

**MINISTRY OF EDUCATION AND TRAINING  
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**MAI DUC NGHIA**

**THE RELATIONSHIPS BETWEEN COMMON  
AUDITORS AND ACCOUNTING COMPARABILITY OF  
COMPANIES LISTED ON HO CHI MINH CITY STOCK  
EXCHANGE, VIETNAM**

**Major: Accounting  
Code: 9340301**

**SUMMARY OF DOCTORAL THESIS**

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## INTRODUCTION

### **The necessity of the research**

Accounting comparability is the qualitative characteristic of financial information (IASB, 2018; FASB, 2024). It enables users to identify and understand similarities and differences in the information presented in financial statements (IASB, 2018; FASB, 2024). Comparability is particularly important to investors, as they constantly need to compare alternatives to make informed decisions. The primacy of comparability has been examined widely in research as well as by regulators. For example, the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) jointly developed a part of the Conceptual Framework for Financial Reporting. This joint project “would enhance international comparability for the benefit of investors and other capital market participants” (FASB, 2002). Vietnamese Accounting Standard No. 1 defines comparability as a fundamental accounting requirement, consistent in meaning with the Conceptual Framework of the IASB.

An audit firm typically operates multiple offices in different geographic locations. Each office serves audit clients within the same city or surrounding areas. In addition, audit firms employ various individual auditors to conduct audit engagements. Some empirical evidence in developed countries suggests that a pair of companies in the same industry sharing common audit firms (Francis et al., 2014; Johnston and Zhang, 2021), common audit offices (Kawada, 2014; Chen, Chen, et al., 2020) or common individual auditors (Chen, Chen, et al., 2020; Li et al., 2021) exhibit higher accounting comparability.

Although previous studies in developed countries have found a positive link between common auditors and accounting comparability, these findings may not be directly applicable to Vietnam due to its distinct economic and regulatory environment. For example, the Vietnamese audit market is considered highly competitive, with low litigation risks (Le et al., 2021; Nguyen, Nguyen, et al., 2023). Nearly two hundred audit firms are competing in Vietnam, and the Big Four firms hold approximately 50 percent of the market share in terms of revenue (Kiemtoan, 2019). This situation contrasts with audit markets in the US and the UK, where the Big Four firms dominate with over 95 percent of the market share.

This research contributes to the existing literature by providing empirical evidence on the impact of common auditors—including audit firms, audit offices, and individual auditors—on accounting comparability in the context of a rapidly developing country such as Vietnam. By examining these relationships and the conditions that moderate them, this study aims to offer valuable insights for both theoretical development and reporting practices in Vietnam.

### **Objectives of the research**

The research aims to explore the relationships between common auditors - including audit firms, audit offices, and individual auditors - and accounting comparability within the context of Vietnam. Additionally, it examines the moderating factors that influence the relationship between common audit firms and accounting comparability.

### **Research questions**

To achieve the above research objectives, the following research questions are proposed:

1. Does a pair of listed companies audited by a common audit firm exhibit greater accounting comparability than a pair audited by different audit firms?
2. If a pair of listed companies audited by a common audit firm exhibits greater accounting comparability than a pair audited by different firms, what factors moderate this relationship?
3. Does accounting comparability increase when a pair of listed companies switches from having different audit firms to sharing a common audit firm? Conversely, does accounting comparability decrease when they switch from sharing a common audit firm to having different ones?
4. Does a pair of listed companies audited by a common audit office of the same audit firm exhibit greater accounting comparability than a pair of companies audited by different audit offices of the same audit firm?
5. Does a pair of listed companies audited by a common audit partner of the same audit firm exhibit greater accounting comparability than a pair of companies audited by different audit partners of the same audit firm?
6. Does a pair of listed companies audited by a common auditor in charge of the same audit firm exhibit greater accounting comparability than a pair of companies audited by different auditors in charge of the same audit firm?

### **Research subjects**

The relationships between common auditors (e.g., audit firms, audit offices, and individual auditors) and accounting comparability within the Vietnamese context. Additionally, this research examines the moderating factors that influence the relationship between common audit firms and accounting comparability.

