working environment for everybody, Ernst & Young offers audit, consulting, assurance, tax, business risk, technology and security risk services, and human capital services all over the world. Both domestic and foreign businesses in a variety of sectors that are poised for expansion in Myanmar as well as the nation's development will benefit even more from EY's ability to provide multidisciplinary services that are supported by strong local market experience and easy access to the vast global resources.

3.2.2 DELLIOTE

Having a significant presence in Myanmar, Deloitte is a prominent international provider of consulting, financial advisory, risk advisory, tax, and related services in addition to audit and assurance. Deloitte began exploring opportunities in Myanmar as the country opened up its economy in the early 2010s and officially established its presence in Myanmar. Deloitte Myanmar has expanded its operations and developed a strong team of local professionals complemented by international experts.. A variety of services are provided by Deloitte Myanmar, such as risk management, tax advice, audit and assurance, and consulting. The firm is known for its expertise in various sectors such as financial services, consumer business, energy and resources, and public sector. Deloitte Myanmar has continuously adapted to the local business environment and regulatory changes. The firm emphasizes understanding the unique challenges and opportunities in Myanmar, ensuring that its services are relevant and effective for clients navigating the local market.

3.2.3 PwC

In the early 2010s, as political and economic reforms were starting, PwC, a member of the PricewaterhouseCoopers worldwide network, first made its way into Myanmar. This decision was motivated by the necessity for international-standard advising services and the opening of Myanmar's economy to foreign investment. In 2012, PwC officially opened its office in Yangon, the commercial capital of Myanmar. This establishment was a response to the growing demand for professional services in the country, including auditing, tax advisory, and consulting services. Since its establishment, PwC Myanmar has grown to include a diverse team of local professionals with extensive international experience. This growth has been further supported by expertise from other PwC offices, particularly PwC Singapore, ensuring a blend of local insight and global expertise.

3.2.4 KPMG

KPMG is a global network of professional firms that offers services in tax, legal, advisory, audit, and assurance for a variety of industries. With operations in 143 nations and territories, KPMG firms employ over 265,000 people worldwide. KPMG has a long history of professionalism and ethics in Myanmar. Our dynamic approach to serving clients in a digitally driven world, coupled with our expertise in Tax and Advisory services, has allowed us to work with well-known companies to assist them in growing, disrupting

industries, navigating changes, and solving complex challenges. Our approach is deeply rooted in collaboration and innovation, with our employees striving to deliver authentic and enduring value for our clients. KPMG is dedicated to providing the best possible service and quality in everything it does. We do this by acting in a way that both professionally and personally earns the trust of the public. KPMG in Myanmar is dedicated to giving businesses operating in the country the best possible service. Through KPMG in Thailand, the KPMG office in Myanmar has access to full-service capabilities, with assistance from KPMG firms in Japan and Singapore. KPMG uses their technical expertise and practical experience to provide long-term added value.

3.3 Descriptive Analysis of the Determinant of Audit Quality

There are four primary components that are based on audit quality that make up the descriptive analysis of determinants of audit quality presented in this section. Audit Quality was measured by its determinants such as leadership commitment, Engagement Team Expertise, Professional Competence and Communication Effectiveness. This study identified five items: communication effectiveness, professional competence, engagement team expertise, and leadership commitment. Each item was scored on a five-point Likert scale. Based on the study's findings, the standard deviation and mean scores for each determinant are shown. Table displays the average rating scale (3.5).

Table (3.1) Mean Rating Scale

No.	Score Range Mean Rating	Mean Rating
1	1.00 -1.80	Very Low
2	1.81 -2.60	Low
3	2.61-3.40	Neutral
4	3.41- 4.20	High
5	4.21-5.00	Very High

Source: Adapted from Groves, R. M. (2009)

3.3.1 Client Perception on Leadership Commitment

The purpose of the question items in this section is to assess international audit firms' leadership commitment. The client's perceptions of leadership commitment are explained in Table (3.6).

According to Table (3.6), the overall mean value is 3.94, with the high agreement level indicated. The highest mean score 3.98 indicates the audit team effectively leads audit engagements and the audit team builds and maintains strong client relationships. Even though the lowest mean score is found that supports ongoing coaching for internal auditors of clients by the mean value is good enough with 3.92.

Table (3.2) Mean Scores of Perceptions on Leadership Commitment

No.	Particular	Mean	Std. Deviation
1	Giving effective leadership guidance upon audit engagements by audit team.	3.98	0.49
2	Having a cleared and structured framework of audit procedure that can get operating efficiency and effectiveness.	3.96	0.55
3	Supporting an ongoing coaching progress for internal auditors.	3.88	0.57
4	Building and maintaining strong client relationships.	3.98	0.65
5	Making quick decisions for urgent tasks and audit process within the constraints of time pressure	3.92	0.54
Overall Mean		3.94	

Source: Survey Data, 2024

3.3.2 Client Perception on Engagement Team Expertise

The question items in this section are used to assess international audit firms' engagement teams' level of expertise. Table (3.7) explains the perceptions of the client towards engagement team expertise.

