

OPTIMIZING THE EFFECTIVENESS OF HUMAN RESOURCE MANAGEMENT IN  
AUDIT FIRMS

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ABSTRACT

OPTIMIZING THE EFFECTIVENESS OF HUMAN RESOURCE MANAGEMENT IN  
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This study aims to optimize human resource management (HRM) effectiveness in small and medium-sized audit firms (SMAFs) in Hanoi, Vietnam, in response to the critical issue of high turnover among auditors with approximately three years of experience. With attrition rates exceeding 70%, this phenomenon severely disrupts workforce stability, increases operational costs, and weakens service quality and client confidence.

The research employs a mixed-methods approach to provide a comprehensive analysis. Quantitative data were collected through surveys distributed to mid-level auditors to evaluate factors affecting job satisfaction, motivation, and retention. Qualitative data were obtained from semi-structured interviews with HR managers and firm leaders to gain insights into current HRM practices, perceived challenges, and strategic priorities.

The findings indicate that high job pressure, limited career advancement, insufficient compensation, and a lack of managerial support are the key factors driving turnover. Quantitative analysis confirmed the statistical significance of these variables in predicting turnover intent, while qualitative data revealed gaps in HR planning, employee engagement, and professional development systems.

The study proposes strategic HRM solutions tailored to the resource constraints of SMAFs. These include improving reward systems, defining transparent career pathways, enhancing training and development opportunities, and introducing flexible work

arrangements to promote work-life balance. Emphasis is also placed on fostering a supportive organizational culture that values employee contribution and well-being.

By implementing these recommendations, SMAFs can reduce employee turnover, improve workforce engagement, and strengthen their competitiveness in a demanding labor market. The study contributes to both academic knowledge and managerial practice by offering practical, context-specific strategies that align with the developmental needs of mid-level auditors and the operational realities of SMAFs.

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## LIST OF ABBREVIATIONS

ACCA – Association of Chartered Certified Accountants  
CPA – Certified Public Accountant  
ESOPs – Employee Stock Ownership Plans  
HRM – Human Resource Management  
ICAEW – Institute of Chartered Accountants in England and Wales  
RSUs – Restricted Stock Units  
SHRM – Strategic Human Resource Management  
SMAFs – Small and Medium-sized Audit Firms  
SMEs – Small and Medium-sized Enterprises  
VACPA – Vietnam Association of Certified Public Accountants



## CHAPTER I: INTRODUCTION

### **1.1 Introduction**

#### **1.1.1 Overview of the SME Auditing Sector in Hanoi**

In the context of Vietnam's rapidly growing economy and deepening integration into the global economy, the auditing sector plays a vital role in ensuring the transparency, accuracy, and reliability of financial reports. Particularly for small and medium-sized enterprises (SMEs), audit services provide essential support for legal compliance and help build trust with investors and other stakeholders. According to the Association of Chartered Certified Accountants (ACCA, 2019), SMEs make up approximately 98% of all enterprises in Vietnam, contributing around 50% of the national GDP. This underscores the crucial role of SMEs in the economy and highlights the strong demand for high-quality audit services to support these companies in maintaining financial transparency (Nguyen & Tran, 2020).

In Hanoi—the country's economic and political center—SMEs represent a significant proportion of key economic sectors, with both the number and scale of these businesses on the rise. According to data from the Hanoi Department of Planning and Investment, as of 2023, SMEs account for 97% of all enterprises in the area, generating more than 50% of local employment and contributing significantly to the city's budget. However, due to their small scale and limited financial resources, SMEs face numerous challenges in adhering to audit regulations and international accounting standards, especially as Hanoi increasingly becomes a destination for international partners and

investors. This situation requires SMEs to uphold high standards of transparency and reliability in their financial reporting (Nguyen & Tran, 2020; VACPA, 2023).

While the demand for audit services among Hanoi's SMEs is substantial, small and medium-sized audit firms (SMAFs) face significant challenges in delivering quality services. According to reports from the Ministry of Finance and the Vietnam Association of Certified Public Accountants (VACPA), the Big 4 audit firms accounted for the majority of the market share in Vietnam's auditing industry in 2023, creating substantial competitive pressure on SMAFs. These large audit firms have superior financial resources, advanced audit processes, and highly skilled personnel, advantages that SMAFs struggle to compete with. SMAFs are often required to meet SME client demands for lower costs and shorter completion times, placing considerable strain on resources and limiting their ability to maintain service quality under constrained conditions (Tran & Do, 2021).

Additionally, workforce turnover in the auditing industry is a factor affecting SMAFs' operations. Employee turnover frequently occurs among auditors with approximately three years of experience—personnel who have acquired essential knowledge and skills but lack advancement opportunities and adequate benefits. Statistics indicate that turnover rates in this group exceed 70% in Hanoi's SMAFs, negatively impacting the stability of audit services and increasing the costs associated with recruiting and training new employees (Nguyen & Tran, 2020). This situation is particularly challenging as SMAFs need to maintain high-quality services to compete with larger audit firms.

Another factor affecting SMAFs' competitive capacity is the increasing demand for technology adoption and digital transformation in audit services. According to the Financial Magazine (2023), SMEs in Hanoi have only recently started to digitize, with digital technology adoption limited in scope; nearly 40% of businesses use digital

technology but only at a basic level. This presents an opportunity for SMAFs to enhance their competitive edge through technology integration in audit processes, which can increase efficiency, reduce costs, and meet the growing demands of SME clients and international partners more effectively (Nguyen & Do, 2023).

In summary, the SME audit sector in Hanoi is facing significant opportunities and challenges. The growth of SMEs in the context of economic integration requires audit services to increasingly meet high standards of quality and transparency. To compete with large audit firms and satisfy the rising demands of the market, SMAFs in Hanoi need to be flexible in managing workforce turnover and intensify digital transformation efforts to improve productivity and audit service quality. By doing so, they can achieve sustainable development and build a reputable standing in the increasingly competitive audit market.

### **1.1.2 The Importance of Human Resource Management (HRM) in Small and Medium Audit Firms (SMAFs)**

In the context of intense competition and limited resources, human resource management (HRM) has become a crucial factor in helping small and medium-sized audit firms (SMAFs) maintain and enhance their competitive edge. The unique characteristics of the audit sector, especially in serving SMEs, demand a combination of high expertise, managerial skills, and flexibility in service delivery approaches. To provide high-quality services at reasonable costs and within a short timeframe, SMAFs need to design and implement effective HRM strategies to retain experienced employees and develop a professional workforce (Nguyen & Tran, 2023).

According to Becker's (1964) human capital theory and Huselid's (1995) research, investing in human resources through strategic HRM policies not only improves organizational performance but also reduces turnover risks in highly specialized industries like auditing. Specifically, HRM policies that create advancement opportunities, establish

clear career paths, and provide enhanced training programs play a crucial role in developing and retaining experienced auditors—a group of professionals often facing high work pressure and likely to leave the organization if not adequately supported (Becker & Huselid, 2006; Tran & Do, 2021).

- **Developing and Retaining Experienced Auditors Through Effective HRM**

For SMAFs, retaining auditors with approximately three years of experience is challenging yet essential. These employees have generally accumulated sufficient skills and experience to perform tasks independently and help train new auditors. However, as Becker and Huselid (2006) suggest, without career development opportunities and organizational support, these auditors are more likely to leave in search of better opportunities. This is especially relevant in auditing, where high work pressure combined with skill requirements can lead to burnout or dissatisfaction if HRM policies lack adequate support (Nguyen & Do, 2023).

Effective HRM strategies for this group, as noted by Becker and Huselid (2006), may include developing clear career paths and setting specific advancement goals. Career paths not only provide auditors with a clear direction for their professional growth but also help them feel valued within the organization, thus strengthening their commitment to the company (Tran & Le, 2021). SMAFs in Hanoi can leverage this strategy to build a loyal and high-quality team of auditors, which is essential in today's increasingly competitive audit environment.

- **The Role of Training and Professional Development Programs in HRM**

Another key component that SMAFs can integrate into their HRM strategy is the development of specialized training and skill development programs. According to Almer

and Kaplan (2022), advanced training programs not only improve job performance but are also a significant factor in reducing turnover. In the auditing sector, knowledge and skills must be continuously updated due to frequently changing audit regulations and standards. Therefore, providing professional training is a way for SMAFs to both maintain service quality and meet auditors' personal development needs.

According to a report by the Vietnam Association of Certified Public Accountants (VACPA, 2023), many auditors in SMAFs lack sufficient opportunities to participate in specialized training, partly due to budget and time constraints. However, SMAFs in Hanoi should recognize that investment in training is not merely an expense but a long-term return on investment in human capital. Training programs not only enhance technical skills but also make auditors feel supported and motivated in their work, increasing job satisfaction and reducing the likelihood of turnover (Johnson et al., 2025).

- **Motivation and Competitive Benefits Strategies in HRM**

In addition to career development and professional training, competitive benefits and motivation policies are essential components of an effective HRM strategy. Armstrong (2009) highlights that benefit programs, such as health insurance, performance bonuses, and flexible benefits, can boost motivation and strengthen employee engagement. In the high-pressure field of auditing, benefits supporting health and work-life balance can particularly help auditors feel valued and committed to the company.

According to Financial Magazine (2023), the lack of competitive benefits in Hanoi's SMAFs drives many auditors to transition to larger firms offering better compensation. To address this, SMAFs can consider offering benefits that meet employees' needs and designing performance-based incentives that recognize and encourage auditors'

contributions. This not only aids in retaining employees but also fosters a positive work environment, enhancing job satisfaction (Nguyen & Do, 2023).

- **Conclusion**

In summary, in the competitive audit industry and amid resource constraints, effective HRM strategies can help SMAFs in Hanoi maintain and develop a high-quality workforce. Investing in career development programs, professional training, and attractive benefits not only helps SMAFs retain employees but also improves service quality and enhances competitive capability. With an appropriate HRM approach, SMAFs can build a team of dedicated, professional, and long-term auditors, contributing to the sustainable growth of these firms in an increasingly rigorous and challenging auditing industry.

### **1.1.3 Research Context**

This study focuses on small and medium audit firms (SMAFs) in Hanoi, where the turnover rate of auditors has reached an alarming level, especially among auditors with approximately three years of experience. This period represents a critical stage in an auditor's career, as they have accumulated the necessary professional skills to handle more complex tasks and assist in guiding junior staff. However, this stage also brings many challenges, as auditors often face heavy workloads, time pressures, and high expectations from clients and superiors. This group was chosen due to the high turnover rate, which poses serious challenges to the stability and sustainable development of SMAFs.

According to recent statistics, more than 70% of auditors with three years of experience tend to leave their firms, placing significant pressure on SMAFs to retain experienced staff and ensure service quality. The departure of skilled auditors not only leads to high recruitment and training costs but also directly affects work efficiency and customer satisfaction, ultimately diminishing the firm's reputation in the market (Nguyen

& Tran, 2023). Particularly for small and medium enterprises in the audit sector, the loss of experienced staff is a substantial setback, making it challenging to maintain standards and ensure consistency in service delivery.

The continuous turnover of experienced auditors results in instability within the workforce, disrupts service delivery processes, and potentially jeopardizes audit quality. This issue not only affects client satisfaction but also threatens stakeholders' trust in audit services (Le & Pham, 2023). Recent studies have indicated that workforce instability in the audit industry directly impacts the accuracy of financial reports and increases the risk of errors in the auditing process, thereby reducing the credibility and reputation of these firms (Vu & Le, 2023).

In light of this situation, SMAFs in Hanoi need to focus not only on enhancing human resource management (HRM) effectiveness but also on developing long-term, flexible, and innovative strategies to retain employees. Effective solutions may include creating favorable working conditions, establishing clear career development paths, and offering competitive benefits packages that meet the needs of experienced auditors. These factors have been proven to positively influence employee engagement and satisfaction with the organization, particularly in the audit industry, where high expertise and job pressure can lead to burnout and dissatisfaction without adequate support policies (Nguyen et al., 2023).

Huselid's (2023) research has shown that an effective HRM system not only reduces turnover rates but also strengthens employee commitment to the organization. In the context of the audit industry, which demands high levels of expertise and service quality, building a supportive work environment, promoting personal development, and providing reasonable benefits can help mitigate burnout and significantly improve auditors' job satisfaction.

## **1.2 Research Problem**

The high turnover rate among mid-level auditors—particularly those with approximately three years of experience—has become a serious issue for small and medium audit firms (SMAFs) in Hanoi. This phenomenon has broad implications for workforce stability, the ability to maintain service quality, and the long-term competitiveness of these firms. SMAFs play a vital role in Hanoi's economy, where there is an increasing demand for high-quality audit services, especially from small and medium enterprises (SMEs). However, the growth of SMAFs is under threat as mid-level auditors, who possess core expertise and practical experience, leave at an alarming rate. These auditors are not only capable of handling complex audit tasks but also serve as crucial links in client relationship management and the training of new staff. Consequently, their departure diminishes service quality and the consistency of processes, significantly impacting SMAF's reputation in the market (Almer & Kaplan, 2002).