### **Scope of the research**

Non-financial companies listed on Ho Chi Minh City Stock Exchange (HOSE) in Vietnam between 2016 and 2022.

### **Research Methodology**

This research utilises secondary data, with the aim of identifying relationships within this data type. Accordingly, Ordinary Least Squares (OLS) multiple regression is employed. In addition, fixed effects are applied to address potential omitted variable bias. To further mitigate the impact of confounding factors, the propensity score matching (PSM) technique is used. Finally, moderation analysis is conducted to explore more deeply the conditional nature of the relationships initially indicated by the regression analyses.

### **Theoretical and practical contributions**

Structure of the thesis

Apart from the Introduction, the thesis is divided into five chapters:

Chapter 1: Literature review

Chapter 2: Theoretical background and hypothesis development

Chapter 3: Research methodology

Chapter 4: Results and discussions

Chapter 5: Conclusions and implications.

## **CHAPTER 1 LITERATURE REVIEW**

### **1.1 Bibliometric analysis**

#### **1.1.1 Overview of bibliometric analysis**

#### **1.1.2 Bibliometric analysis of accounting comparability**

### **1.2 Accounting comparability concept**

The Conceptual Framework of IASB and FASB outlines six qualitative characteristics that make financial information useful to users. These characteristics are Relevance, Faithful Representation, Comparability, Verifiability, Timeliness, and Understandability (IASB, 2018; FASB, 2024). These qualitative characteristics work together to ensure that financial statements provide a true and fair view of the financial performance and position of an entity, thereby assisting stakeholders in making informed economic decisions. Accounting comparability constitutes an important qualitative characteristic of financial statements, facilitating users' ability to identify and comprehend the similarities and differences in the financial information of various companies (IASB, 2018; FASB, 2024). The significance of comparability is underscored by both regulatory bodies and academic scholars. In a seminal article widely used by researchers, De Franco et al. (2011) define comparability as the degree of similarity between the accounting systems of two firms in representing economic events within financial statements. It means that two firms in the same industry should represent identical economic events similarly. De Franco et al. (2011) conceptualise the accounting system as a mapping mechanism that translates economic phenomena into financial reports.

- 1.2.1 Benefits of accounting comparability
- 1.2.2 Determinants of accounting comparability
- 1.2.3 Methods to measure accounting comparability
- 1.3 Common auditor concept

Common auditors refer to the shared (same) auditors who audit a pair of audit clients. In this research, common auditors are also examined in terms of three levels: common audit firms, common audit offices, and common individual auditors. Initially, the role of common audit firms in shaping the accounting comparability of their audit clients is explored. Subsequently, the analysis is extended to include the influences of common audit offices and common individual auditors. This structured approach allows for a comprehensive understanding of how each level of common auditors impacts financial reporting practices.

- 1.4 Studies on common audit firms and accounting comparability
- 1.5 Studies on auditor characteristics and accounting comparability
  - 1.5.1 Studies on roles of female auditors
  - 1.5.2 Studies on roles of industry specialisation
- 1.6 Studies on audit firm switches and accounting comparability
- 1.7 Studies on common audit offices and accounting comparability
- 1.8 Studies on common individual auditors and accounting comparability

Summary of Chapter 1

## CHAPTER 2 - THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

### 2.1 Underlying theories

#### 2.1.1 Agency Theory

#### 2.1.2 Upper Echelons Theory

#### 2.1.3 Theories on gender differences

### 2.2 Hypothesis development

#### 2.2.1 Main hypothesis on common audit firms (H1)

***H1:*** *A pair of companies audited by common audit firm exhibits greater accounting comparability than a pair of companies audited by two different audit firms.*

#### 2.2.2 Hypothesis on the role of auditor gender (H2a)

***H2a:*** *The positive relationship between common audit firm and accounting comparability is more pronounced when all audit partners are female.*

#### 2.2.3 Hypothesis on the role of auditors' industry specialisation (H2b):

***H2b:*** *The positive relationship between common audit firm and accounting comparability is more pronounced when common audit firms are industry specialists.*