Table (3.3) Mean Scores of Perceptions on Engagement Team Expertise

No.	Particular	Mean	Std. Deviation
1	Performing the competent audit service effectively and technically.	3.89	0.54
2	Providing guidance on accounting principles and practices	4.01	0.60
3	Understanding the audit history and procedures thoroughly	3.77	0.56
4	Continuous monitoring and evaluating the whole perspective of the operations	3.77	0.74
5	Offering valuable opinions for the company.	3.85	0.63
Overall Mean		3.86	

Source: Survey Data, 2024

The overall mean value of 3.90 indicates that the stated is at the high agreement level, according to Table (3.3). 4.01 is the greatest mean score. The audit team's willingness to offer guidance on accounting principles and practices is indicated by this highest number. With a mean score of 3.77, the audit team's industry knowledge is the least of all the factors considered when assessing the company's operations.

3.3.3 Client Perception on Professional Competence

This section uses the question items to assess international audit firms' professional competence. The client's perceptions of professional competence are explained in Table (3.4). The overall mean value of 4 means indicates that the level of agreement is high, as per Table (3.4). 4.03 is the greatest mean score. The highest number suggests that the auditors apply IFRS with competence. With a mean value of 3.82, the auditors' ability to detect and address audit-related issues is found to have the lowest mean score.

Table (3.4) Mean Scores of Perceptions on Professional Competence

No.	Particular	Mean	Std. Deviation
1	Having an appropriate competency when applying IFRS in the respective audit field.	4.03	0.56
2	Setting the high morality with high professional integrity.	4.01	0.60
3	Providing valuable suggestions for better improvement in accounting procedures.	3.98	0.53
4	Addressing effectively complex accounting and auditing issues.	4.00	0.51
5	Identifying and resolving audit-related issues appropriately.	3.97	0.46
Overall Mean		4.00	

Source: Survey Data, 2024

3.3.4 Client Perception on Communication Effectiveness

The question items in this section are used to assess international audit firms' communication effectiveness. Table (3.5) explains the perceptions of the client towards communication effectiveness.

Table (3.5) Mean Scores of Perceptions on Communication Effectiveness

No.	Particular	Mean	Std. Deviation
1	Having a clear and transparent communication network to enhance audit quality	4.02	0.53
2	Setting the auditing objectives and specifying the auditing service procedures,	4.00	0.44
3	Understanding the documentation process for auditing (such as audit report and letter of recommendation) with a proper format.	3.99	0.48
4	Arranging regular meetings with the client's key staff to identify major auditing problems and critical issues	3.99	0.52
5	Informing the progress of the auditing process and significant audit results	4.03	0.50

Overall Mean	4.01
--------------	------

Source: Survey Data, 2024

The overall mean value of 4.01 indicates that the stated is at the high agreement level, according to Table (3.5). 4.03 is the greatest mean score. This highest number suggests that the auditors stay updated on the audit's status and any noteworthy discoveries. The lowest mean score is found for the following: communication materials from the audit firm are easily understood with a proper format, and auditors schedule regular meetings with the client's key staff to identify issues of concern (3.99).

For International Audit Firms, to get client satisfaction on their quality in Myanmar, they need to obtain high audit quality which enhance the determinants factor such as leadership commitment, engagement team expertise, professional competence and communication effectiveness. Table (3.6) describes the mean summary of determinant of audit quality based on perceptions of client firms.

Table (3.6) Overall Mean of Determinant Factors of Audit Quality

No.	Particular	Mean	Std. Deviation
1	Leadership Commitment	3.94	0.34
2	Engagement Team Expertise	3.86	0.41
3	Professional Competence	4.00	0.36
4	Communication Effectiveness	4.01	0.30

Source: Survey Data, 2024

Table (3.6) indicates that team expertise in engagement has the lowest mean score of 3.86 and communication effectiveness has the highest mean score of 4.01. Additionally, this research's mean score level for professional competence and leadership commitment is satisfactory.

CHAPTER 4

ANALYSIS ON AUDIT QUALITY AND CLIENT SATISFACTION OF INTERNATIONAL AUDIT FIRMS

The study's conclusions are presented in this chapter, which also examines the impact of audit quality on client satisfaction at an international audit firm in Myanmar. There are four parts. The research design was presented in the first section, the respondents' demographic profile was examined in the second section, the findings of the linear regression analysis for SPSS were examined in the third section to determine the impact of determinant factors on audit quality, and the fourth section showed how audit quality affected international audit firms' client satisfaction in Myanmar.

4.1 Research Design

The research design identifies the method of data gathering, which instruments are used, how they are dealt with and how the gathered information is arranged and analyzed. Additionally, this study's design, data analysis methodology, statistical approaches, and various data collection tools are all detailed.

There are 19 client companies in Yangon which proportionately and randomly selected. Since they have at least a year's worth of relevant experience with the auditing process, all respondents in the client companies were the intended personnel to represent their organizations. The respondents included such as Accountants, Chief Accountants, Treasury Manager, Financial Analysts, Controllers, Finance Managers, CFO from Finance Department and CEO from the client companies who provided pertinent information on survey questions. Table (3.1) shows that although 95 respondents from client companies received the created questionnaires, only 92 of them were able to return them.

Table (4.1) No. of Key Personnel from Finance Department

Audit Firm Name	Population	%	Sample	No. of key personnel from finance department	No. of respondents
	No. of Client Companies		No. of Client Companies		
EY	25	20%	5	5	25
De	24	20%	5	5	25
PwC	24	20%	5	5	25
KPMG	19	20%	4	5	20
	92		19		95

Source: Survey Data, 2024

The questionnaire in this study utilized a 5-point Likert scale, allowing respondents to indicate if they were undecided. The questionnaire was composed of three parts including:

Part A: Consisting of questions asking about respondent's data and their background; questions number 1-5.