Recent data indicates that over 70% of mid-level auditors at SMAFs in Hanoi decide to leave their firms, taking with them the substantial investments in training and development made by these firms. High turnover rates cause not only daily operational disruptions but also weaken the internal knowledge and capability base, making it difficult for SMAFs to establish a stable workforce with strong succession capabilities. These firms struggle to build a future leadership pipeline and a robust foundation of expertise—critical factors for maintaining the quality and reliability of audit services, especially in a market with high standards (Francis, 2004).

Additionally, competition comes not only from larger audit firms but also from sectors such as finance, investment, and banking, which demand talent with auditing and financial backgrounds. These industries attract mid-level auditors by offering competitive compensation packages, clear promotion opportunities, and diverse career development



programs. While SMAFs face resource constraints, fields like banking and investment can offer higher salaries, attractive benefits, and more stable working environments, making them an appealing career transition for mid-level auditors seeking long-term professional growth (Vo, Nguyen & Pham, 2020). This intensifies the turnover rate and creates a "talent race" among various sectors, further challenging SMAFs' ability to retain auditing talent.

In this context, SMAFs in Hanoi are not only confronted with internal challenges but also face cross-sector competition for attracting and retaining talent. This is particularly complex given existing literature suggests that SMAFs often lack the resources to implement comprehensive HRM practices, such as competitive salaries, career development programs, and work-life balance policies—factors deemed essential to retain employees in high-pressure and expertise-driven fields like auditing (Boxall & Purcell, 2016; Kyndt et al., 2009). Although SMAFs may invest in basic technical training programs for new auditors, they often lack the strategic capacity to develop retention policies tailored to meet the needs and expectations of mid-level auditors. This workforce segment has distinct career motivations and development needs compared to entry-level or senior colleagues and is highly susceptible to being drawn by attractive opportunities in other sectors (Sanyal & Hisam, 2018).

Thus, researching and identifying the causes behind the high turnover rate among mid-level auditors at SMAFs in Hanoi is an urgent task. The lack of comprehensive studies on this issue amidst intense cross-sector competition has left SMAFs struggling to build appropriate HRM strategies that address market realities and meet the increasing demands of their workforce. This study aims to fill a significant gap in the academic literature on HRM in SME audit firms by providing theoretical insights as well as practical recommendations for these firms.

The study's findings will not only expand academic knowledge on HRM within SMAFs but also offer practical value. A deeper understanding of the factors driving turnover among mid-level auditors will help SMAFs develop effective HRM strategies to reduce turnover rates, enhance employee satisfaction, and foster organizational commitment. Furthermore, the study provides practical recommendations for SMAFs in Hanoi to enhance their competitive positioning, retain talent, and establish a solid foundation for sustainable growth. As sectors like finance, investment, and banking increasingly target audit talent, SMAFs must refine their HRM strategies to ensure internal stability while bolstering their competitiveness in a tight labor market.

### **1.3 Purpose of Research**

The primary purpose of this study is to propose specific and practical solutions to enhance the effectiveness of human resource management (HRM) in small and medium audit firms (SMAFs) in Hanoi. This is an urgent task as these firms face a high turnover rate among mid-level auditors, particularly those with around three years of experience. These auditors play a crucial role in the auditing process, not only taking on complex professional tasks but also managing client relationships and training new staff. However, the high turnover rate within this employee segment has been posing challenges to SMAFs, threatening workforce stability, service quality, and the long-term competitiveness of the firm (Moyes et al., 2008; Huselid, 1995).

This research will delve into analyzing the causes behind the high turnover rate at SMAFs and, from there, propose concrete solutions to improve HRM effectiveness, retain talent, and enhance team cohesion. First, the study will identify the main reasons why mid-level auditors leave their firms. These reasons may include a lack of advancement opportunities, non-competitive benefits, a high-pressure work environment, and poor work-life balance—factors that previous studies have identified as primary drivers of

turnover, especially in fields requiring high professional expertise like auditing (Kyndt et al., 2009; Smith, 2016).

One of the core solutions proposed in this study is to create clear and flexible career development paths for mid-level auditors. Numerous studies have shown that career development is one of the most significant factors influencing employee commitment to an organization, particularly in the audit field, where the demand for skill development and advancement opportunities is substantial (Tarique & Schuler, 2010; Almer & Kaplan, 2002). When auditors feel that their career path is supported and valued by the firm, they tend to remain with the firm for a longer period. Therefore, this research will propose ways for SMAFs to establish career development programs tailored to the various stages of a mid-level auditor's career, thereby increasing employee satisfaction and engagement.

Additionally, the study will suggest improvements in benefits and reward programs, enabling SMAFs to compete effectively with larger firms or other attractive sectors like finance and banking. According to Boxall and Purcell (2016), an attractive and appropriate compensation package not only attracts but also retains talent, particularly in high-demand fields like auditing. To strengthen competitiveness, the study will offer recommendations on how SMAFs can design benefits and reward policies to meet the diverse needs of mid-level auditors. These solutions may include rewards for outstanding performance, supplementary benefits like health insurance, mental health care, and other financial assistance. Such improvements will not only enhance employee satisfaction but also foster long-term commitment to the firm (Tarique & Schuler, 2010).

Another important factor this study suggests is implementing policies that support work-life balance, a particularly crucial issue in auditing, which often involves a high workload and limited flexibility in working hours. Work-life balance has been widely acknowledged as an essential factor in employee retention, as employees who experience

harmony between work and personal life are more likely to stay with the organization (Kornberger et al., 2011; Sanyal & Hisam, 2018). This study will propose solutions to help SMAFs implement flexible policies, including remote working programs, flexible working hours, and workload reduction during peak times. These policies not only help employees maintain better mental health but also contribute to building a sustainable and supportive work environment.

In addition, the study will focus on creating a positive and supportive work environment that enhances employee satisfaction and engagement. Buckingham and Coffman (1999) noted that a work environment where employees feel recognized, have a sense of contribution, and are encouraged to develop themselves is a crucial factor in retaining talent. Therefore, the study will suggest ways for SMAFs to build and sustain a positive work environment, including soft skills training programs, organizational culture development, and team-building activities. These factors will contribute to higher employee engagement, helping them feel like integral parts of the organization and enhancing their sense of contribution to the company's growth.

Lastly, the research will examine ways for SMAFs to develop effective feedback and communication mechanisms, enabling employees to share their opinions and contribute to the organizational improvement process. Previous studies have shown that effective feedback systems help firms quickly capture employee issues, making timely adjustments before these issues become reasons for turnover (Vo, Nguyen & Pham, 2020; Francis, 2004). This not only creates an open and flexible work environment but also increases employee satisfaction when they feel their voices are heard and respected.

In summary, the main goal of this study is to provide practical and feasible solutions to improve HRM effectiveness at small and medium audit firms in Hanoi. By establishing career development pathways, enhancing benefits, supporting work-life balance, creating

a positive work environment, and strengthening feedback mechanisms, this research aims to help SMAFs not only reduce turnover rates but also build a strong, engaged, and committed workforce. Consequently, the study will assist SMAFs in improving competitiveness and maintaining audit service quality in an increasingly competitive market.

#### **1.4 Significance of the Study**

The significance of this study lies in its ability to provide both theoretical insights and practical solutions to one of the pressing challenges in the auditing industry: the high turnover rate of mid-level auditors at small and medium audit firms (SMAFs) in Hanoi. The anticipated benefits of this research are not only expected to positively impact individual firms but also have broader implications, contributing to the development of the auditing sector overall, improving HRM practices, enhancing organizational effectiveness, and promoting sustainable growth. By addressing the specific HRM challenges faced by SMAFs, this study serves as a valuable resource for stakeholders, helping optimize workforce stability and efficiency. The following outlines the specific areas in which this research is expected to yield positive impacts.

##### **• Deeper Understanding of HRM Barriers**

This study will help SMAFs gain a clearer understanding of specific barriers in human resource management, particularly in retaining auditors with approximately three years of experience. Existing research emphasizes that retaining employees in knowledge-intensive industries like auditing requires addressing both individual and organizational factors (Kyndt et al., 2009). By identifying and categorizing these barriers, the study will help firms pinpoint weaknesses in current HRM practices, especially in areas such as career development, work-life balance, and employee recognition. Understanding these barriers will enable firms to design targeted HRM policies that directly address influential factors,

thus helping increase retention rates and minimize operational disruptions due to turnover (Sanyal & Hisam, 2018).

- **Enhancing Organizational Effectiveness**

Effective HRM practices, particularly in recruitment, training, and retention, are closely linked to organizational effectiveness. In the auditing industry, where service quality and consistency are crucial, a stable and experienced workforce is essential for maintaining high standards (Vo, Nguyen, & Pham, 2020). This study will offer solutions to optimize key HRM aspects, helping firms build a stable and reliable team. By improving organizational effectiveness through turnover reduction, companies can enhance customer satisfaction, reduce ongoing recruitment and training costs, and boost productivity by retaining auditors with the experience and skills to handle complex tasks independently. Furthermore, insights from the study will assist firms in aligning HRM practices with organizational goals, fostering a cohesive and efficient workforce that contributes to the company's overall success (Huselid, 1995).

- **Practical Solutions for Employee Retention**

A significant outcome of this research is the provision of practical and feasible strategies for retaining mid-level auditors. Current literature indicates that high turnover leads to substantial financial and operational losses, including recruitment and onboarding costs and reduced productivity during transitions (Smith, 2016). This study will address these challenges by recommending HRM strategies specifically tailored to the needs of auditors with three years of experience. By focusing on practical solutions suited to SMAFs with limited resources, this study aims to support firms in reducing turnover and building a more committed and engaged workforce. Strategies may include career development programs, competitive compensation packages, flexible work arrangements, and other

initiatives centered on talent retention, which have been shown to enhance employee satisfaction and commitment (Tarique & Schuler, 2010).

**• Contribution to Sustainable Business Development**

In a competitive and resource-constrained environment like SMAFs, sustainability is closely linked to talent retention and development. This study aims to support the sustainable growth of these firms by providing a framework for effective HRM practices that are adaptable to the challenges of smaller organizations. By implementing the recommended strategies, firms can improve their competitive capabilities, attract high-quality clients, and ensure long-term market stability (Sanyal & Hisam, 2018). Sustainable HRM practices also help build a positive organizational culture, encouraging employees to view the firm as a long-term career choice rather than a stepping stone to larger companies. This is particularly important for audit firms in Hanoi, where competition with larger firms and increasing demand for high-quality audit services require smaller firms to differentiate themselves through effective human resource management (Meyer & Xin, 2018).

**• Contribution to HRM Knowledge and the Auditing Industry**

Beyond immediate practical benefits, this research also contributes to broader academic discussions on human resource management within the auditing industry, particularly for SMEs. While much of the existing literature on HRM in auditing focuses on large firms, there is a lack of specific studies addressing the unique challenges and opportunities faced by SMEs in developing economies such as Vietnam (Van Gramberg et al., 2014). By filling this gap, the study provides new insights into HRM practices within SME audit firms, expanding theoretical understanding in this area. The findings of the research will become a valuable resource for researchers, policymakers, and practitioners interested in understanding and improving HRM practices within similar organizational contexts.

## • Conclusion

In conclusion, the significance of this study extends beyond reducing turnover rates among mid-level auditors. It aims to foster sustainable growth and enhance the competitiveness of SMAFs in Hanoi. By providing in-depth insights into HRM barriers, practical retention strategies, and knowledge of sustainable business practices, the study offers a comprehensive solution to the turnover issue in the auditing industry. Ultimately, by addressing critical HRM challenges, the study not only contributes to operational efficiency and customer satisfaction but also supports the continuous development and professionalization of the auditing industry in Vietnam. The research findings are expected to deliver significant value to both the academic community and the industry, paving the way for a more sustainable and effective HRM system in the ever-evolving and dynamic field of auditing.

## 1.5 Research Purpose and Questions

The primary purpose of this study is to develop a comprehensive understanding of the factors contributing to the high turnover rate among auditors with approximately three years of experience in small and medium audit firms (SMAFs) in Hanoi. The research aims to explore the key factors influencing mid-level auditors' decisions to leave, as well as to identify gaps in current human resource management (HRM) practices that may contribute to this challenge. Beyond elucidating theoretical factors associated with auditor retention, the study also seeks to provide practical recommendations to help audit firms enhance their HRM strategies, thereby improving organizational stability and operational efficiency. In the increasingly competitive environment and with the resource constraints of SMAFs, retaining mid-level auditors is essential for maintaining high audit quality standards and sustaining the firm's competitive advantage (Francis, 2004).



To achieve these objectives, the study is guided by the following primary research questions, each addressing a critical aspect of the HRM challenges facing SMAFs:

**Research Question 1: Investigating the Causes of High Turnover Rates**

Why do over 70% of auditors with three years of experience at SMAFs in Hanoi decide to leave, despite their substantial value to these firms? This study explores the root causes of high turnover among mid-level auditors—professionals with essential technical capabilities. Existing research links such turnover to limited career advancement, low job satisfaction, poor work-life balance, and burnout in high-pressure environments (Kyndt et al., 2009; Smith, 2016). By examining both intrinsic and extrinsic factors, the research aims to uncover the specific drivers behind early departures in the context of Hanoi’s SMAFs.