#### 2.2.4 Hypotheses on audit firm switches (H3 and H4)

***H3:*** *A pair of listed companies that switches from having different audit firms to sharing a common audit firm exhibits higher accounting comparability.*

***H4:*** *A pair of listed companies that switches from sharing a common audit firm to having different audit firms exhibits lower accounting comparability.*

### 2.2.5 Hypothesis on common audit offices (H5)

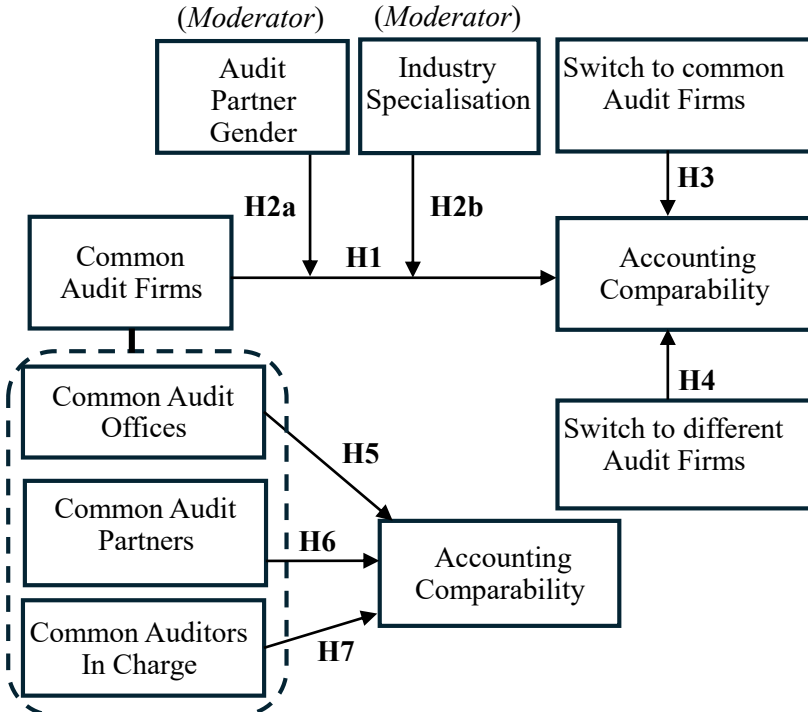
**H5:** *A pair of companies audited by common office of the same audit firm exhibits greater accounting comparability than a pair of companies audited by two different offices of the same firm.*

### 2.2.6 Hypotheses on common individual auditors (H6 and H7)

**H6:** *A pair of companies audited by a common audit partner from the same audit firm exhibits greater accounting comparability than a pair of companies audited by two different audit partners from the same firm.*

**H7:** *A pair of companies audited by a common auditor in charge from the same audit firm exhibits greater accounting comparability than a pair of companies audited by two different auditors in charge from the same firm.*

### 2.3 Proposed research model (Figure 2.1)



## Summary of Chapter 2

**CHAPTER 3 RESEARCH METHODOLOGY**

## 3.1 Choice of research methodology

## 3.2 Research process

## 3.3 Sample selection

The main research sample consists of 183 stocks listed on HOSE, with 45,178 observations of listed company pairs from 2016 to 2022.

## 3.4 Measurement of variables

## 3.4.1 Accounting comparability

Accounting comparability is measured following the output-based approach of De Franco et al. (2011)

## 3.4.2 Common auditors

Common auditors in this research are categorised into three levels: common audit firms, common audit offices, and common individual auditors.

## 3.4.3 Industry specialisation

## 3.4.4 Control variables

## 3.5 Empirical models

## 3.5.1 Empirical model for testing the main hypothesis (H1)

Equation (3.6)

$$Acctcomp_{ijt} = \alpha_0 + \alpha_1 SameFirm_{ijt} + Controls + FE + \varepsilon_{ijt}$$

## 3.5.2 Empirical model for testing H2a

Equation (3.7)

$$\begin{aligned} Acctcomp_{ijt} = & \alpha_0 + \alpha_1 SameFirm_{ijt} + \alpha_2 FEMALE_{ijt} \\ & + \alpha_3 SameFirm_{ijt} * FEMALE_{ijt} + Controls \\ & + FE + \varepsilon_{ijt} \end{aligned}$$