Part B: Consisting of questions asking to rate the agreement level of determinant factors on Audit Quality; questions number 1-20.

Part C: Consisting of questions asking to rate the agreement level on audit quality; questions number 1-9.

Part D: Consisting of questions asking respondents to rate the agreement level of Client Satisfaction; questions number 1-6.

The reliability coefficient, also known as the Cronbach's alpha test, was employed to assess the internal consistency of a variable across several questionnaire measurements. This test is the most commonly used to evaluate the consistency of the entire scale, according to Hair et al. (2006). The greater the internal consistency of the scale's items, as per Gliem and Gliem (2003), the closer the Cronbach's alpha coefficient is to 1.0 (Sekaran, 2003). The Cronbach's alpha coefficient was deemed acceptable by the general guidelines. If Alpha is less than 0.6, it indicates that the findings are not trustworthy. The interpretation of Alpha Cronbach (Sekaran, 2003) is: < 0.6 indicates unsatisfactory internal consistency or consider that the data is unreliable, > 0.6 or 0.7 indicates that the data is acceptable, 0.8 indicates good internal consistency or consider that the data resulted is reliable. Higher levels of internal consistency reliability are guaranteed by Cronbach's alpha values that are closer to 1. The study's Cronbach's alphas and research instrument reliability are presented in Table (3.2).

Table (4.2) Reliability Test of the Survey Instruments

Variables	Number of items	Value of (α)
Leadership Commitment	5	0.861
Engagement Team Expertise	5	0.862
Professional Competence	5	0.895
Communication Effectiveness	5	0.886
Audit Quality	9	0.788
Client Satisfaction	6	0.919

Source: Survey Data, 2024

In this study, it shows that the Cronbach's Alpha Value of most of the factors is 0.8 and above, which means all the variables is reliable.

4.2 Profile of Respondents (Clients)

Table (4.3) shows the profile respondents and there are 92 respondents out of total 95 respondents from proportionally selected from client companies in Yangon who are collaborated with auditing team. All respondents in the client companies were the targeted personnel to represent their organizations since they have relevant knowledge in auditing process respectively for at least 1 year. The respondents included such as Accountants, Chief Accountants, Treasury Manager, Financial Analysts, Controllers, Finance Managers, CFO from Finance Department and CEO from the client companies who provided pertinent information on survey questions.

Respondents' demographic details include things like age, gender, job title, degree of education, and industry type of the client company. It is discovered that the majority of responders are female, and that the age group between 31 and 40 years old predominates among respondents, followed by 41 to 50 years old (31.61%) and 47.82 percent, respectively. The majority of respondents have completed their professional certificates in accounting and finance in addition to their bachelor's or master's degrees. This attests to their familiarity with audit quality and how it affects customer satisfaction.

Table (4.3) Profile of Clients

No.	Particulars	No. of Respondents	Percentage (%)
	Total	92	97
1.	Gender		
	Female	77	84
	Male	15	16
2.	Age		
	20-30 years	11	12
	31-40 years	44	48
	41-50 years	30	33
	51 and above	7	7
3.	Education		
	Bachelor & professional Certificate	59	64
	Masters & Professional Certificate	33	36
4.	Position		
	Assistant Accounting/Finance Manager	30	32
	Senior Finance Manager/Controllers	44	48
	Head of Finance/Treasury/Strategic Lead	8	9
	CFO and CEO	10	11
5.	Types of Client Companies' Industry		
	Legal and Accounting Services	1	5
	Banking and Fintech	6	32
	Media and Entertainment	1	5
	FMCG	6	32
	Manufacturing	1	5
	Telecommunication	4	21

Source: Survey Data, 2024

The list of client companies that were involved in this study by the respondents is displayed in Table (4.3) below. and out of the 94 respondents, 92 are proportionately chosen from client companies in Yangon that work with the auditing team.

Table (4.4) Name of Client Companies

No.	Name of Client Company	Type of Industry
1	ATOM	Telecommunication
2	AYA	Banking
3	Beiersdorf Myanmar	FMCG
4	Coca-Cola	FMCG
5	Canal+ Myanmar	Media and Entertainment
6	De Heus Myanmar	Manufacturing
7	DKSH Myanmar	FMCG
8	Fair Deal	FMCG
9	Heineken Myanmar	FMCG
10	JTI	FMCG
11	KDDI	Telecommunication
12	KBZ	Banking
13	Luther	Legal and Accounting Service
14	MPT	Telecommunication
15	Ooredoo	Telecommunication
16	True Money Myanmar	Fintech
17	Wave Money Myanmar	Fintech
18	Yoma Bank	Banking
19	2C2P	Fintech

Source: Survey Data, 2024

This table lists the client companies included in the research study, categorized by their industry type. The table provides the name of each company and the corresponding sector in which they operate. The industries represented include telecommunications, banking, FMCG (Fast-Moving Consumer Goods), media and entertainment, manufacturing, legal and accounting services, and fintech. This categorization helps to illustrate the diversity of industries involved in the study, potentially reflecting a broad spectrum of audit engagement scenarios.