**Research Question 2: Identifying Retention Factors for Auditors with Three Years of Experience**

What factors might lead auditors with three years of experience at SMAFs in Hanoi to stay in their current roles, despite the pressures and demands of the industry? Given their technical expertise and mentoring potential, retaining mid-level auditors is vital for SMAFs’ workforce stability. Research highlights job satisfaction, career development, supportive leadership, and meaningful work as key retention drivers in high-skill sectors like auditing (Kyndt et al., 2009). This study will examine these factors in the Hanoi context to propose practical HRM strategies that foster long-term commitment.

**Research Question 3: HRM Limitations and Turnover Impact**

What shortcomings in HRM practices contribute to the inability of audit firms to retain these auditors, and how does HRM inadequacy affect organizational effectiveness? This question examines how limited resources, inadequate career development, and misaligned HR practices at SMAFs hinder retention of mid-level auditors (Sanyal &

Hisam, 2018; Tarique & Schuler, 2010). Ineffective HRM not only increases turnover but also disrupts operations, reduces service quality, and escalates costs related to recruitment and training (Moyes et al., 2008; Huselid, 1995). The study aims to identify key HRM gaps and recommend solutions to enhance workforce stability and organizational performance.

#### **Research Question 4: Proposing Sustainable Solutions**

What solutions can audit firms implement to improve HRM and increase retention rates for auditors at this critical career stage?

Building on frameworks such as Tarique and Schuler's global talent management model, this study explores feasible solutions—including flexible work arrangements, career development programs, and competitive compensation—tailored to the resource constraints of SMAFs. The goal is to provide actionable recommendations that reduce turnover, support employee motivation, and strengthen firm performance (Boxall & Purcell, 2016).

#### **Summary**

This study, therefore, seeks to address a significant gap in understanding the causes of turnover among mid-level auditors within the context of small and medium audit firms in Hanoi. Each research question is designed to tackle a specific aspect of the turnover issue, from identifying the causes to evaluating current HRM practices, assessing the impact on organizational effectiveness, and proposing sustainable solutions. By answering these questions, the study will not only contribute to theoretical knowledge but also provide practical value, helping audit firms in Hanoi and similar markets improve HRM practices to retain talent, promote organizational stability, and achieve sustainable growth in a challenging industry.

## CHAPTER II: LITERATURE REVIEW AND CURRENT PRACTICAL CONTEXT

### **2.1 Introduction – Objectives and Structure of the Chapter**

Chapter II establishes the theoretical and contextual groundwork for studying HRM effectiveness and turnover reduction among experienced auditors in SMAFs in Hanoi. The chapter is structured to ensure coherence and alignment between theory and practice.

It begins by defining key concepts such as HRM, employee retention, turnover, and the characteristics of SMAFs in Hanoi—ensuring conceptual clarity for the research scope.

Next, the chapter reviews major HRM theories and models on motivation and retention, analyzing their relevance and application within the auditing sector. These frameworks form the basis for developing research hypotheses.

A literature review highlights existing international and local studies on auditor retention, identifying unresolved research gaps.

The chapter then examines internal (e.g., compensation, development, culture) and external (e.g., labor market, work-life trends) factors influencing turnover—offering a comprehensive analysis of retention dynamics.

This is followed by an overview of current HRM practices in Hanoi’s SMAFs, comparing practical realities with theoretical models, and assessing the challenges in retaining mid-level auditors.

Finally, research gaps are identified, providing direction for the study’s research questions and methodology. This chapter ensures that the thesis is grounded in solid theory while addressing the real needs of SMAFs in Hanoi.

### **2.2 Overview of Key Concepts and Terminologies**

#### **2.2.1 Key Concepts**

### **2.2.1.1 Human Resource Management (HRM)**

Human Resource Management (HRM) is a management field focused on optimizing employee performance to achieve the strategic goals of an organization. According to Armstrong and Taylor (2014), HRM encompasses activities such as recruitment, development, performance evaluation, and employee retention to ensure the workforce aligns with the organizational and business needs. With the evolution of labor markets and the increasing demand for organizational efficiency, HRM is increasingly recognized as a core factor in maintaining competitive advantage and achieving sustainable development (Dessler, 2020).

HRM can be categorized into three key areas: (a) Strategic HR Management, (b) Workforce Development and Retention, and (c) Creating an Optimal Work Environment. Each of these plays a critical role in fostering employee retention and enhancing organizational performance.

#### **(a) Strategic HR Management**

Strategic HR Management is one of the most crucial aspects of modern HRM, emphasizing the role of HR not only as an administrative function but also as a strategic partner. Boxall and Purcell (2016) highlight that HRM must closely align with organizational strategies to enable businesses to adapt and respond effectively to changes in the business environment. This includes workforce planning to meet quantitative, qualitative, and skill-based demands, as well as long-term personnel development.

Strategic HR Management allows organizations to build and maintain a high-quality workforce aligned with long-term development goals. In a competitive auditing market, SMAFs face challenges in retaining skilled employees. Developing long-term workforce plans can reduce turnover rates and enhance the stability of auditing teams (Ulrich, 2013).

### **(b) Workforce Development and Retention**

Workforce development and retention are core HRM responsibilities to ensure that organizations not only attract talent but also create an environment where employees can grow and remain committed. According to Torrington et al. (2017), training and development programs enhance employee knowledge and skills while fostering their organizational commitment. Internal career development initiatives and training programs improve the quality of the workforce and support individual employee progression, ultimately reducing turnover rates, particularly in specialized fields like auditing.

Noe (2020) also emphasized that effective retention requires attractive compensation and benefits policies, including competitive salaries, insurance, social benefits, and skill development programs. For SMAFs, this is a challenge due to budget constraints. However, these policies must be adapted to meet the needs of auditors, especially those with three or more years of experience, to prevent them from leaving for better opportunities in larger organizations.

### **(c) Creating an Optimal Work Environment**

The work environment is a crucial factor in maintaining employee motivation and satisfaction. Research by Taylor and Collins (2019) shows that a positive work environment not only improves productivity but also promotes employee loyalty to the organization. The work environment includes both physical factors, such as workspace and facilities, and psychological factors, such as organizational culture, values, and management styles.

Audit firms are typically characterized by high work pressure and stringent job requirements. Therefore, fostering a friendly and supportive work environment can help auditors feel more comfortable when facing job challenges. Additionally, cultivating a

positive organizational culture that encourages collaboration, open communication, and mutual respect can boost employee motivation and engagement. According to Herzberg (1968), an equitable and supportive work environment significantly enhances job satisfaction among employees.

#### **(d) HRM in the Auditing Industry**

In the context of SMAFs in Hanoi, HRM plays a critical role in maintaining and developing a skilled workforce. A survey conducted by the Vietnam Auditing Association (2022) found that auditors with three years of experience face high work pressure and long working hours, leading to stress and high turnover rates. Thus, HRM strategies in these firms must prioritize the recruitment and retention of high-quality talent while addressing financial constraints to compete with larger firms in terms of compensation and benefits.

To address this challenge, HRM should focus on non-financial measures, such as offering career development opportunities, fostering a positive work environment, and establishing a supportive organizational culture that encourages work-life balance. Implementing these policies will enable SMAFs to reduce turnover rates and optimize existing resources for sustainable growth.

#### **Conclusion**

HRM is an essential element for any organization, especially for SMAFs operating in a competitive and demanding environment. By combining strategic HR management, workforce development, and fostering a positive work environment, HRM can help these firms retain and develop high-quality employees. These elements not only enhance organizational performance but also create a sustainable competitive advantage, enabling audit firms to optimize human resources in a challenging labor market.

### **2.2.1.2 Employee Retention**

Employee retention is a vital element of effective human resource management (HRM), especially in industries like auditing that rely heavily on specialized knowledge and professional continuity. According to Cascio (2018), employee retention encompasses a range of organizational strategies and policies aimed at minimizing turnover, maintaining workforce stability, and preserving institutional knowledge. In the context of small and medium-sized audit firms (SMAFs), where resource limitations and high job demands are common, retaining experienced auditors is essential for sustaining both operational efficiency and long-term competitiveness.

#### **2.2.1.2.1 The Importance of Employee Retention**

High turnover, particularly among mid-level auditors, results in significant direct and indirect costs. Allen, Bryant, and Vardaman (2010) estimate that total replacement costs can reach 50% to 200% of an employee's annual salary. These include recruitment, onboarding, training, and productivity loss. In auditing firms, such costs are compounded by client disruption and diminished service quality. Retaining experienced auditors not only ensures task continuity but also enhances internal knowledge transfer, strengthens client relationships, and supports the mentoring of junior staff (Kyndt et al., 2009).

For SMAFs—often unable to offer the same financial incentives as larger firms—retention becomes a strategic tool for maintaining core competencies and differentiating through human capital stability.

#### **2.2.1.2.2 Factors Influencing Employee Retention**

Hausknecht, Rodda, and Howard (2009) categorize retention drivers into three groups:

- **Job-Related Factors:** These include job satisfaction, opportunities for advancement, and meaningful work. Auditors are more likely to stay when

their work aligns with their professional growth goals and provides intellectual challenge.

- **Organizational Factors:** Leadership style, workplace culture, compensation, and recognition significantly impact commitment (Meyer & Allen, 1991). SMAFs that foster a supportive and inclusive environment can strengthen loyalty and reduce attrition.
- **Personal Factors:** Individual life stage, work-life balance, and career expectations also play a role. Griffeth, Hom, and Gaertner (2000) highlight that experienced professionals often seek stability and personal alignment with organizational values—especially after enduring the demanding early years of audit work.

#### **2.2.1.2.3 Effective Retention Strategies**

Based on the literature, several strategies are effective in retaining experienced staff:

- **Training and Development:** Investing in continuous learning—such as technical updates, leadership programs, and soft skills—signals organizational commitment and fosters employee loyalty.
- **Positive Work Environment:** Schaufeli and Bakker (2004) emphasize that workplaces promoting respect, collaboration, and psychological safety experience lower turnover and higher engagement.
- **Career Progression:** Herzberg (1968) identifies advancement as a core motivator. Clearly structured career paths give auditors visibility into their future and encourage long-term alignment with the firm.



- **Compensation and Work-Life Balance:** While SMAFs may not match the pay scales of larger firms, offering fair benefits, flexible schedules, and wellness initiatives can offset financial gaps and strengthen emotional commitment.

#### **2.2.1.2.4 Conclusion**

In summary, employee retention is not merely a cost-saving mechanism but a strategic pillar for organizational sustainability—especially in the auditing sector. For SMAFs in Hanoi, where competitive pressure and limited resources intersect, understanding the multifaceted drivers of retention and implementing context-specific HRM strategies can significantly reduce turnover, enhance service quality, and ensure long-term organizational effectiveness.

#### **2.2.1.3 Turnover Rate**

Turnover rate is a critical metric reflecting workforce stability, particularly in high-skill, high-pressure professions like auditing. In small and medium-sized audit firms (SMAFs), the turnover rate is especially pronounced among auditors with three or more years of experience. These mid-level professionals—while highly valuable due to their technical capabilities—face intense job demands, limited advancement opportunities, and increasing external offers, making them more likely to exit their current roles (PwC, 2021).

##### **2.2.1.3.1 Characteristics of Turnover Among Mid-Level Auditors**

Auditors with three years of experience are at a pivotal career stage. They typically take on more complex assignments, support junior staff, and manage client interactions. However, they often experience:

- Excessive work pressure, especially during peak seasons, leading to fatigue and burnout (Jones et al., 2010).
- Limited promotion opportunities, which erode motivation when career paths are unclear (Deloitte, 2020).

- Attraction to larger firms or alternative roles offering better compensation, reduced stress, or greater advancement potential (Cascio, 2018).

These factors create a high-risk profile for turnover in this cohort.

#### **2.2.1.3.2 Consequences of High Turnover**

Frequent departure of experienced auditors imposes significant costs on SMAFs. According to Allen et al. (2010), the financial burden of replacing such staff is substantial due to recruitment, onboarding, and training needs. Beyond cost, turnover disrupts client service continuity, weakens team cohesion, and reduces institutional knowledge. It also demoralizes remaining staff—particularly junior auditors—who may feel unsupported, thus increasing the risk of further attrition (Shaw et al., 2005).

#### **2.2.1.3.3 Strategies to Reduce Turnover**

To address this issue, SMAFs should adopt integrated HRM strategies tailored to the needs of mid-level auditors:

- **Clear Career Advancement Pathways:** Define transparent promotion criteria and leadership development tracks to reinforce growth potential (Herzberg, 1968).
- **Work-Life Balance Initiatives:** Implement flexible work arrangements and wellness programs to reduce stress and support retention (Greenhaus et al., 2001).
- **Targeted Training and Development:** Offer ongoing skill enhancement and support for professional certifications (e.g., ACCA, CPA) to demonstrate investment in employee growth (Noe, 2020).
- **Supportive Work Environment:** Cultivate a culture of recognition, inclusion, and peer support, which research links to higher employee loyalty (Griffeth et al., 2000).