## 3.5.3 Empirical model for testing H2b

Equation (3.8)

$$\begin{aligned}
Acctcomp_{ijt} = & \alpha_0 + \alpha_1 SameFirm_{ijt} + \alpha_2 SPECIALIST_{ijt} \\
& + \alpha_3 SameFirm_{ijt} * SPECIALIST_{ijt} + Controls \\
& + FE + \varepsilon_{ijt}
\end{aligned}$$

## 3.5.4 Empirical model for testing H3

Equation (3.9)

$$Acctcomp_{ijt} = \alpha_0 + \alpha_1 Same\_Switch_{ijt} + Controls + FE + \varepsilon_{ijt}$$

## 3.5.5 Empirical model for testing H4

Equation (3.10)

$$Acctcomp_{ijt} = \alpha_0 + \alpha_1 Diff\_Switch_{ijt} + Controls + FE + \varepsilon_{ijt}$$

## 3.5.6 Empirical model for testing H5

Equation (3.11)

$$\begin{aligned}
Acctcomp10(Acctcomp4)_{ijt} \\
= & \beta_0 + \beta_1 SameFirm\_DiffOffice\_DiffAuditor_{ijt} \\
& + \beta_2 SameOffice\_DiffAuditor_{ijt} \\
& + \beta_3 SameAuditor_{ijt} + Controls + FE + \varepsilon_{ijt}
\end{aligned}$$

## 3.5.7 Empirical model for testing H6 and H7

Equation (3.12)

$$\begin{aligned}
& Acctcomp10(Acctcomp4)_{ijt} \\
& = \beta_0 + \beta_1 SameFirm\_DiffOffice\_DiffAuditor_{ijt} \\
& + \beta_2 SameOffice\_DiffAuditor_{ijt} \\
& + \beta_3 SamePartner\_DiffIncharge_{ijt} \\
& + \beta_4 SameIncharge\_DiffPartner_{ijt} \\
& + \beta_5 SameAuditor\_Others_{ijt} + Controls + FE \\
& + \varepsilon_{ijt}
\end{aligned}$$

Where

*Acctcomp* is the comparability score of two companies in a pair within the same industry.

*SameFirm* is the measure of common audit firms, which is an indicator variable with the value of 1 if two listed companies are audited by a common audit firm, and zero otherwise.

*FEMALE* represents female audit partners of listed company pairs, serving as a moderating variable.

*SPECIALIST* represents the industry specialisation of audit firms, serving as a moderating variable.

*Same\_Switch* represents the audit firm switch by a listed company pair from having two different audit firms to sharing a common audit firm.

*Diff\_Switch* represents the audit firm switch by a listed company pair from sharing a common audit firm to having two different audit firms.

*Acctcomp10(Acctcomp4)* is the top ten (four) highest comparability scores of listed company pairs in the same industry.

*SameFirm\_DiffOffice\_DiffAuditor* represents a pair of listed companies are audited by the same audit firm, but different audit offices and different individual auditors.

*SameOffice\_DiffAuditor* represents a pair of listed companies are audited by the same audit office of the same audit firm, but different individual auditors.

*SameAuditor* represents a pair of listed companies are audited by at least a common individual auditor within the same audit office of the same audit firm.

*SamePartner\_DiffIncharge* represents a pair of listed companies are audited by a common audit partner but different auditors in charge, within the same audit office of the same audit firm.

*SameIncharge\_DiffPartner* represents a pair of listed companies are audited by a common auditor in charge but different audit partners, within the same audit office of the same audit firm.

*Controls* represents a range of control variables following Lang et al. (2010), Francis et al. (2014) and Li et al. (2021).

*FE* stands for fixed effects, which help to control for potential omitted variables, such as time trends, and other innate firm characteristics.

$\varepsilon$  stands for random error.