4.3 Analysis of Determinants Factors on Audit Quality.

The impact of determinant factors on the audit quality of international audit firms was examined in this study.

The results show that the overall mean of audit quality in Table (4.5) is 3.96, which suggests that international audit firms have high audit quality. The average independence and capability ratings are 4.01 and 4.02, respectively, indicating a high opinion of audit quality. The mean score of 3.97, 3.98 and 3.77 for non-audit services, Reputation, Experience, Responsiveness are also reflected a positive perception. The average rating for Empathy, Assurance and Expertise are indicating agreed level on Audit Quality.

Table (4.5) Mean Scores of Audit Quality

No.	Particular	Mean	Std. Deviation
1	Maintaining freedom, harmony and balance between management and other stakeholders.	4.01	0.72
2	Applying high ethical standard (Reputation)	4.02	0.63
3	Responding in a timely manner to the company's needs.	3.96	0.64
4	Avoiding to offer non-audit services to the organization.	3.98	0.73
5	Gaining appropriate amounts of prior experience in auditing	3.97	0.56
6	Being highly competent.	3.98	0.61
7	Leveraging equality among industry experts and internal audit team.	3.87	0.49
8	Arranging regular meetings with the client's key staff to identify issue of concern.	3.80	0.52
9	Being proactive and contributory that demonstrate empathy in auditing approach.	3.78	0.44
Overall Mean		3.96	

Source: Survey Data, 2024

In addition, Table (4.5) relates to the analysis on the effect of independent variables (Leadership Commitment, Engagement Team Expertise, Professional Competency and Communication Effectiveness) on dependents variable (Audit Quality) by using multiple regression method.

Table (4.6) Effect of Determinants Factors on Audit Quality.

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-0.114	0.469		-0.243	0.809
Leadership Commitment	0.040	0.126	0.032	0.320	0.750
Engagement Team Expertise	0.003	0.137	0.003	0.022	0.982
Professional Competence	0.408**	0.156	0.344	2.609	0.011
Communication Effectiveness	0.574***	0.163	0.404	3.515	0.001
R Square	0.518				
Adjusted R Square	0.496				
F Value	23.35***				

Source: Survey Data, 2024

Note: *** Significant level at 1%, ** Significant level at 5%

According to the table (4.6), R square is 0.518 and adjusted R² is 0.416. Because the R square value of this model is 0.518, it explains very well how the measures of audit quality determinants toward professional competency, engagement team expertise, leadership commitment, and communication effectiveness predict variation in audit quality. Moreover, the value of adjusted R square is 0.496 and this indicates that there is a 49.6 percent variance between the independent variable (determinants of audit quality) and the dependent variable (audit quality). At the one percent significance level, the model's overall significance is indicated by the F test value. It indicates that the relationship determinant factor of audit quality and audit quality are correlated and this specific model can be said valid.

According to the analysis, all of determinants of audit quality, leadership commitment, engagement team expertise, professional competence and communication effectiveness have a positive effect on audit quality. It is discovered, however, that there is no correlation or association between the changes in the independent variables and the

shifts in the dependent variable, nor is there any discernible difference between the determinants such as leadership commitment and engagement team expertise. Therefore, it is difficult to say whether the increase in these two determinants such as leadership commitment and engagement team expertise, can lead to an effect on audit quality of international audit firms or not.

Regarding, professional competence and communication effectiveness, the respondents of this study tend to have a positive perception of audit quality in Big Four Audit Firm. Additionally, at the 1 percent and 5 percent levels, these two variables have a positive sign and a highly significant value. The positive correlation suggests that the Big Four Audit Firms in Myanmar's audit quality is impacted by increases in professional competence and communication effectiveness. An increment in professional competence and communication effectiveness is associated with a corresponding enhancement in audit quality. Each advancement in communication effectiveness and profession competence contribute to increases of good quality audit. The standardized coefficient (Beta) of conflict handling has the largest value 0.404 among the four explanatory variables indicating that communication effectiveness has the greatest contribution to the effect on audit quality.

4.4 Analysis on Effect of Audit Quality on Client Satisfaction

In this section, client satisfaction is examined and the mean scores are described in the following Table (4.7).

According to the result, overall mean of client satisfaction of International Audit Firms is 3.94 and it can be interpreting client satisfaction is quite highly overall, with means close to 4. The highest-rated attribute is the ability of audit reports to build trust and confidence among external stakeholders with the mean value 4.05. The lowest-rated attribute, though still positive, is the value of audit reports and recommendations for driving organizational improvement and audit findings that can be identified potential risks and vulnerabilities within the organization with mean value 3.87. Overall, clients are satisfied with the audit services, particularly in how they enhance their reputation and credibility.

Table (4.7) Mean Scores of Client Satisfaction

No.	Particular	Mean	Std. Deviation
1	Strengthening internal controls, mitigating risks, and enhancing operational efficiency.	4.00	0.78
2	Informing financial decisions and allocate resources efficiently and effectively.	3.92	0.87
3	Building trust and confidence among external stakeholders.	4.05	0.50
4	Being identified potential risks and vulnerabilities within the organization.	3.87	0.58
5	Providing valuable insights to boards of directors and senior management regarding financial health, compliance status, and internal control environment.	3.90	0.51
6	Driving organizational improvement, enhancing stakeholder contribution to the long-term success of organization.	3.87	0.67
Overall Mean		3.94	

Source: Survey Data, 2024

Subsequently, the effect of independent factor (audit quality) was analyzed in the study on the dependent variable (client satisfaction), linear regression analyses was conducted. The result of this analysis is shown in Table (4.8).