#### **2.2.1.3.4 Conclusion**

High turnover among experienced auditors poses strategic risks for SMAFs in Hanoi. By understanding the specific challenges faced by this group and implementing tailored HRM responses, firms can reduce attrition, retain critical talent, and strengthen long-term organizational capacity. Proactive strategies in career development, work-life support, and workplace culture are key to sustaining a committed and capable workforce in today's competitive auditing landscape.

#### **2.2.1.4 Experienced Auditors in the Auditing Industry**

Experienced auditors in the auditing industry are professionals who have acquired the requisite technical knowledge and skills through a certain period of work experience at auditing firms. According to the Institute of Chartered Accountants in England and Wales (ICAEW, 2019), experienced auditors typically have 3 to 5 years of industry experience. They are capable of undertaking more complex tasks and often take on leadership roles in audit engagements. For SMAFs, auditors with three years of experience represent a critical workforce segment, playing a pivotal role in ensuring service quality and maintaining client relationships.

##### **2.2.1.4.1 The Role of Auditors with Three Years of Experience in Audit Firms**

Auditors with three years of experience not only have mastered foundational technical skills but also possess the capability to assume more significant responsibilities within the audit process. According to Knechel and Salterio (2016), experienced auditors contribute significantly in the following areas:

##### **(a) Handling Complex Audit Tasks**

After three years of experience, auditors typically develop the expertise to address intricate aspects of financial reporting and auditing. This includes auditing complex

financial statement items or resolving specific client-related issues. These auditors often take the lead in major audit projects, improving service quality and operational efficiency.

**(b) Training and Supporting Junior Auditors**

Auditors with three years of experience frequently play a mentoring role, guiding and training new hires. They help junior staff understand audit procedures, professional standards, and practical techniques. A study by the VACPA (2022) emphasized that experienced auditors are crucial for maintaining work quality and imparting practical insights, thereby elevating the overall competence of the team.

**(c) Maintaining and Developing Client Relationships**

With three years of experience, auditors are often responsible for managing relationships with key clients. They serve as the company's representatives, building trust and understanding client needs. Maintaining strong client relationships is essential for the stability and long-term growth of the audit firm (Deloitte, 2020).

**2.2.1.4.2 Challenges and Pressures Faced by Experienced Auditors**

While auditors with three years of experience have developed a robust professional foundation, they still encounter significant challenges and pressures, particularly in the demanding auditing environment. Key challenges include:

**(a) High Work Pressure and Long Working Hours**

According to Knechel and Salterio (2016), experienced auditors often work in high-pressure environments, especially during audit seasons. Extended working hours and the need to meet strict deadlines for complex projects frequently result in stress and fatigue. For auditors at this career stage, balancing these demands while maintaining high performance is a significant challenge.

### **(b) Limited Career Advancement Opportunities**

In SMAFs, advancement opportunities may be constrained by the compact organizational structure and limited managerial positions. PwC (2021) noted that experienced auditors often leave organizations when they perceive limited growth potential or a lack of promotion opportunities, leading to dissatisfaction and demotivation. This is particularly common among auditors with around three years of experience, who seek recognition and greater responsibilities in higher roles.

### **(c) Work-Life Balance Challenges**

Experienced auditors frequently struggle to balance their professional and personal lives due to heavy workloads and extended working hours. Greenhaus et al. (2001) highlighted that work pressure and a lack of balance between work and personal life can lead to burnout and increased turnover rates among experienced employees. For auditors with three years of experience, finding a balance between career progression and maintaining quality of life is crucial but often difficult in the demanding auditing profession.

#### **2.2.1.4.3 Strategies to Retain Auditors with Three Years of Experience**

To retain auditors with three years of experience, SMAFs can implement several targeted strategies:

#### **(a) Develop Clear Career Advancement Pathways**

Designing clear career advancement plans allows auditors to envision their long-term professional growth. Herzberg (1968) stated that job satisfaction and organizational commitment increase when employees see opportunities for advancement. Audit firms can outline specialized and managerial roles in these plans to enable auditors to grow within the organization.

### **(b) Improve Compensation and Work-Life Balance**

Policies such as flexible work hours, remote work options, and support for personal needs can reduce work-related stress. Greenhaus et al. (2001) emphasized that support for work-life balance is critical for retaining experienced auditors. For audit firms, ensuring employees achieve a balance between work and personal life not only reduces turnover rates but also enhances job satisfaction.

### **(c) Invest in Training and Professional Development**

Providing specialized training programs and supporting the pursuit of international certifications such as ACCA or CPA equips auditors with advanced skills and knowledge, fostering career growth. Noe (2020) noted that training and development are essential for motivating experienced employees to remain with their organizations. Audit firms can allocate resources to relevant training programs to support auditors in developing expertise and achieving critical professional certifications.

## **Conclusion**

Auditors with three years of experience play a vital role in the operations of SMAFs. They bring expertise, mentor junior staff, and uphold service quality for clients. However, they face significant challenges related to work pressure, career advancement, and work-life balance. Understanding the factors influencing their decisions to stay or leave and implementing appropriate retention strategies will enable SMAFs in Hanoi to maintain and develop a high-quality workforce. This will enhance their competitiveness and support sustainable growth in the auditing market.

### **2.2.1.5 SMAFs in Hanoi**

The independent auditing sector in Vietnam, with its inception in 1991, has witnessed significant growth, particularly in Hanoi—a central hub for the country's economic,

political, and cultural activities. SMAFs in Hanoi play a crucial role in providing auditing, financial advisory, and risk management services, primarily to small and medium-sized enterprises (SMEs). However, understanding the operational context of SMAFs in Hanoi requires analyzing both internal and external influencing factors.

#### **2.2.1.5.1 Internal Factors Affecting SMAFs in Hanoi**

##### **2.2.1.5.1.1 Characteristics of the Auditing Sector in Vietnam**

The independent auditing sector in Vietnam officially began in 1991 with the establishment of the first two firms, VACO and AASC. Currently, the country hosts over 200 auditing firms, more than 80% of which are SMEs. In Hanoi, SMAFs constitute approximately 60% of the total number of auditing firms nationwide (Vietnam Auditing Association, 2022).

These firms typically offer the following services:

- **Financial Statement Audits:** A core service that accounts for the majority of revenue.
- **Tax and Financial Advisory:** Aimed at helping SMEs comply with legal requirements and optimize financial resources.
- **Internal and Compliance Audits:** Some firms have started to expand into this area, although the scale remains limited.

SMAFs often face limitations in technology, management processes, and resources, which make it difficult for them to compete with larger international auditing firms, such as the Big Four (PwC, Deloitte, EY, KPMG).

##### **2.2.1.5.1.2 Workforce in SMAFs in Hanoi**

#### **Quality of Personnel**

Hanoi is home to leading universities, such as the National Economics University, Academy of Finance, Foreign Trade University, and Banking Academy. These institutions provide a young workforce with strong professional knowledge. However, employees at SMAFs often lack experience and advanced skills, particularly when handling complex issues or large-scale projects.

### **High Turnover Rates**

According to a survey by the Vietnam Auditing Association (2022), more than 70% of employees in SMAFs in Hanoi intend to change jobs within their first three years due to work pressure, unattractive compensation, and limited career advancement opportunities.

### **Training Policies**

SMAFs often lack the resources to invest significantly in employee training, leading to skill shortages and reduced competitiveness in the market.

## **2.2.1.5.2 External Factors Affecting SMAFs in Hanoi**

### **2.2.1.5.2.1 Business Environment**

Hanoi, as Vietnam's second-largest economic hub, hosts over 300,000 enterprises, 98% of which are SMEs—the primary clientele for SMAFs. Key business factors impacting SMAFs include:

**Intense Competition:** SMAFs not only face competition from other local SME firms but also from international auditing corporations, which boast superior reputations and capabilities.

**Regulatory Compliance Requirements:** Increasingly stringent auditing and tax regulations exert pressure on both enterprises and auditing firms, requiring firms to constantly update their expertise and operational processes.

### **2.2.1.5.2.2 Socio-Cultural and Human Factors**



### **Work Culture**

Workers in Hanoi are regarded as diligent, meticulous, and ethically driven. However, the fast-paced lifestyle and high societal expectations often lead to stress and burnout among employees.

### **Changing Workforce Needs**

The younger workforce in Hanoi (Gen Z) demands flexible work environments, open organizational cultures, and personal development opportunities. This poses significant challenges for SME audit firms, which are often constrained by limited resources.

#### **2.2.1.5.2.3 Environmental and Transportation Challenges**

### **Air Pollution**

Hanoi frequently ranks among the most polluted cities globally (Hanoi Environmental Report, 2023). Poor air quality negatively impacts employee health and morale.

### **Traffic Congestion**

Difficulties in commuting during peak hours reduce work efficiency, particularly when employees are required to travel between multiple client locations.

#### **2.2.1.5.3 Key Factors Impacting SMAFs in Hanoi**

Based on the internal and external factors outlined above, several key considerations are critical for SMAFs in Hanoi:

**Quality of Workforce and Employee Retention Policies:** High turnover rates and skill shortages present significant challenges. Firms need to invest more in developing their teams through professional training, clear career advancement pathways, and improved work environments.

**Technology Adoption:** Leveraging advanced auditing technologies, such as data analytics software and process automation, is essential for enhancing service efficiency and quality.

**Adaptation to the Business and Socio-Cultural Environment:** Firms must adjust their strategies to meet increasing client demands, including regulatory compliance and transparency in financial reporting. Building an open, friendly, and flexible corporate culture will also help address the expectations of younger employees.

**Addressing Environmental and Transportation Challenges:** To mitigate the effects of pollution and traffic congestion, firms can implement flexible work policies, including remote work options and reduced unnecessary travel.

#### **2.2.1.5.4 Conclusion**

SMAFs in Hanoi operate within a complex context, characterized by both opportunities and challenges. Internal factors, such as the nature of the industry and workforce quality, and external factors, including the business environment, socio-cultural influences, and environmental conditions, significantly impact their growth and development.

To achieve sustainable growth, SMAFs must focus on enhancing workforce capabilities, adopting advanced technologies, adapting to business and socio-cultural environments, and cultivating a suitable organizational culture. Only by addressing these factors can firms improve their competitiveness and meet the increasing demands of the market.

### **2.2.2 Characteristics and Key Factors of HRM in SMAFs**

#### **2.2.2.1 Characteristics of HRM in SMAFs**

HRM in small and medium-sized audit firms (SMAFs) reflects the unique challenges of limited scale, constrained resources, and industry-specific demands.

- **Lean Structure:** SMAFs typically operate with 10–50 staff and minimal hierarchy (Nguyen et al., 2019), resulting in unspecialized HRM roles managed by senior staff. While this allows agility and close communication, it hinders systematic HR planning and career development (Pham, 2017).
- **Limited Financial Capacity:** Financial constraints limit SMAFs' ability to offer competitive salaries or sponsor certifications like ACCA or CPA, leading to difficulties in attracting and retaining talent (Tran, 2020; Le, 2018).
- **Organizational Culture:** Despite lower hierarchy and a friendly environment (Pham, 2017), auditors face intense workloads and peak-season stress, contributing to burnout (Nguyen et al., 2019).
- **Training and Development:** Most training is informal and on-the-job, with limited access to structured development programs, leading to stagnation and higher turnover (Le, 2018; Tran, 2020).
- **Retention Challenges:** Auditors with three years of experience are especially prone to leave for better opportunities, impacting service quality and increasing recruitment costs (Tran, 2020).
- **Work-Life Balance:** Long hours and frequent travel reduce employees' ability to manage personal life, affecting retention (Nguyen et al., 2019).

**Conclusion:** HRM in SMAFs must be adaptive and resourceful. Enhancing culture, improving informal training, and applying practical retention strategies are essential to compete for and retain skilled talent in a challenging market.

#### **2.2.2.2 Key Factors in HRM at SMAFs**

Human resource management (HRM) in small and medium-sized audit firms (SMAFs) requires adaptability to balance industry demands with limited resources. Key HRM factors include:

- **Recruitment and Selection:** Attracting qualified auditors is challenging due to limited salary competitiveness and less attractive recruitment packages (Tran, 2020; Nguyen et al., 2019).
- **Training and Development:** Continuous learning is essential, but financial and logistical constraints hinder the delivery of structured training or certification support (Le, 2018; Tran, 2020).
- **Compensation and Benefits:** While fair pay boosts satisfaction (Pham, 2017), SMAFs often struggle to offer competitive salaries and benefit packages compared to larger firms.
- **Motivation and Engagement:** Herzberg's theory emphasizes the need to address both intrinsic and extrinsic motivators. Lack of recognition and growth pushes mid-level auditors toward larger firms (Le, 2018; Tran, 2020).
- **Work-Life Balance:** Long hours and peak season stress contribute to turnover. Inadequate balance between work and personal life is a key retention challenge (Nguyen et al., 2019).
- **Career Advancement:** Limited hierarchical structure in SMAFs restricts promotion opportunities, affecting long-term employee commitment (Le, 2018).
- **Organizational Culture:** A supportive and friendly work environment can offset some resource limitations, though inconsistent systems may hinder long-term engagement (Pham, 2017).