### 3.6 Techniques for robustness checks

3.6.1 *Using alternative measures of accounting comparability*

3.6.2 *Using propensity score matching (PSM) procedure*

3.6.3 *Extended test windows*

3.6.4 *Using Big Four auditors as additional control variable*

## Summary of Chapter 3

**CHAPTER 4 RESULTS AND DISCUSSIONS**

## 4.1 Research context

## 4.2 Empirical results

## 4.2.1 Descriptive statistics

Table 4.1 Descriptive statistics of main sample (n =45,178)

	Min	STD	Mean	Median	Max
<i>Acctcomp</i>	-19.170	1.939	-2.468	-2.000	-0.004
<i>Same_Firm</i>	0.000	0.326	0.121	0.000	1.000
<i>SameFirm_DiffOffice_DiffAuditor</i>	0.000	0.213	0.048	0.000	1.000
<i>SameOffice_DiffAuditor</i>	0.000	0.210	0.046	0.000	1.000
<i>SameAuditor</i>	0.000	0.158	0.026	0.000	1.000
<i>SamePartner_DiffIncharge</i>	0.000	0.114	0.013	0.000	1.000
<i>SameIncharge_DiffPartner</i>	0.000	0.082	0.007	0.000	1.000
<i>SameAuditor_Others</i>	0.000	0.075	0.006	0.000	1.000
<i>Size_Diff</i>	0.000	1.148	1.592	1.380	6.112
<i>Size_Min</i>	25.606	1.056	27.525	27.476	30.379
<i>Mb_Diff</i>	0.002	11.313	9.781	5.982	59.312
<i>Mb_Min</i>	0.043	4.700	3.291	1.314	26.304
<i>Lev_Diff</i>	0.000	0.170	0.228	0.193	0.802
<i>Lev_Min</i>	0.041	0.190	0.375	0.382	0.763
<i>Cfo_Diff</i>	0.000	0.110	0.130	0.102	0.774
<i>Cfo_Min</i>	-0.794	0.134	-0.038	-0.020	0.215
<i>Lossprob_Diff</i>	0.000	0.086	0.027	0.000	1.000
<i>Lossprob_Min</i>	0.000	0.011	0.001	0.000	0.200
<i>Std_Netsale_Diff</i>	0.000	0.480	0.338	0.222	7.257
<i>Std_Netsale_Min</i>	0.011	0.199	0.287	0.280	2.667
<i>Std_Cfo_Diff</i>	0.000	0.174	0.173	0.114	1.044
<i>Std_Cfo_Min</i>	0.000	0.094	0.082	0.052	0.837
<i>Std_Netsalegrowth_Diff</i>	0.000	0.200	0.199	0.140	1.223
<i>Std_Netsalegrowth_Min</i>	0.014	0.129	0.306	0.316	0.659

(Source: created by the author)

#### 4.2.2 Correlation analysis

#### 4.2.3 Baseline regression results

##### 4.2.3.1 Baseline result of H1

Table 4.3 Baseline results of H1

	ACCTCOMP	
	[1]	[2]
<i>SameFirm</i>	0.176*** (6.18)	0.154*** (5.76)
<i>Size_diff</i>	-0.108*** (-9.71)	-0.112*** (-9.59)
<i>Size_min</i>	-0.183*** (-10.57)	-0.251*** (-13.09)
<i>Mb_diff</i>	0.001 (1.18)	0.007*** (6.63)
<i>Mb_min</i>	-0.008*** (-3.52)	0.015*** (6.10)
<i>Lev_diff</i>	0.746*** (10.79)	0.409*** (5.70)
<i>Lev_min</i>	0.831*** (12.19)	0.559*** (6.60)
<i>Cfo_diff</i>	-0.075 (-0.69)	0.408*** (4.00)
<i>Cfo_min</i>	-0.617*** (-6.75)	0.054 (0.61)
<i>Lossprob_diff</i>	-0.437*** (-4.02)	-0.241** (-2.42)
<i>Lossprob_min</i>	-0.758 (-0.96)	-1.326* (-1.89)
<i>Std_netsale_diff</i>	-0.100*** (-4.69)	-0.125*** (-5.81)
<i>Std_netsale_min</i>	-0.148*** (-2.69)	-0.187*** (-3.42)
<i>Std_cfo_diff</i>	-0.168**	-0.299***