Table (4.8) Effect of Audit Quality on Client Satisfaction

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	0.469	0.340		1.381	0.171
Audit Quality	0.870***	0.085	0.734	10.254	0.000
R	0.734				
R Square	0.539				
F Value	105.141***				

Source: Survey Data, 2024

Note: *** Significant level at 1%

R square is 0.734 and adjusted R square is 0.539, as shown in Table (4.8). Because the R square value of this model is 0.734, it explains very well how the measures of audit quality predict the variation in client satisfaction. Additionally, the adjusted R square value of 0.539 shows that the variance between the dependent variable (client satisfaction) and the independent variable (audit quality) is 53.9 percent. At the one percent significance level, the model's overall significance is indicated by the F test value. It suggests that there is a correlation between the quality of the relationship audit and client satisfaction, making this particular model legitimate.

Consequently, at the 1 percent level, the audit quality variable has a highly significant coefficient value and a positive sign. The positive correlation suggests that the Big Four audit firms' influence over client satisfaction is influenced by an increase in audit quality. Furthermore, the audit quality's standardized coefficient (Beta) is 0.734, indicating that the audit quality influences client satisfaction in some way.

CHAPTER 5

CONCLUSION

This chapter presents the findings and discussions from analysis, suggestions and recommendations and need for further research.

5.1. Findings and Discussion

The first goal of this study is to identify the factors that influence audit quality, which in turn affects client satisfaction. The study found that the majority of respondents are female, have completed more years of professional education, and have a great deal of experience working in the auditing process. Consequently, it makes sense that respondents believe that factors influencing audit quality are crucial to client satisfaction.

All mean values of client perception on determinants factors are at high level. It implies that client firms have highly perceived all determinants factors such as leadership commitment, engagement team expertise, professional competency and communication effectiveness driving to achieve audit quality. The results highlighted that among the determinants of audit quality, professional competence and communication effectiveness have high mean values and followed by leadership commitment and engagement team expertise, have also at good level of perception. Clients concur, it says, that Big Four Audit Firms consistently deliver professional services and are competent communicators. Then, it is discovered that the Big Four audit firms value their client relationships and fulfill their commitments to provide high-quality technical and service.

Regression analysis shows that, out of the four determinant factors, professional competence and communication effectiveness have a somewhat significant positive influence on audit quality. The rest of the determinant, leadership commitment and engagement team expertise do not significantly influence on audit quality. The most important determinant factor on audit quality is communication effectiveness while followed by professional competence as a second important one. Analysis on communication effectiveness is shows positively effect on audit quality, to encourage audit quality overall auditing procedure. However, there is no discernible relationship between engagement team expertise and leadership commitment and audit quality. The findings of the regression analysis indicate that an audit's quality will improve with increased

professional competence and efficacious communication. Furthermore, it's discovered that Big Four audit firms have excellent client communication and a thorough understanding of their clients' needs. Client businesses concur that auditors and engagement partners are competent in all respects, capable of resolving unforeseen issues and obstacles and conveniently providing a wide range of services.

Moreover, according to the simple linear regression result, audit quality also has positive effects and influence on client satisfaction. This means that client company is satisfied with the quality of the audit services it receives and audit quality significantly enhances the client satisfaction. It also implies that enhancing audit quality may make clients feel more satisfied. In conclusion, satisfaction can lead to a number of advantages, such as a positive working relationship between audit firms and their clients, a solid foundation for repeat business, and the development of loyalty. These results can help decision-makers decide where to concentrate their resources and efforts in order to get better results.

5.2 Suggestions and Recommendations

Some ideas and recommendations for raising audit quality in international audit firms in Myanmar are made in light of the analysis. According to the results, the findings show that while handling complicated accounting and auditing difficulties, communication plays a critical role. In order to effectively communicate with clients and stakeholders who might not possess technical competence, complex concepts and findings must be simplified into language, clients and stakeholders who may not have technical expertise can understand. Prompt and efficient resolution of audit-related concerns depends on responsive communication. Responsive communication is essential for addressing audit-related issues promptly and effectively.

Auditors must convey their findings and concerns to the client in a manner that facilitates timely corrective actions. This responsiveness not only enhances audit efficiency but also helps in mitigating risks. This is crucial in building stakeholder confidence in the audit's accuracy and reliability. However, auditing companies should improve and fund training initiatives to raise staff members' proficiency with IFRS and other accounting standards.

In order to improve engagement team expertise, audit firm should be encouraging team members to specialize in specific industries or audit areas to develop deeper expertise. Since the study provides a clear understanding of what the clients expect from the auditors, audit firms can also use it. Furthermore, Audit firms should consider auditor rotation policies to maintain independence and objectivity with the client companies.

It is crucial to achieve excellence in audit quality while guaranteeing customer satisfaction in the ever-changing world of international audit businesses. Audit Firms should bolster their independence procedures because Independence is the foundation of confidence. Audit firms should foster ongoing professional growth. Therefore, audit firms should also focus on responsiveness, independence of the company to get client satisfaction. Setting audit quality as a top priority is essential to protecting stakeholders' interests and enabling the seamless advancement of corporate goals globally. By identifying and addressing potential challenges in audit quality, the study provides valuable insights to auditing firms, regulatory bodies, and businesses, ultimately fostering a financial ecosystem built on trust, reliability, and client satisfaction, while concurrently ensuring adherence to statutory obligations. Therefore, both the client and the audit firms may benefit from this analysis.