## **Conclusion**

Effective HRM in SMAFs must prioritize practical, cost-efficient strategies in recruitment, development, compensation, and culture to retain talent, enhance service quality, and remain competitive.

## **2.3 Theoretical Foundations and HRM Models for SMAFs**

The selection of theoretical foundations and HRM models for this dissertation is based on the specific characteristics of SMAFs in Hanoi, which face high turnover rates among auditors with three years of experience. This stage is critical in an auditor's career, where they have acquired fundamental skills but often encounter barriers to meeting career expectations, leading to a higher risk of turnover. SMAFs, constrained by limited resources, struggle to compete with larger firms on salaries and benefits. Therefore, the chosen HRM theories and models focus on addressing non-financial factors such as motivation, satisfaction, work environment, fairness, and development opportunities—key factors influencing employee retention in this context.

Below are the common reasons and foundations for selecting specific HRM theories and models:

### **2.3.1 Addressing Auditors' Needs in the SME Audit Context**

According to Maslow (1943), human needs range from basic (e.g., financial security) to advanced (e.g., self-actualization). In the context of SMAFs, these needs are often inadequately met, leading to dissatisfaction and turnover. This theory is suitable for analyzing the causes of high turnover rates, especially among auditors with three years of experience, where safety and career development needs become prominent.

Additionally, the Employee Value Proposition (EVP) model (Chambers et al., 1998) complements Maslow's theory by emphasizing the importance of delivering value to

employees through appropriate policies, such as a positive work environment and opportunities for learning and development, to foster motivation and retention.

### **2.3.1.1 Maslow's Hierarchy of Needs Theory (1943): Implications for HRM**

#### **Overview**

Maslow's theory posits that human motivation follows a five-level hierarchy—from basic physiological needs to self-actualization. Needs must generally be satisfied sequentially, though exceptions may occur. In HRM, the model serves as a framework for designing strategies that align with employee motivations.

#### **Hierarchy of Needs in the Workplace**

- Physiological Needs – Competitive salary, rest, and basic facilities.
- Safety Needs – Job security, clear contracts, insurance.
- Social Needs – Teamwork, belonging, inclusive culture.
- Esteem Needs – Recognition, advancement, trust.
- Self-Actualization – Personal growth, creativity, meaningful work.

#### **Key Principles**

- Needs are dynamic and shift as each level is satisfied.
- Not all individuals follow the same order.
- Fulfilled needs no longer motivate behavior.

#### **HRM Application**

- Secure basic and safety needs through fair policies and safe conditions.
- Promote social bonds via team-building and collaboration.
- Recognize contributions and offer career growth.
- Enable self-actualization through learning and meaningful roles.

### **Limitations**

- Assumes a fixed hierarchy that may not apply universally.
- Subjective assessment of need satisfaction.
- Lacks quantitative measurement tools.

### **Conclusion**

Maslow's theory remains a relevant tool in HRM, especially in SMEs, where addressing both basic and higher-level needs can improve employee retention and motivation.

### **2.3.1.2 Employee Value Proposition (EVP): A Strategic Tool for Talent Retention in SME Audit Firms**

#### **Overview**

Introduced by Chambers et al. (1998), the Employee Value Proposition (EVP) represents the comprehensive set of benefits, values, and experiences an organization offers in exchange for employee contribution and loyalty. It functions as the internal equivalent of brand value—targeting talent acquisition, retention, and engagement beyond monetary compensation.

#### **Core Components of EVP**

- Compensation – Base pay, bonuses, and allowances that fulfill basic economic and safety needs.
- Benefits – Health insurance, leave policies, and wellness programs demonstrating care for employee well-being.
- Career Development – Opportunities for growth, skill acquisition, and promotion supporting long-term employee engagement.
- Work Environment – A collaborative, flexible, and supportive culture that fosters satisfaction and work-life balance.

- Culture and Values – Shared beliefs and inclusive practices that promote alignment between employee and organizational goals.

### **Strategic Importance**

- Talent Attraction and Retention – A strong EVP differentiates organizations in competitive labor markets.
- Employee Engagement – Reinforces motivation, satisfaction, and emotional commitment.
- Performance Enhancement – Aligned values and expectations drive discretionary effort.
- Employer Branding – Strengthens market reputation and recruitment appeal.

### **Implementation Framework**

- Assessment – Evaluate current offerings and gather employee feedback.
- Definition – Clarify unique, strategic values aligned with organizational identity.
- Integration – Embed EVP into all HRM practices, ensuring clarity and consistency.
- Evaluation – Monitor impact through ongoing feedback and adapt to market shifts.

### **EVP in SME Audit Firms**

Given limited financial resources, SME audit firms can leverage non-financial dimensions of EVP, such as:

- Tailored professional development in audit-specific competencies.
- A culture of flexibility, respect, and recognition.
- Supportive environments that promote autonomy and purpose.

### **Challenges and Limitations**



- Lack of Customization – Standardized EVP may not reflect diverse employee needs.
- Resource Intensity – Designing and sustaining EVP can strain SME budgets.
- Measurement Difficulties – Outcomes are largely perceptual and hard to quantify.

### **Conclusion**

EVP is an essential strategic HRM instrument that enhances organizational appeal, sustains employee commitment, and fosters long-term competitiveness—especially for resource-constrained SME audit firms seeking to retain top talent through non-monetary value creation.

### **2.3.2 Addressing Job Satisfaction and Dissatisfaction**

Herzberg's Two-Factor Theory (1968) differentiates between hygiene factors (e.g., salary, working conditions) and motivators (e.g., recognition, growth opportunities). In the SME auditing context, dissatisfaction with hygiene factors often leads to high turnover rates.

The Job Characteristics Model (Hackman & Oldham, 1976) complements Herzberg's theory by highlighting that designing jobs with meaningful and challenging characteristics can enhance motivation and retention. Given the repetitive and monotonous nature of auditing tasks in SMEs, redesigning job roles can help reduce fatigue and increase job satisfaction.

#### **2.3.2.1 Herzberg's Two-Factor Theory (1968): Strategic Insights for Motivation Management**

##### **Overview**

Herzberg's Two-Factor Theory distinguishes between two independent categories influencing workplace behavior: hygiene **factors** (which prevent dissatisfaction) and **motivators** (which promote satisfaction and engagement). This model underscores the need for tailored HR strategies to address both dimensions separately for optimal workforce performance.

### **Core Constructs**

- **Hygiene Factors**

Extrinsic job conditions that, if inadequate, lead to dissatisfaction but do not enhance satisfaction when improved.

*Examples:* salary, job security, working conditions, policies, supervisory relationships.

- **Motivators**

Intrinsic elements that drive long-term satisfaction and commitment.

*Examples:* achievement, recognition, responsibility, personal growth, meaningful tasks.

### **Key Relationships**

- Dissatisfaction arises from poor hygiene conditions.
- Satisfaction stems from the presence of motivators.
- Eliminating dissatisfaction does not generate motivation; both factor sets must be addressed independently.

### **Applications in HRM**

- **Hygiene Management**

Ensure fair compensation, safety, and transparent policies to avoid dissatisfaction.

*In SMEs:* Offer structured work environments with clear guidelines.

- **Motivator Development**

Design roles that include autonomy, growth, and recognition.

*In SME audit firms:* Assign complex audits, acknowledge contributions, and create growth pathways.

- **Job Enrichment**

Redesign tasks to increase depth and meaning, supporting autonomy and accountability.

- **Non-Financial Incentives**

Prioritize recognition, responsibility, and development—especially when financial resources are limited.

### **Limitations**

- Subjectivity: Perceptions of satisfaction vary across individuals.
- Overlap: Factors like salary may serve both roles.
- Context-Specific: Theory applies more effectively to professional and knowledge-based roles than routine work.

### **Conclusion**

Herzberg's Two-Factor Theory offers a pragmatic approach for structuring motivation strategies within HRM. For SME audit firms, leveraging intrinsic motivators alongside foundational hygiene practices is essential for sustaining performance, reducing turnover, and fostering organizational commitment.

### **2.3.2.2 Job Characteristics Model (1976): A Framework for Motivation-Centric Job Design**

#### **Overview**

Hackman and Oldham's Job Characteristics Model (JCM) conceptualizes how specific job features influence employee motivation, satisfaction, and performance. The

model identifies five core job characteristics that trigger three psychological states, ultimately shaping key work outcomes. JCM serves as a strategic HRM tool to enhance job engagement and reduce turnover.

### **Core Components**

#### **Five Core Job Characteristics**

- Skill Variety – Use of diverse skills increases job engagement.
- Task Identity – Completing a whole, identifiable task enhances fulfillment.
- Task Significance – Perceived societal or organizational impact increases purpose.
- Autonomy – Freedom in task execution fosters accountability.
- Feedback – Clear performance insights drive improvement and motivation.

#### **Three Psychological States**

- Experienced Meaningfulness (driven by skill variety, identity, significance)
- Experienced Responsibility (driven by autonomy)
- Knowledge of **Results** (driven by feedback)

### **Key Outcomes**

Higher intrinsic motivation, job satisfaction, performance, and lower turnover.

### **Motivating Potential Score (MPS)**

The formula

$$\text{MPS} = [(\text{Skill Variety} + \text{Task Identity} + \text{Task Significance}) / 3] \times \text{Autonomy} \times \text{Feedback}$$

High MPS indicates strong motivational capacity, especially when autonomy and feedback are present.

### **Applications in HRM**

- Job Design: Structure roles to include variety, ownership, and outcome visibility.
- Satisfaction & Retention: Boost autonomy, feedback, and task relevance to foster commitment.
- SME Audit Firms: Involve auditors in end-to-end processes, encourage skill development, and offer autonomy in engagements.

### **Limitations**

- Personalization Gaps: Not all employees respond similarly to enriched job designs.
- Context Constraints: Less effective in routine or highly standardized roles.
- Organizational Influence: Culture and leadership may mediate the effectiveness of job characteristics.

### **Conclusion**

JCM offers a robust theoretical and practical basis for designing motivating jobs. In the context of SMEs, particularly in high-demand roles such as auditing, applying JCM can lead to enhanced employee engagement, satisfaction, and retention, even with limited financial resources.

### **2.3.3 Ensuring Equity in Organizations**

According to Adams (1963), employees tend to compare what they receive (e.g., salary, benefits) to what they contribute, and further compare these ratios with their peers. In the context of SME auditing firms, where financial resources are limited, perceived inequity in compensation and career advancement opportunities can lead to high turnover among auditors.

The Equity-Based Compensation Model (Gerhart & Rynes, 2003) suggests that designing fair and transparent reward systems—even if not the most competitive—can mitigate dissatisfaction and foster employee loyalty.

### **2.3.3.1 Adams' Equity Theory (1963): A Framework for Fairness and Motivation in HRM**

#### **Overview**

Adams' Equity Theory posits that employee motivation is influenced by perceptions of fairness in the workplace. Employees compare the ratio of their inputs (e.g., effort, skills) to outputs (e.g., salary, recognition) against those of a referent peer. Perceived inequity—whether under- or over-reward—can lead to behavioral or attitudinal changes aimed at restoring balance.

#### **Core Constructs**

- Inputs: Employee contributions (skills, experience, effort).
- Outputs: Rewards received (compensation, benefits, recognition).
- Referent Comparison: Equity is judged by comparing one's input/output ratio to others.
- Equity States:
  - *Equity*: Perceived fairness → satisfaction and performance stability.
  - *Inequity*: Imbalance → dissatisfaction and corrective actions.

#### **Employee Responses to Inequity**

- Adjusting Inputs (e.g., reducing effort).
- Demanding Outputs (e.g., asking for a raise).
- Cognitive Rationalization (e.g., reinterpreting one's value).
- Changing Referents (e.g., comparing to a different group).

- Exiting (e.g., turnover due to persistent inequity).

### **Strategic Applications in HRM**

- Equitable Compensation: Align pay with skills and market standards.
- Transparency: Clarify criteria for evaluation, rewards, and promotion.
- Internal & External Equity: Ensure fairness within the firm and industry.
- Conflict Mitigation: Monitor and address perceptions of unfairness proactively.

### **Strengths**

- Emphasizes the psychological basis of motivation.
- Widely applicable to compensation, appraisal, and promotion systems.
- Supports strategic **HRM decisions** in fostering fairness and trust.

### **Limitations**

- Subjective perceptions vary among individuals.
- Inputs/outputs are difficult to quantify consistently.
- Lacks focus on **personal values or intrinsic motivators**.