	(-1.96)	(-3.40)
<i>Std_cfo_min</i>	-0.996***	-1.278***
	(-6.18)	(-7.64)
<i>Std_netsalegrowth_diff</i>	-0.340***	-0.322***
	(-6.21)	(-6.31)
<i>Std_netsalegrowth_min</i>	-0.658***	-0.524***
	(-7.58)	(-6.37)
<i>Constant</i>	2.706***	4.616***
	(5.37)	(8.27)
Year FE	Yes	Yes
Firm FE	No	Yes
Observations	45,178	45,178
Adjusted R2	0.022	0.270

(Source: created by the author)

#### 4.2.3.2 Baseline result of H2a and H2b

Table 4.4 Baseline results of H2a and H2b

ACCTCOMP			
	[1]		[2]
<i>SameFirm</i> ( $\alpha_1$ )	0.135*** (4.93)	<i>SameFirm</i> ( $\alpha_1$ )	0.012 (0.32)
<i>FEMALE</i> ( $\alpha_2$ )	0.220*** (5.32)	<i>SPECIALIST</i> ( $\alpha_2$ )	0.255*** (10.83)
<i>SameFirm*FEMALE</i> ( $\alpha_3$ )	0.311*** (2.67)	<i>SameFirm*SPECIALIST</i> ( $\alpha_3$ )	0.364*** (6.75)
Controls	Yes		Yes
Year FE	Yes		Yes
Firm FE	Yes		Yes
Observations	45,178		45,178
Adjusted R2	0.271		0.273

(Source: created by the author)

## 4.2.3.4 Baseline result of H3

Table 4.5 Baseline results of H3

	<b>ACCTCOMP</b>
	[1]
<i>Same_Switch</i>	0.246*** (9.09)
Controls	Yes
Year FE	Yes
Firm FE	Yes
Observations	44,181
Adjusted R2	0.269

*(Source: created by the author)*

## 4.2.3.5 Baseline result of H4

Table 4.6 Baseline results of H4

	<b>ACCTCOMP</b>
	[1]
<i>Diff_Switch</i>	-0.279*** (-9.20)
Controls	Yes
Year FE	Yes
Firm FE	Yes
Observations	44,022
Adjusted R2	0.272

*(Source: created by the author)*

## 4.2.3.6 Baseline result of H5

Table 4.7 Baseline results of H5

Panel A OLS regression results of H5

	ACCTCOMP10	ACCTCOMP4
	[1]	[2]
<i>SameFirm_DiffOffice_DiffAuditor</i> ( $\beta_1$ )	0.330*** (6.82)	0.226*** (3.99)
<i>SameOffice_DiffAuditor</i> ( $\beta_2$ )	0.149*** (2.98)	0.149*** (2.66)
<i>SameAuditor</i> ( $\beta_3$ )	0.132** (2.08)	0.233*** (3.31)
Controls	Yes	Yes
Year FE	Yes	Yes
Firm FE	Yes	Yes
Observations	17,992	7,665
Adjusted R2	0.335	0.248

(Source: created by the author)

## 4.2.3.7 Baseline results of H6 and H7

Table 4.8 Baseline results of H6 and H7

Panel A OLS regression results.

	ACCTCOMP10	ACCTCOMP4
	[1]	[2]
<i>SameFirm_DiffOffice_DiffAuditor</i> ( $\beta_1$ )	0.325*** (6.71)	0.224*** (3.95)
<i>SameOffice_DiffAuditor</i> ( $\beta_2$ )	0.146*** (2.92)	0.148*** (2.64)
<i>SamePartner_DiffIncharge</i> ( $\beta_3$ )	0.164* (1.78)	0.247** (2.51)
<i>SameIncharge_DiffPartner</i> ( $\beta_4$ )	-0.057 (-0.53)	0.170 (1.46)
<i>SameAuditor_Others</i> ( $\beta_5$ )	0.356***	0.314*

	(2.68)	(1.96)
Controls	Yes	Yes
Year FE	Yes	Yes
Firm FE	Yes	Yes
Observations	17,992	7,665
Adjusted R2	0.335	0.248

*(Source: created by the author)*

#### 4.2.4 Robustness checks

Four techniques are applied for robustness checks related to the hypotheses: alternative measures of accounting comparability (Acctcomp10 and Acctcomp4), the use of the propensity score matching (PSM) procedure, extended test windows, and the inclusion of Big Four auditors as an additional control. All robustness checks yield results consistent with the baseline findings.