5.3 Need for Further Research

This survey is limited to international audit firms, particularly the Big Four, and is conducted among a small number of respondents. The target population is therefore extremely small. To improve the reliability of the findings, a larger population sample from another local audit firm may be used in future research. Only audit quality, its factors, and client satisfaction are the subject of this investigation. It is therefore advised to conduct additional research to examine and assess additional variables, factors, and attributes that may have an impact on audit quality, such as audit firm reputation, assurance, auditor size, and auditor firm tenure. It is recommended that comparable research be conducted for insurance companies and other nearby businesses.

REFERENCES

- Abdul, M., Sutrisno, & Rosidi, H. A., & Achsin, R. (2014). Effect of competence and auditor independence on audit quality. *International Journal of Business, Economics and Law*, 4 (1), 87-95.
- Andaleeb S.S. (1992) The Trust Concept: Research Issues for Channels of Distribution. *Research in Marketing*. 11,1-34.
- Al-Mawali, S., & Abu Lail, A. (2020). Exploring the role of audit quality on client satisfaction and financial reporting accuracy. *Journal of Accounting and Financial Management Research*, 12(3), 45-60.
- Asmara, R. Y. (2019). Effect of complexity, due professional care, and auditor ethics on audit quality at public accountant offices in South Jakarta. *Journal of Business and Economics*, 5 (12), 45-58.
- Ashton, R. H., & Brown, P. R. (1980). Internal control evaluation and audit program planning. *Journal of Accounting Research*, 18(Supplement), 234-245.
- Astro Yudha Kertarajasa, A. (2019). Effect of competence, experience, independence, due professional care, integrity on audit quality moderated by auditor ethics. *Journal of Accounting and Finance*, 15 (3), 112-125.
- Bedard, J. C., & Chi, M. T. (1993). The relationship between auditor competence and reliance on client management. *Contemporary Accounting Research*, 10 (2), 429-452.
- Bitner, M. J., & Hubbert, A. R. (1994). Inter-correlation between satisfaction and perceived quality. *Journal of Marketing*, 58 (3), 111-124.
- Chang, X., Dasgupta, S., & Hilary, G. (2009). The effect of auditor quality on financing decisions. *The Accounting Review*, 84 (4), 1085-1117.
- Churchill, G. A., & Surprenant, C. (1982). Relationship between satisfaction and perceived quality. *Journal of Marketing Research*, 19 (4), 491-504.
- Cohen, J. R., Krishnamoorthy, G., & Wright, A. M. (2008). Effective communication between auditors and audit committees for improving financial reporting. *Journal of Accounting, Auditing & Finance*, 23 (4), 581-616.

- Dabholkar, P. A., Shepherd, C. D., & Thorpe, D. I. (2000). Quality leading to satisfaction. *Journal of Business Research*, 48 (1), 75-90.
- DeAngelo, L. E. (1981). Audit quality defined as the auditor's ability to examine the accounts and identify discrepancies. *Journal of Accounting and Economics*, 3 (3), 233-247.
- De Ruyter, K., Bloemer, J., & Peters, M. (1997). Relationship between satisfaction and quality perceptions. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 10 (1), 17-27.
- De Ruyter, K., Bloemer, J., & Peters, P. (1997). Merging service quality and service satisfaction: An empirical test of an integrative model. *Journal of Economic Psychology*, 18(4), 387-406.
- Dinata, I. (2006). Competence is the overall knowledge, ability or skill and work attitude plus personality attributes possessed by a person. *Journal of Management Studies*, 13 (2), 56-71.
- Dinata, A. (2006). Understanding competence: Knowledge, skills, attitudes, and personality attributes. *Journal of Human Resource Development*, 10(3), 45-58.
- Dresdner, S., & Fischer, M. (2020). Audit quality and corporate governance. *Financial Reporting Review*, 12 (3), 195-210.
- Duff, A. (2004). Audit quality: Beyond technical quality to service quality. *Accounting, Auditing & Accountability Journal*, 17 (5), 731-759.
- Duff, A. (2009). An alternative AUDITQUAL model comparing perceived audit quality among UK audit markets in 2002 and 2005. *International Journal of Auditing*, 13 (2), 157-175.
- Evans, J. R., & Lindsay, W. M. (2020). **Managing for Quality and Performance Excellence** (11th ed.). Cengage Learning.
- Gliem, J. A., & Gliem, R. R. (2003). Internal consistency of items in the scale indicated by Cronbach's alpha coefficient. *Instrument Development and Evaluation Handbook*, 24-28.
- Groves, R. M. (2009). *Survey methodology (2nd ed.)*. Wiley