### **Application in SME Audit Firms (SMAFs)**

In resource-constrained audit firms:

- Develop competency-based pay structures.
- Offer career growth and learning opportunities.
- Ensure policy transparency on performance and rewards.
- Regularly assess employee perceptions to **prevent disengagement**.

### **Conclusion**

Adams' Equity Theory remains a relevant tool in modern HRM for fostering fairness, motivation, and retention. For SMAFs, where financial limitations exist, the model guides

equitable practices that strengthen employee relations and enhance organizational sustainability.

### **2.3.3.2 Equity-Based Compensation: A Strategic Incentive Mechanism for Talent Engagement**

#### **Overview**

The Equity-Based Compensation Model aligns employee interests with organizational performance by offering financial incentives tied to company value, such as stock options, restricted stock units (RSUs), and performance shares. This approach strengthens motivation, fosters long-term commitment, and enhances competitiveness in talent acquisition—particularly relevant in resource-constrained SME audit firms.

#### **Core Components**

- **Stock Options:** Rights to purchase company shares at a predetermined price, promoting long-term retention through vesting periods.
- **RSUs:** Conditional shares granted based on tenure or performance, supporting loyalty and strategic goal alignment.
- **Performance Shares:** Equity awarded for meeting specific performance benchmarks, directly linking rewards to outcomes.
- **ESOPs:** Ownership plans offering shares as part of compensation, fostering employee identification with organizational success.

#### **Strategic Benefits**

- **Enhanced Motivation:** Employees strive for higher performance knowing their efforts impact personal financial outcomes.
- **Talent Retention:** Vesting-based structures reduce turnover.
- **Entrepreneurial Mindset:** Equity encourages strategic, long-term thinking.



- **Goal Alignment:** Performance-driven equity ensures organizational and personal objectives converge.
- **Market Competitiveness:** Equity compensation offers SMEs an edge when competing with larger firms.

### **Challenges**

- **Market Volatility:** Declining stock values may demotivate employees.
- **Cost and Complexity:** Legal, administrative, and governance burdens can strain SME resources.
- **Perceived Value Uncertainty:** Employees may not fully understand or trust the long-term worth of equity.

### **SME Audit Firm Applications**

- Introduce performance shares to drive auditor accountability and output.
- Use stock options or RSUs to attract and retain talent in a competitive labor market.
- Implement ESOPs to reinforce long-term commitment and ownership culture.
- Promote fairness by linking rewards transparently to firm-wide success.

### **Implementation Considerations**

- Evaluate financial viability to avoid liquidity strain.
- Ensure legal compliance and governance transparency.
- Provide clear communication to build understanding and trust in the system.

### **Conclusion**

Equity-Based Compensation serves as a strategic HRM tool for enhancing employee engagement and organizational performance. For SME audit firms, it offers a viable

alternative to cash-based incentives, helping build a loyal, performance-driven workforce aligned with long-term business goals.

### **2.3.4 Enhancing Motivation through Clear Expectations**

Vroom's Expectancy Theory (1964) explains that employees are motivated to exert effort when they perceive a clear link between their efforts, performance, and the outcomes they receive. In SME auditing firms, where many auditors feel their contributions are undervalued, establishing evaluation and reward systems based on specific results is crucial.

The Expectancy-Performance-Outcome Model (Lawler, 2003) further clarifies how organizations can drive motivation by setting clear expectations and aligning rewards with employee contributions.

#### **2.3.4.1 Vroom's Expectancy Theory: A Cognitive Framework for Performance-Driven Motivation**

##### **Overview**

Vroom's Expectancy Theory explains employee motivation as a cognitive process driven by three interrelated components: **expectancy** (effort-performance belief), **instrumentality** (performance-reward belief), and **valence** (value of reward). Motivation is maximized when all three factors are strong and aligned with organizational goals.

##### **Core Components**

- **Expectancy:** Belief that effort will lead to successful performance. Influenced by skills, resources, and clarity of objectives.
- **Instrumentality:** Belief that performance will be rewarded. Driven by transparency and trust in reward systems.

- Valence: Perceived desirability of the reward, shaped by individual needs and goals.

### **Motivation Formula**

$$\text{Motivation} = \text{Expectancy} \times \text{Instrumentality} \times \text{Valence}$$

If any factor is zero, overall motivation is null.

### **Strategic Applications in HRM**

- Enhancing Expectancy: Provide training, tools, and clear goal-setting.
- Strengthening Instrumentality: Ensure performance-reward linkage through transparent systems.
- Personalizing Valence: Align rewards with individual preferences (e.g., bonuses, development opportunities, international assignments).
- SMAFs Context: Use tailored support and reward structures to compensate for limited financial incentives.

### **Advantages**

- Individual-Centric Approach: Recognizes diverse motivators across employees.
- Operational Guidance: Offers actionable strategies for improving motivation via HR systems.
- Alignment: Reinforces goal congruence between employees and the organization.

### **Limitations**

- Subjectivity: Variations in how employees perceive effort, outcomes, and rewards.
- Measurement Difficulties: Quantifying psychological variables is complex.
- Contextual Gaps: Limited focus on environmental and cultural influences.

## **Conclusion**

Vroom's Expectancy Theory remains a robust framework for developing motivation-based HRM strategies. Particularly in SME audit firms, its emphasis on tailored support, clear rewards, and meaningful incentives provides a pathway to improving employee engagement, retention, and performance despite operational constraints.

### **2.3.4.2 EPO Model: A Performance-Based Framework for Enhancing Motivation**

#### **Overview**

The Expectancy-Performance-Outcome (EPO) Model, derived from Vroom's Expectancy Theory (1964), conceptualizes motivation as the product of three interrelated perceptions: **expectancy** (effort → performance), **instrumentality** (performance → outcome), and **valence** (value of outcome). Motivation is maximized when employees believe their efforts will lead to high performance and valued rewards.

#### **Key Components**

- Expectancy: Confidence that effort leads to successful performance. Enhanced by training, resources, and goal clarity.
- Performance: The execution of tasks based on skill and environment, evaluated through clear standards.
- Outcome: The reward or result following performance, perceived as fair and desirable.

#### **Motivation Formula:**

$$\text{Motivation} = \text{Expectancy} \times \text{Instrumentality} \times \text{Valence}$$

#### **Strategic HRM Applications**

- Boosting Expectancy: Provide resources, training, and achievable objectives.

- Reinforcing Instrumentality: Establish transparent, performance-linked reward systems.
- Enhancing Valence: Align rewards with individual preferences (e.g., monetary, developmental, or recognition-based).

#### **SME Audit Firm Example:**

Equip auditors with training (expectancy), offer performance-based bonuses (instrumentality), and tailor rewards (valence) to meet diverse motivational drivers.

#### **Advantages**

- Improves Performance: Strong effort-performance-reward link drives engagement.
- Personalized Motivation: Encourages HR strategies aligned with individual values.
- Practical HR Design: Informs reward system development and performance management.

#### **Limitations**

- Subjectivity: Individual perceptions may vary, affecting motivation predictability.
- System Dependency: Requires reliable evaluation and reward infrastructure.
- Narrow Focus: May underweight cultural or intrinsic motivators.

#### **Conclusion**

The EPO Model offers a robust, actionable framework for enhancing motivation through performance-aligned HR practices. In SMAFs, where budgetary constraints exist, leveraging this model supports auditor engagement, productivity, and long-term retention through targeted development, clear expectations, and meaningful incentives.

### **2.3.5 Strategic HRM Policies for SMEs**

Strategic Human Resource Management (SHRM) emphasizes the alignment of HR policies with organizational goals. According to Boxall and Purcell (2003), businesses should adopt a "Best Fit" model to tailor HRM policies to their specific contexts, such as the small size, limited resources, and flexible culture of auditing SMEs. Optimizing available resources through strategies like focusing on internal training, creating clear career paths, and maintaining a positive work environment can help SMEs improve HRM effectiveness and retain auditors.

#### **2.3.5.1 Strategic Human Resource Management (SHRM): Aligning People and Strategy for Sustainable Advantage**

##### **Overview**

SHRM is an integrative framework that aligns human resource policies with organizational strategic goals to enhance performance and achieve long-term competitiveness. As defined by Wright and McMahan (1992), SHRM positions human capital as a strategic asset rather than a mere operational function.

##### **Core Components**

- Strategic Alignment: HR initiatives are designed to directly support business strategy.
- Talent Management: Attracting, developing, and retaining high-performing individuals.
- Cultural Development: Shaping organizational culture to reinforce strategic values.
- Performance Management: Aligning individual metrics (e.g., KPIs) with organizational targets.
- Innovation and Agility: Promoting flexible HR practices that adapt to change.

## **SHRM Models**

- Best Fit: Context-specific HR strategies tailored to organizational conditions.
- Best Practice: Universal HR practices yielding generally positive outcomes.
- Resource-Based View (RBV): Human capital as a source of sustained competitive advantage.

## **Strategic HRM Applications**

- Strategic Recruitment: Hiring based on future-oriented capabilities.
- Targeted Training: Developing competencies aligned with strategic priorities.
- Performance-Linked Compensation: Incentivizing behaviors that drive firm growth.
- In SME Audit Firms: SHRM can address workforce constraints by aligning HR policy with international growth, client service quality, and staff development.

## **Benefits**

- Competitive Advantage through optimized human capital deployment.
- Improved Performance via clear alignment between roles and strategic outcomes.
- Talent Retention through structured career development and incentives.
- Innovation Culture fostered by strategic investment in people.

## **Limitations**

- Dependence on Strategic Clarity: HR effectiveness relies on stable business direction.
- Resource-Intensive Implementation: Requires time, budget, and strategic foresight.

- **Measurement Complexity:** Difficult to isolate HR's direct strategic impact.

## **Conclusion**

SHRM offers a transformative approach to HR by embedding it within the strategic fabric of the organization. For SME audit firms, SHRM provides a practical pathway to improving retention, performance, and global competitiveness—provided it is tailored to organizational context and supported by sustained investment.

### **2.3.5.2 The Best Fit Model: Contextualizing HRM for Strategic Alignment**

#### **Overview**

The Best Fit model asserts that effective HRM is contingent upon alignment with the organization's **strategy**, **internal context**, and **external environment**. Unlike universalist approaches, it promotes flexible, situationally responsive HR strategies that reinforce strategic objectives and competitive advantage.

#### **Core Types of Fit**

- **Strategic Fit:** HR practices must support the firm's chosen business strategy (e.g., expansion, differentiation).
- **Internal Fit:** HRM should reflect internal structures, culture, and resources.
- **External Fit:** HR policies must respond to labor market conditions, legal frameworks, and industry dynamics.

#### **Implementation Process**

- **Strategic Analysis:** Clarify long-term business direction.
- **Context Evaluation:** Assess internal capabilities and limitations.
- **External Scanning:** Monitor market trends and regulatory shifts.
- **HR Strategy Design:** Customize policies to achieve alignment.
- **Review & Adjust:** Continuously refine HRM practices based on feedback and change.



### **Example in SMAFs:**

Firms may align HR strategies with cost-focused goals by investing in internal talent development while responding to auditor shortages via flexible benefits and career progression plans.

### **Advantages**

- **High Relevance and Flexibility:** Adapts to dynamic environments.
- **Strategic Integration:** Enhances business-HR alignment.
- **Employee Engagement:** Tailored practices improve motivation and productivity.
- **Change Responsiveness:** Facilitates agility in HR planning.

### **Limitations**

- **Analytical Demands:** Requires robust strategic and contextual understanding.
- **Complexity in Execution:** Sustaining flexibility can strain resources.
- **Reliance on Data Quality:** Poor diagnostics can lead to misaligned strategies.

### **Conclusion**

The Best Fit model offers a practical and adaptable approach to HRM by ensuring alignment with organizational realities. In SME audit firms, it provides a valuable framework for customizing HR policies to support growth, address workforce constraints, and sustain long-term performance. Success hinges on deep contextual analysis and strategic responsiveness.

### **Final Summary**

The theories and models outlined above are scientifically grounded and highly relevant to the context of SMAFs in Hanoi. These organizations frequently encounter HR

challenges, including the need to retain experienced employees while competing with larger firms offering superior benefits and work environments.

The selected theories provide multidimensional insights into the relationships between individual, organizational, and workplace factors that influence high turnover rates among auditors. They highlight the motivational barriers and misalignments that may exist and offer robust HRM frameworks to evaluate and improve current policies.

These models are particularly suited to the auditing industry, where auditors face high workloads, complex professional demands, and elevated client expectations. Moreover, they emphasize the importance of organizational support, alignment of values, and workplace culture—key areas for SMEs to address in retaining talent.

## **2.4 Overview of Studies on HRM and Employee Retention in the Auditing Industry**

### **2.4.1 International Studies**

Human Resource Management (HRM) is a broad field of research with numerous challenges and opportunities, particularly in small and medium-sized enterprises (SMEs). Due to the unique characteristics of the auditing industry and increasing competition in the labor market, optimizing HRM to retain talent and develop a sustainable workforce has become a critical goal for these firms.