After performing different statistics tests on all hypotheses and various robustness checks, the author summarises the hypothesis testing results in Table 4.24.

Table 4.24 Summary of hypothesis testing results

*(Source: created by the author)*

Hypotheses	Expected signs	Tested signs	Conclusions
H1	+	+	Accepted
H2a	+	+	Accepted
H2b	+	+	Accepted
H3	+	+	Accepted
H4	-	-	Accepted
H5	+	+	Accepted
H6	+	+	Accepted
H7	+	insignificant	Rejected

### 4.3 Discussion of hypothesis testing results

#### 4.3.1 Discussion of H1

#### 4.3.2 Discussion of H2a

#### 4.3.3 Discussion of H2b

#### 4.3.4 Discussion of H3

#### 4.3.5 Discussion of H4

#### 4.3.6 Discussion of H5

#### 4.3.5 Discussion of H6 and H7

### Summary of Chapter 4

## **CHAPTER 5 CONCLUSIONS AND IMPLICATIONS**

### 5.1 Conclusions

The main results of this thesis suggest the following:

There is a positive relationship between common audit firms and accounting comparability within Vietnam. This positive relationship is more pronounced when all audit partners of the common audit firm are female or when the common audit firms are industry specialists.

When a pair of listed companies switches from having different audit firms to sharing a common audit firm, their accounting comparability improves. Conversely, when companies switch from sharing a common audit firm to having different audit firms, their accounting comparability declines.

There is also a positive relationship between common audit offices, common audit partners, and accounting comparability.

However, common auditors in charge within the same audit firm do not have as significant an impact on accounting comparability as common audit partners do.

## 5.2 Implications

### 5.2.1 Theoretical implications

Firstly, this research finds a positive relationship between common audit firms, audit offices, and accounting comparability in Vietnam. Listed companies audited by the same firm or office show higher accounting comparability than those audited by different ones. These findings support and extend Agency Theory by highlighting the role of common auditors in reducing information asymmetry.

Secondly, this research shows that this positive relationship is stronger when audit firms are industry specialists or when all audit partners are female. This supports Upper Echelons Theory and gender difference theories, suggesting that the characteristics of decision-makers and industry expertise can influence organisational outcomes. The study broadens the application of these theories to the auditing field, particularly in the context of a developing country.

Thirdly, this research provides empirical evidence on the varying impacts of common audit firms, audit offices, and individual auditors on the accounting comparability of their audit clients. Considering these three levels of common auditors offers meaningful and comprehensive insights into the dynamics and interdependence between organisations and individuals. These findings may serve as a foundation for further research in the fields of management and psychology, particularly regarding the relationship between

organisational structures and individual characteristics in shaping organisational performance.

### 5.2.2 Practical implications

#### *For investors, analysts, and banks*

These stakeholders could consider the findings of this research (e.g., roles of common audit firms, audit offices and audit partners) when assessing the comparability of peer companies for investment, valuation, and lending decisions. A peer company within the same industry, if it shares common auditors or its auditors have industry specialisation, exhibit greater accounting comparability than a peer company without common auditors or non-specialist audit firms. Higher accounting comparability reduces information asymmetry (Majeed and Yan, 2021). Investors frequently base their pricing decisions on information relevant to their investments in capital markets (Fama, 1970). Esty (2000) concludes that a key condition for making pricing decisions is the need for investors to select a set of comparable companies. This peer group allows investigation of operations and financial metrics, evaluates various aspects of operations, and incorporates these factors into valuation models. Consequently, if the peer group exhibits high comparability, it facilitates more precise pricing decisions by investors. Participants in the capital market react positively to information from companies that have high comparability with their peers.