- Hai, D. H., & Al. (2016). The role of auditors in evaluating the transparency and quality of financial information. *Journal of Financial Regulation and Compliance*, 24 (3), 245-261.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2006). *Multivariate data analysis* (6th ed.). Pearson Prentice Hall
- Hall, J. A. (1988). The importance of auditor expertise in evaluating internal controls. *Auditing: A Journal of Practice & Theory*, 7(1), 1-13.
- International Auditing and Assurance Standards Board. (2014). *Framework for audit quality: Key elements that create an environment for audit quality*. International Federation of Accountants.
- Iselin, E. R., Kent, P., & Li, L. (2010). Audit team expertise, audit quality, and audit outcomes. **Contemporary Accounting Research*, 27*(3), 824-861.
- Ismail, I., Haron, H., Ibrahim, D. N., & Isa, S. M. (2006). Service quality, client satisfaction and loyalty towards audit firms: Perceptions of Malaysian public listed companies. *Managerial Auditing Journal*, 21(7), 738-756.
- Johnson, M. D., & Gustafson, A. (2000). Satisfaction influencing purchasing behavior. *Journal of Consumer Psychology*, 9 (2), 161-172.
- Kaynak, H., & Roger, J. B. (2013). The role of stakeholders in improving the performance of an organization. *International Journal of Productivity and Performance Management*, 62 (5), 560-578
- Liahmad, L., Rusnindita, K., & Utami, Y. P. (2020). Effect of competence, independence, and auditor experience on audit quality: A study of public accountants in Malang City Public Accountant Office. *Journal of Accounting Research*, 15 (2), 123-145
- Libby, R., & Frederick, D. M. (1990). Experience and knowledge as contributors to auditor competence. *Auditing: A Journal of Practice & Theory*, 9 (1), 1-20.
- Mansouri, A., Pirayesh, R., & Salehi, M. (2009). Audit quality: Insights from the field. *Journal of Accounting Research*, 47(2), 456-478.
- Mansouri, M., Jani, K., & Emami, M. (2009). Relationship between auditor expertise and audit quality. *Iranian Journal of Management Studies*, 2(2), 41-58.
- Mautz, R. K., & Sharaf, H. A. (1961). Adherence to generally accepted standards and regulations in auditing theory. *The Accounting Review*, 36 (1), 23-36.

- Mbakaya, J. A. (2014). Relationship between audit quality attributes and client satisfaction for companies quoted. *Journal of Accounting and Finance*, 9 (2), 123-135.
- McLean, S. (2005). Understanding communication: Perception, interpretation, and meaning. *Journal of Communication Studies*, 15 (3), 112-125.
- Mugenda, O. M., & Mugenda, A. G. (2003). *Sample size as a subset of the population. Research Methods: Quantitative and Qualitative Approaches*, 108-122.
- Mulyadi, Y. (2014). Maintenance of professional knowledge and expertise in auditing practice. *Journal of Accounting Research*, 21(3), 112-128.
- Nelson, M. W., & Tan, H. B. (2005). Auditors' tasks in forming an assurance opinion. *Journal of Accounting Research*, 43 (2), 287-303.
- Ningrum, G. S., & Wedari, L. K. (2017). Impact of Auditor's Work Experience, Independence, Objectivity, Integrity, Competency and Accountability on Audit Quality. *Journal Economics & Business Atmajaya Indonesia*, 1, 19-33.
- Oliver, R. L. (1997). Satisfaction as the consumer's fulfillment response. *Journal of Consumer Research*, 14 (4), 495-507.
- Pearson, J. N., & Nelson, D. P. (2000). Communication: Process, sharing, understanding, and meaning. *Communication Research*, 27 (4), 547-567.
- Pizzini, M., Lin, S., & Ziegenfuss, D. E. (2014). The impact of internal audit function quality and contribution on audit delay. *Auditing: A Journal of Practice & Theory*, 34 (1), 25-58.
- Saripudin, D., Rahman, A., & Susilowati, R. (2012). Factors influencing audit quality in developing countries. *Journal of Auditing Research*, 8(2), 145-160.
- Sekaran, U. (2003). Internal consistency and its assessment by Cronbach's alpha coefficient. *Research Methods for Business: A Skill-Building Approach*, 87-92.
- Sikka, P. (2009). Financial crisis and the silence of the auditors. *Accounting, Organizations and Society*, 34 (6-7), 868-873
- Sutton, S. G. (1993). Toward an understanding of the factors affecting the quality of the audit process. *Decision Sciences*, 24 (1), 88-105.
- Vindu, N., & Himanshu, S. (2007). Evolution of quality: A historical perspective. *International Journal of Quality & Reliability Management*, 24 (8), 847-862.

- Van Harling, M. N. (2013). Exploring Factors Influencing Audit Client Satisfaction. *The Indonesian Accounting Review*, 3(1), 67–76.
- Watanabe, T., & Kumar, R. (2019). IFRS implementation in Myanmar: A catalyst for financial reform and market access. International Financial Reporting Standards Foundation
- Zeithaml, V. A., & Bitner, M. J. (2000). Satisfaction defined as customers' evaluation of a product or service. *Journal of Marketing*, 63 (3), 5-44.

Appendix - I

SURVEY QUESTIONNAIRES FOR AUDIT QUALITY OF INTERNATIONAL AUDIT FIRMS IN MYANMAR

**PART A: GENERAL INFORMATION INSTRUCTION: PLEASE GIVE YOUR
RESPONSE BY PUTTING A TICK MARK (√) IN ONE OF THE BOXES
PROVIDED AGAINST FOR FIXED ALTERNATIVE QUESTIONS.**

1. Gender of respondent Male Female
2. Age of respondent (Years) -----
2. Education of respondent (Years) -----
3. Position or roll of respondent -----
4. Type of company Industry -----
5. How Long has your company been -----
receiving audit services from your
current audit service provider?