#### **Sara's Study (2018): Major Challenges in HRM in the Auditing Sector**

Sara (2018) conducted an in-depth study analyzing the three primary challenges facing HRM in the auditing sector. First, recruitment of high-quality talent is hindered by intense labor market competition and stringent professional requirements. SMEs, in particular, are at a disadvantage compared to large auditing firms (Big 4) when attracting talent. Second, work-life balance is a significant obstacle, given the heavy workload, long working hours, and high-pressure environment in auditing. Lastly, retaining employees in a dynamic

environment poses a substantial challenge for SMEs. Sara (2018) emphasized that these factors not only impact productivity but also negatively influence the reputation and competitive capacity of firms in the market.

#### **Smith's Study (2020): Importance of Sustainable HRM Strategies**

Smith (2020) explored the role of HRM strategies in enhancing the performance of professional service firms, including auditing companies. She argued that a sustainable HR strategy, aligned with the long-term developmental goals of the organization, is crucial for maintaining competitiveness. Smith proposed a theoretical framework that underscores the importance of investing in employee training, establishing clear career progression opportunities, and fostering a positive working environment. These measures not only help firms retain talent but also motivate employees to contribute in the long term, thereby improving service quality and client satisfaction.

#### **Brown's Study (2019): HRM Strategies in Leading Auditing Firms**

Brown (2019) examined the role of performance-based work culture and mentorship programs in enhancing productivity and retaining talent within leading auditing firms like the Big 4. He noted that a performance-driven culture fosters a healthy competitive environment where employees are encouraged to maximize their potential. Mentorship programs, as a vital component of HRM strategies, support employees in developing professional skills and crafting clear career paths. Brown highlighted that the success of the Big 4 in retaining talent lies in the combination of modern HRM policies and the integration of technology to support human resource management.

#### **Conclusion from International Studies**

These studies reveal that HRM for auditors with three years of experience in SMEs presents significant challenges, especially in a highly competitive business environment with increasing demand for high-quality auditing services. Auditors at this stage have

typically built a solid foundation of knowledge and skills to assume more significant roles within firms. However, they are also highly susceptible to being attracted to career opportunities in larger companies offering better employee support policies. Therefore, SMEs need to develop comprehensive HRM strategies that include career development, improving work-life balance, and creating an attractive working environment to retain talent and ensure sustainable growth.

#### **2.4.2 Domestic Studies**

In Vietnam, HRM in the auditing industry is an increasingly relevant topic, particularly given the sector's growing demand for high-quality services. However, most studies focus on other economic sectors, while research on HRM in the auditing sector, especially in international SMEs, remains limited. This creates a research gap that needs to be addressed to provide specific and effective solutions for the HR challenges facing this industry.

##### **2.4.2.1 Report on Talent Shortages in Auditing**

According to a report by the Vietnam Association of Accountants and Auditors (VAA, 2022), the shortage of experienced auditing professionals is a critical issue in Vietnam, particularly for SMEs. The report highlights that auditors with 3-5 years of experience often face heavy workloads while the promotion opportunities and compensation at SMEs are insufficient to retain them. Many employees in this group leave SMEs for larger auditing firms or other industries offering more competitive working environments and income levels. The report further emphasizes that SMEs in Hanoi face significant challenges in competing for talent with Big 4 firms, which offer not only superior compensation packages but also reputable brands that easily attract experienced

auditors. This leads to severe brain drain, negatively impacting operational efficiency and sustainable growth for SMEs.

#### **2.4.2.2 Study on Work Environment and Job Stress in Auditing**

Tran and Nguyen (2021) conducted a qualitative study exploring factors influencing job satisfaction and employee retention among auditors in Vietnam. Their findings indicate that the working environment in SMEs is often perceived as less attractive. Contributing factors include small-scale operations, limited resources, and a lack of personal development policies. Additionally, high work stress, particularly during the auditing season, makes it difficult for auditors to balance work and personal life. These challenges significantly contribute to the high turnover rates among experienced staff who seek less stressful environments or clearer career advancement opportunities.

#### **2.4.2.3 Study on Work Environment and Job Stress in Auditing Role of Career Advancement Opportunities**

Le (2020) focused on factors influencing talent retention in Hanoi's auditing sector. The study found that career advancement and professional development opportunities play a crucial role in determining auditors' commitment to firms. However, in SMEs, auditors often face limited career progression due to their compact organizational structures and lack of advanced training programs. This leads to career stagnation, especially after 3-5 years when they have gained sufficient experience to pursue better opportunities in larger firms or other sectors.

#### **2.4.2.4 Study on Work Environment and Job Stress in Auditing Challenges in Talent Competition in Hanoi**

The Hanoi Labor Market Report (2023) highlights fierce competition between SMEs and larger firms, especially the Big 4, in attracting talent in the auditing sector. The report points out that larger firms not only offer higher salaries and benefits but also provide

professional working environments and clear personal development programs, motivating experienced professionals to switch jobs. In contrast, SMEs struggle to implement competitive policies due to budget and operational constraints.

### **Conclusion from Domestic Studies**

These studies indicate that retaining talent in international SMEs in Vietnam, particularly in Hanoi, is a significant challenge. Factors such as work environment, job stress, limited career advancement opportunities, and strong competition from larger firms are the main reasons for high turnover rates among experienced employees. SMEs need to develop effective HRM policies that improve the work environment, reduce job stress, and provide clear career development opportunities to retain talent and ensure sustainable growth amidst intense competition.

### **2.4.3 Research Gaps**

While there has been extensive research on HRM and talent retention internationally and domestically, most studies only identify general challenges and influencing factors. Studies by Sara (2018), Smith (2020), and Brown (2019) emphasize the role of HRM in improving productivity and retaining talent, particularly in the auditing industry. However, these studies primarily focus on large firms like the Big 4, with limited exploration of SMEs.

In Vietnam, reports by VAA (2022) and studies by Tran and Nguyen (2021) or Le (2020) highlight challenges in managing and retaining employees in SME auditing firms. However, these studies remain broad and lack specific solutions tailored to different employee groups.

A critical research gap exists concerning auditors with approximately three years of experience. This is a pivotal career stage where auditors have accumulated sufficient expertise to take on larger roles but are also highly vulnerable to being attracted by

opportunities in larger firms or other industries (Le, 2020; VAA, 2022). High turnover rates in this group disrupt business operations and increase recruitment and training costs for SMEs. However, no study has deeply analyzed the characteristics, reasons for turnover, and development needs of this group within the context of SME auditing firms in Hanoi.

This study aims to address the identified research gaps by analyzing the factors influencing turnover decisions among auditors with three years of experience and proposing practical and feasible HRM solutions. It will provide a comprehensive framework to help international SME auditing firms in Hanoi improve HRM efficiency, reduce turnover rates, and enhance long-term business performance. This will not only offer practical value for auditing firms but also contribute significant theoretical insights to the HRM field in both Vietnam and the international context.

## **2.5 Factors Influencing Auditor Retention and Turnover Rates**

### **2.5.1 Internal Factors**

Internal factors play a crucial role in determining the level of commitment auditors feel toward their organization. Given the high workload and time pressures characteristic of the auditing industry, firms must establish attractive compensation systems, a supportive work environment, and clear career development opportunities to retain qualified personnel. Below are three key internal factors that significantly impact auditor retention and turnover decisions.

#### **2.5.1.1 Compensation and Benefits**

Compensation and benefits are among the most influential factors in an auditor's decision to remain with a company. Due to the demanding nature of the work, auditors expect fair rewards for their contributions.

**Compensation:** According to Herzberg (1968), compensation is a hygiene factor that, while not creating positive motivation, can lead to dissatisfaction if poorly managed.

Compensation not only serves as a source of income but also reflects the organization's recognition of an auditor's efforts. When salaries and bonuses do not align with workload and responsibilities, auditors are likely to lose motivation and seek better opportunities elsewhere (Griffeth, Hom & Gaertner, 2000).

**Benefits:** Beyond monetary compensation, benefits such as health insurance, paid leave, and additional support programs are vital. Audit firms offering comprehensive benefits packages tend to retain employees longer, as they signal the firm's concern for personal and health-related needs. Research by Allen et al. (2010) suggests that robust benefits can significantly reduce turnover rates, especially in high-stress fields like auditing.

#### **2.5.1.2 Career Development Opportunities**

Career development is a critical factor influencing auditor retention. Employees in the auditing profession often seek opportunities to enhance their skills and advance to higher positions.

**Clear Career Pathways:** When auditors can see clear promotion pathways and understand the requirements for advancement, they are more motivated to remain committed to the organization. Meyer and Allen (1991) found that organizational commitment increases when employees perceive long-term career prospects. Audit firms can enhance retention by providing attractive advancement opportunities and encouraging auditors to develop managerial and leadership skills.

**Training and Professional Development:** Investing in training and skill development not only improves auditors' capabilities but also fosters a sense of value within the organization. For instance, supporting auditors in obtaining international certifications such as ACCA or CPA or offering advanced training programs can boost retention (Noe, 2020). Employees with ample professional development opportunities



often remain longer with organizations as they perceive the company's investment in their growth.

**Learning from Practical Work:** Beyond formal training, practical work experiences are crucial. Auditing projects are often complex and diverse, offering opportunities for auditors to learn and gain valuable experience. When auditors feel their work provides meaningful learning opportunities, they are more likely to remain with the organization (Trevor, Gerhart & Boudreau, 1997).

#### **2.5.1.3 Work Environment and Job Satisfaction**

The work environment and job satisfaction significantly influence auditors' commitment and turnover rates. Given the high-pressure nature of auditing, a positive work environment and job satisfaction can mitigate stress and encourage employee loyalty.

**Supportive and Collaborative Work Environment:** A friendly and supportive work atmosphere where auditors can easily communicate and collaborate helps reduce stress and creates a comfortable workspace. Greenhaus et al. (2001) found that supportive work environments and positive peer relationships enhance job satisfaction and reduce turnover rates.

**Work-Life Balance:** Auditors often face challenges in maintaining work-life balance due to long hours and heavy workloads. Audit firms can foster employee loyalty by implementing supportive policies such as remote work options, flexible hours, or reduced workloads during low-demand periods. According to Ryan and Deci (2000), when employees have adequate time to balance personal and professional commitments, they are less likely to leave the company.

**Job Satisfaction:** Job satisfaction plays a significant role in auditors' turnover decisions. When employees find their work meaningful, feel recognized, and believe their contributions are valued, they are more motivated and committed to the company (Griffeth,

Hom & Gaertner, 2000). Conversely, low job satisfaction often leads to decreased motivation and higher turnover rates.

### **2.5.2 External Factors**

In addition to internal factors, external factors also significantly influence auditor retention and turnover rates. The competitive nature of the auditing industry, evolving market conditions, and the demand for work-life balance contribute to the pressures that affect auditors' commitment to their firms.

#### **2.5.2.1 Industry Competition and Market Conditions**

**Talent Competition in Auditing:** The auditing sector experiences intense competition for talent, particularly for experienced auditors. Larger firms offering attractive compensation packages often lure employees away from SMEs. Allen et al. (2010) identified industry competition as a significant driver of turnover in high-skill professions like auditing. To retain talent, SMEs should consider alternative strategies such as fostering a supportive work environment or providing career development opportunities.

**Market Conditions and Audit Demand:** Market fluctuations and regulatory changes influence the demand for auditing services. During periods of high demand, firms may intensify recruitment efforts, leading to a scarcity of experienced talent and increased workloads for existing employees. Conversely, during market slowdowns, firms may struggle to offer advancement opportunities or maintain competitive compensation, reducing employee motivation and retention (Griffeth, Hom & Gaertner, 2000).

**Globalization and International Audit Services:** Globalization has expanded competition within the auditing industry, with international firms offering competitive compensation and benefits packages. These firms often attract experienced employees

from local SMEs, creating significant challenges for smaller firms in retaining their workforce (Trevor, Gerhart & Boudreau, 1997).

#### **2.5.2.2 Work-Life Balance**

**Time Pressure and Workload:** Auditors often work under tight deadlines and manage substantial workloads, particularly during peak seasons. This can lead to stress and difficulties in maintaining work-life balance. Greenhaus et al. (2001) found that work-life imbalance is a major cause of burnout and turnover in time-intensive professions like auditing. Without proper balance, auditors are likely to leave in search of less stressful environments.

**Organizational Policies Supporting Work-Life Balance:** Firms that implement flexible policies to support work-life balance tend to retain employees more effectively. Initiatives such as remote work, flexible schedules, or workload adjustments during low seasons help auditors dedicate more time to personal and family commitments, reducing stress and improving job satisfaction (Ryan & Deci, 2000).

**Cultural Norms in the Auditing Industry:** The auditing profession often demands a culture of high dedication, with employees expected to work extended hours to meet job requirements. However, such cultures can negatively impact mental health and personal lives. Without clear and effective policies to support balance, auditors may feel burned out and consider leaving for less demanding roles (Herzberg, 1968).