#### *For leaders of audit firms*

The findings of this research indicate that female audit partners outperform their male and mixed-gender colleagues in

enhancing the comparability of their audit clients' financial statements. Leaders of audit firms could use these findings to inform personnel assignment policies. For instance, they might consider promoting more female auditors to senior positions or prioritising the assignment of female audit partners to high-risk engagements. These findings are particularly relevant to Vietnam, where the accounting profession remains male-dominated. They also contribute to the ongoing discourse on gender equity in the profession.

The findings of this research demonstrate that common audit offices within the same audit firm exhibit higher accounting comparability. This indicates that, beyond the overarching influence of audit firms, individual audit offices significantly contribute to shaping audit outcomes. These results advocate for leaders of audit firms to endow greater autonomy to their audit offices in the development of localized working rules. Local audit offices are likely to have a deeper understanding of local audit clients compared to more distant offices. This insight has practical implications for the allocation of personnel to audit engagements, particularly for large clients with extensive networks of subsidiaries in diverse geographic areas. Employing local audit offices for local clients not only enhances cost efficiency but also improves audit outcomes, as evidenced by the increased comparability of clients audited by common offices of the same audit firm.

*For regulators*

One finding of this research indicates that common auditors (such as audit firms, offices, and partners) are positively associated with the accounting comparability of listed companies. In a related

study, Nam, and Thompson (2023) find that higher accounting comparability increases the likelihood of the SEC issuing comment letters for abnormal accruals, as comparable financial reports help regulators detect significant accounting violations requiring restatements. In the Vietnamese context, regulators such as the State Securities Commission (SSC) or the Ministry of Finance could apply this insight by selecting companies within the same industry and those audited by common auditors when reviewing financial statements and assessing audit quality. This targeted sampling approach may improve the detection of misstatements compared to random sampling.

### 5.3 Limitation and future direction

## Summary of Chapter 5

### **OVERALL CONCLUSION**

Accounting comparability is so important to investors because they always must compare and choose among alternative decisions. Globalisation of foreign investment significantly emphasizes the needs of comparable financial information across countries. In addition, comparability of financial statements has also drawn increasing attention of regulators (IASB, FASB...) and researchers all over the world.

Vietnam's economy has seen steady growth, ranking as the fifth-largest in ASEAN in 2023 and the 35th globally (Vietnamnet, 2024). As a major recipient of the global supply chain shift, Vietnam recorded \$27.72 billion in Foreign Direct Investment inflows in 2022

(BrunswickReview, 2023). The increasing importance of financial statement comparability for international investors is evident, both currently and projected into the future. Auditors have been considered as important component of financial supply chain by IFAC.

This thesis examines the impact of common auditors—including audit firms, audit offices, and individual auditors—on the accounting comparability of companies listed on the Ho Chi Minh City Stock Exchange in Vietnam from 2016 to 2022. It also explores moderating factors that influence this relationship. Employing a quantitative methodology, this study analyses a large sample comprising 45,178 firm-pair observations to test its hypotheses. The findings reveal that common audit firms, audit offices, and audit partners significantly enhance accounting comparability. However, common auditors in charge do not exhibit a significant effect on such comparability. Notably, the positive impact of common audit firms on comparability is more pronounced when all involved audit partners are female or when the audit firms are industry specialists. The study also finds that when a pair of listed companies switches from different audit firms to a common one, their accounting comparability increases. Conversely, comparability decreases when listed companies switch from a common audit firm to different ones. These results, supported by various robustness checks, offer valuable theoretical and practical insights for stakeholders, highlighting the critical role of common auditors in enhancing financial statement comparability in the context of a rapidly developing country like Vietnam.

**LIST OF PAPERS HAVE BEEN PUBLISHED BY  
AUTHOR RELATED TO THE THESIS**

Bui, Quang Hung, Nguyen, Tri Tri and Mai, Duc Nghia (2025). “Common Auditors And Accounting Comparability: Evidence From Vietnam”, *Journal of Financial Reporting and Accounting*, *Forthcoming*

Mai, Duc Nghia (2024). Determinants and Measurement of Financial Information Quality - An Empirical Review. *Emerging And Evolving Business And Management Issues In Vietnam: Research And Practice*, 15, 113-136. ISBN: 978-981-12-8609-4

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