PART B: DETERMINANTS OF AUDIT QUALITY

Please indicate the extent to which you agree or disagree with the following statements by selecting the relevant number. (1=Strongly Disagree, 2=Disagree, 3=Neutral 4=Agree, 5=Strongly Agree).

No.	Leadership Commitment	1	2	3	4	5
1	The audit team effectively leads audit engagements.					
2	The audit team operates effectively within a cleared and structured framework of audit procedure.					
3	The audit team supports ongoing coaching for internal auditors of clients.					
4	The audit team builds and maintains strong client relationships.					
5	The engagement team makes quick decision due to time pressure upon the task in hand.					
No.	Engagement Team Expertise	1	2	3	4	5
6	Audit team members are technically competent to perform the service.					
7	The audit team is willing to provide guidance on accounting principles and practices.					
8	The audit team is very knowledgeable about the company's industry.					
9	The audit team used to monitor and evaluate the company operations.					
10	The audit team is able to provide valuable opinions for the company.					
No.	Professional Competency	1	2	3	4	5
11	The auditors demonstrate competence in their application of IFRS.					
12	The auditors operate to the highest standards of professional integrity.					
13	The auditors effectively provide valuable suggestions to the company for more improvement in accounting procedures.					
14	The auditors effectively address complex accounting and auditing issues					
15	The auditors effectively identify and resolve audit-related					

No.	Communication Effectiveness	1	2	3	4	5
16	The auditors demonstrate competence in their application of IFRS.					
17	The auditors operate to the highest standards of professional integrity.					
18	The auditors effectively provide valuable suggestions to the company for more improvement in accounting procedures.					
19	The auditors effectively address complex accounting and auditing issues					
20	The auditors effectively identify and resolve audit-related					

PART C: AUDIT QUALITY

Please indicate the extent to which you agree or disagree with the following statements by selecting the relevant number. (1=Strongly Disagree, 2=Disagree, 3=Neutral 4=Agree, 5=Strongly Agree).

No.	Audit Quality	1	2	3	4	5
1	The audit firm maintain independence from company's management and other stakeholders.					
2	The auditors and engagement partner are highly competent and operate to high ethical standard. (Capability)					
3	The audit team is responsive to the company's needs.					
4	The audit team does not offer non-audit services to the organization to avoid conflicts of interests.					
5	The audit team has appropriate amount of prior experience in auditing.					
6	The audit team has necessary industry expertise to effectively audit.					

7	The engagement partner is pro-active and contributory					
8	The audit team and engagement partner arranges regular meetings with the client's key staff to identify issues of concern. Assurance					
9	The audit firm operates to the highest standards of integrity.					

PART D: CLIENT SATISFACTION

Please indicate the extent to which you agree or disagree with the following statements by selecting the relevant number. (1=Strongly Disagree, 2=Disagree, 3=Neutral 4=Agree, 5=Strongly Agree).

No.	Client Satisfaction	1	2	3	4	5
1	I am satisfied the audit recommendations to strengthen internal controls, mitigate risks, and enhance operational efficiency.					
2	I am satisfied the audit information to make informed financial decisions and allocate resources efficiently and effectively					
3	I am satisfied audit reports to build trust and confidence among external stakeholders, thereby enhancing their reputation and creditability					
4	I am satisfied the audit findings that can be identified potential risks and vulnerabilities within the organization.					
5	I am satisfied the audit reports that provided valuable insights to boards of directors and senior management regarding the organization's financial health, compliance status, and internal control environment.					
6	I am satisfied the audit reports and recommendations which are valuable tools that can leverage to drive organizational improvement, ensure compliance, and enhance stakeholder contribute to the long-term success of the organization's confidence.					

APPENDIX II

STATISTICAL OUTPUT

Regression Analysis Result of Determinants on Audit Quality

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.720 ^a	.518	.496	.299	.518	23.350	4	87	.000

a. Predictors: (Constant), Communication Effectiveness, Leadership Commitment, Engagement Team Expertise, Professional Competence

b. Dependent Variable: Audit Quality

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.331	4	2.083	23.350	.000 ^b
	Residual	7.761	87	.089		
	Total	16.092	91			

a. Dependent Variable: Audit Quality

b. Predictors: (Constant), Communication Effectiveness, Leadership Commitment, Engagement Team Expertise, Professional Competence

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.114	.469		-.243	.809
	Leadership Commitment	.040	.126	.032	.320	.750
	Engagement Team Expertise	.003	.137	.003	.022	.982
	Professional Competence	.407	.156	.344	2.609	.011
	Communication Effectiveness	.574	.163	.404	3.515	.001

Regression Analysis Result of Audit Quality on Client Satisfaction

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.734 ^a	.539	.534	.340	.539	105.141	1	90	.000	1.774

a. Predictors: (Constant), Audit Quality

b. Dependent Variable: Client Satisfaction

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.178	1	12.178	105.141	.000 ^b
	Residual	10.424	90	.116		
	Total	22.602	91			

a. Dependent Variable: Client Satisfaction

b. Predictors: (Constant), Audit Quality

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.469	.340		1.381	.171		
	Audit Quality	.870	.085	.734	10.254	.000	1.000	1.000

a. Dependent Variable: Client Satisfaction