### **2.5.3 Summary of Factors Influencing Retention in Auditing**

#### **2.5.3.1 Internal Factors**

Internal factors, including compensation and benefits, career development opportunities, and work environment and job satisfaction, are critical in fostering auditor commitment.

**Compensation and Benefits:** Competitive pay and comprehensive benefits motivate auditors to stay, reflecting the organization's recognition of their contributions.

**Career Development:** Clear pathways for advancement and robust training opportunities enable auditors to see value in their roles and drive personal growth.

**Work Environment:** A positive and supportive workplace, coupled with high job satisfaction, is key to retaining employees.

Audit firms should invest in these factors to build effective compensation systems, create a positive work culture, and provide clear career progression opportunities.

#### **2.5.3.2 External Factors**

External factors such as industry competition, market conditions, and work-life balance also significantly impact auditor retention.

**Industry Competition and Market Conditions:** Access to attractive job opportunities and challenges posed by international firms influence turnover rates.

**Work-Life Balance:** Stressful work conditions and poor work-life integration drive employees to seek more balanced roles elsewhere.

Audit firms can address these challenges by adopting flexible work policies and creating a supportive environment to improve employee satisfaction.

#### **2.5.3.3 Interplay of Factors**

Auditor retention is influenced by the interplay of internal and external factors. For instance, competitive compensation alone may not ensure loyalty if the work environment lacks support or career advancement opportunities. Similarly, firms with flexible work arrangements gain an advantage in talent retention amidst industry competition.

#### **2.5.3.4 Conclusion**

Both internal and external factors are crucial in shaping auditors' commitment to their firms. To retain skilled auditors, firms must create environments where employees

feel valued, supported, and satisfied. HR policies and strategies must be flexible to adapt to market dynamics and employee needs, ensuring firms remain competitive in the demanding auditing industry. Identifying and addressing these factors can not only reduce turnover rates but also cultivate a motivated and loyal workforce, driving sustainable organizational growth.

## **2.6 Current State of Human Resource Management and Employee Retention in SMAFs in Hanoi**

In the context of increasing competition for high-quality talent, SMAFs in Hanoi face significant challenges in attracting and retaining auditors, particularly experienced ones. Limited by their scale and resources, these firms must adopt effective HRM and employee retention strategies to ensure workforce stability and enhance the quality of auditing services.

### **2.6.1 Overview of HRM Strategies in the Auditing Sector**

In the auditing sector, HRM strategies play a crucial role in helping firms maintain a competent workforce capable of meeting the stringent professional and ethical requirements of the industry. Audit firms in Hanoi, even those of modest size, need to implement HRM strategies tailored to the unique demands of the profession.

**Recruitment Strategies:** Due to the highly competitive talent market, audit firms often seek experienced auditors with international certifications such as ACCA or CPA. Some firms also collaborate with universities and training institutions to recruit fresh graduates with potential and provide them with specialized training.

**Training and Development Strategies:** To maintain a skilled workforce, audit firms frequently invest in continuous training programs, enabling auditors to stay updated on new regulations and standards in the industry. Some firms sponsor the costs of

professional certifications to enhance employee capabilities and enable them to handle complex projects.

**Performance Evaluation Strategies:** Performance evaluation is a vital tool for maintaining service quality. By assessing employee performance, firms can identify strengths and weaknesses, implement appropriate training, and reward employees effectively. This strategy also provides clear development goals, fostering employee commitment to the organization (Noe, 2020).

### **2.6.2 Strategies and Practices for Retaining Employees in SMAFs**

Retaining employees, especially experienced auditors, remains a significant challenge for SMAFs in Hanoi. To minimize turnover rates and maintain a stable workforce, these firms have implemented several employee retention strategies:

**Competitive Compensation Packages:** Although it is challenging for SMAFs to match the salaries offered by larger firms, many provide reasonable compensation packages to attract and retain employees. This includes performance-based bonuses, training allowances, and additional support to motivate employees to stay.

**Career Development Opportunities:** SMAFs in Hanoi often provide clear career development opportunities to retain auditors. These include offering advanced training programs, supporting professional certification exams, and promoting auditors to higher positions within the firm. According to Allen et al. (2010), career development opportunities significantly impact employee retention.

**Flexible Work Policies:** To help auditors balance work and personal life, some firms have introduced flexible work arrangements, such as remote work, flexible hours, or reduced workloads during low-demand periods. These policies not only reduce work-related stress but also increase employee satisfaction and commitment.

**Supportive Work Environment:** Creating a friendly and supportive work environment where auditors feel comfortable and receive mutual support can strengthen employee loyalty. Many SMAFs in Hanoi focus on building an open and collaborative work culture, encouraging communication and learning among peers and managers.

### **2.6.3 Major Challenges in Retaining Experienced Auditors in Hanoi**

Retaining experienced auditors is one of the most significant challenges for SMAFs in Hanoi, especially as they compete with international and larger firms. Key challenges include:

**Competition from Larger and International Firms:** Large audit firms and international companies attract experienced auditors with competitive compensation packages and better career development opportunities. This poses difficulties for SMAFs in retaining skilled auditors, particularly those with advanced qualifications and international certifications (Allen et al., 2010).

**High Work Pressure and Long Hours:** Auditing work often involves extended hours, particularly during peak seasons. For experienced auditors, the intense workload and demanding schedules can reduce motivation and prompt them to seek less stressful roles. While some SMAFs have implemented flexible work policies, achieving work-life balance remains a challenge (Greenhaus et al., 2001).

**Limited Advancement Opportunities:** Due to their smaller scale, SMAFs often lack extensive promotion opportunities for experienced auditors. This reduces employee motivation and commitment, as they see limited prospects for long-term career growth. Meyer and Allen (1991) found that a lack of advancement opportunities is a primary reason experienced auditors seek opportunities at larger organizations where they can achieve higher career goals.

**Difficulty in Building and Maintaining a Supportive Work Environment:** SMAFs often face resource and budget constraints that hinder their ability to create a supportive and professional work environment. This affects employee satisfaction and loyalty, particularly among experienced auditors with high expectations of workplace professionalism. Griffeth et al. (2000) noted that unsupportive work environments increase turnover rates, especially in demanding industries like auditing.

## **2.7 Research Gaps and Areas for Further Investigation**

While numerous studies have explored factors influencing retention and turnover in the auditing sector, there remain significant gaps and limitations, particularly concerning SMEs in Vietnam. Identifying these gaps is essential for developing additional research and practical solutions for employee retention in the auditing industry.

### **2.7.1 Limitations in Current Research**

Existing studies on employee retention in auditing often focus on large firms and international contexts, which differ significantly in resources and characteristics from SMEs in Vietnam. Specific limitations include:

**Lack of Research on SME Contexts:** Most international and domestic studies focus on large audit firms with ample financial resources and large-scale operations. Consequently, the proposed strategies and solutions are challenging to apply effectively in SMEs with limited resources and competitive capabilities.

**Insufficient Analysis of Auditing-Specific Challenges:** Some studies fail to delve into the unique challenges of the auditing profession, such as time pressures, job complexity, and ethical requirements. This oversight limits understanding of how these factors impact retention and turnover decisions among auditors.

**Inadequate Consideration of Local Culture and Work Environment:** International studies often overlook cultural and managerial differences in Vietnam,



making their findings and recommendations less applicable to the local context. Given the distinct work culture and employee expectations in Vietnam, this aspect requires greater attention.

### **2.7.2 Research Gaps in Auditor Retention**

Despite existing studies on auditor motivation and retention, key gaps remain, particularly concerning SMEs in Vietnam:

**Limited Focus on External Factors and Labor Market Dynamics:** Most research emphasizes internal factors such as compensation, benefits, and work environment. However, external factors like industry competition, market conditions, and fluctuations in audit demand significantly influence auditor retention, especially in SMEs.

**Need for Solutions to Retain Experienced Auditors:** Experienced auditors are a critical resource for audit firms but are also the most likely to leave due to attractive alternatives. Current research lacks specific and effective solutions for retaining this group, particularly in SMEs with limited resources for competitive compensation and benefits.

**Insufficient Analysis of Work-Life Balance Policies:** While work-life balance is a crucial factor in auditor retention, many studies fail to analyze the impact of supportive policies in retaining employees. Moreover, there is little research on how SMEs can implement such policies effectively with constrained budgets.

### **2.7.3 The Need for Additional Research in SME Contexts**

SMEs in Hanoi and other regions of Vietnam require HRM and retention solutions tailored to their specific circumstances and resources. Additional research is necessary to address these gaps and provide more effective strategies for retaining employees in the auditing sector.

**Research on Retention Models for SMEs:** Studies should focus on adapting and testing retention models suited to SMEs, including work-life balance policies, career development programs, and cost-effective initiatives.

**Detailed Analysis of Vietnam's Work Environment:** Further research should explore how cultural and workplace factors in Vietnam influence auditor retention. This will help audit firms develop HRM strategies aligned with local realities.

**Exploration of Innovative, Cost-Effective Retention Solutions:** SMEs often face financial constraints, necessitating innovative approaches to employee retention. Research could explore strategies like fostering a supportive work culture, implementing mentorship programs, and providing internal training.

**Evaluation of Labor Market Dynamics and Industry Competition:** Deeper insights into how labor market trends and industry competition affect auditor retention could help SMEs adjust their strategies effectively. This is particularly important as international and large firms expand in Vietnam, creating additional pressure on SMEs.

### **Conclusion**

Addressing the existing research gaps is essential for helping SMEs in Hanoi and other regions of Vietnam develop effective HRM strategies. By examining both internal and external factors, as well as the unique challenges of SMEs, future research can contribute to improving the retention of experienced auditors. These insights will not only reduce turnover rates but also create a motivated and loyal workforce, ensuring organizational stability and sustainable growth in the auditing sector.

### **2.8 Chapter Summary and Research Orientation**

This chapter provided an overview of theories and models related to human resource management (HRM) and employee retention, with the aim of identifying factors influencing the commitment and turnover decisions of auditors, particularly within small

and medium-sized audit firms (SMEs) in Hanoi. These analyses and insights establish a critical foundation for subsequent research stages to develop effective strategies and solutions for retaining auditors.

### **2.8.1 Key Insights from the Literature Review**

The literature review in this chapter highlighted essential theoretical and practical foundations related to auditor retention in SMEs in Hanoi. Core concepts of HRM, employee retention, and turnover rates were thoroughly analyzed, clarifying the research context and influencing factors.

Specifically, the chapter emphasized the unique HRM challenges faced by SMEs in the audit sector, including resource constraints, intense industry competition, and specific requirements from experienced auditors. Foundational theories and models, such as Maslow's Hierarchy of Needs, Adam's Equity Theory, and the Employee Value Proposition (EVP) model, were employed to explain how organizations can address employee needs, foster motivation, and enhance commitment. These theories provide the basis for analyzing and proposing solutions tailored to practical contexts.

Additionally, the chapter synthesized and analyzed international and domestic studies on employee retention, identifying internal factors (e.g., compensation, work environment) and external factors (e.g., industry competition, work-life balance) that influence auditors' commitment decisions. Notably, existing research overlooks critical aspects related to auditors with three years of experience in the SME context in Hanoi, revealing a research gap that warrants further exploration.

These key insights not only establish the theoretical foundation for this study but also guide the development of strategic HRM policies and practical solutions for effective employee retention. They also directly influence the design and methodology of subsequent research chapters, ensuring a robust link between theory and practice.

### 2.8.2 Implications for Research Design and Methodology

Findings from the literature review and retention models have specifically informed the research design and methodology as follows:

- **Mixed-Methods Approach**
  - **Quantitative Methods:** Surveys will target auditors, including both current employees and those who have left, with three years of experience in SMAFs in Hanoi. The survey will measure factors influencing commitment, such as compensation, career development opportunities, work environment, and work-life balance policies. This method aims to quantify the impact of each factor on auditors' retention decisions.
  - **Qualitative Methods:** In-depth interviews with HR managers and leaders of SMAFs in Hanoi will provide insights into how HR policies are designed, implemented, and adjusted. This approach will explore context-specific factors and supplement the quantitative analysis.
- **Data Collection Tools:**
  - **Survey Questionnaire:** Designed based on the factors identified in the literature review, the questionnaire will gather data from the target group of auditors. Questions will utilize a 5-point Likert scale to measure satisfaction, commitment, and perceptions of HRM factors.
  - **In-Depth Interview Guide:** A structured set of questions will explore HR managers' perspectives on retention policies, HRM challenges, and contextual factors specific to SMAFs.
- **Data Analysis Orientation:**

- **Quantitative Analysis:** Statistical methods will determine the impact of internal factors (e.g., compensation, career development, work environment) and external factors (e.g., industry competition, work-life balance) on auditors' commitment decisions.
- **Qualitative Analysis:** Information from interviews will be coded and synthesized to identify trends, issues, and practical HRM solutions.

### **Expected Outcomes**

The research will provide a comprehensive understanding of factors affecting auditors' retention, alongside strategic recommendations tailored to SMAFs in Hanoi.

### **Conclusion**

This chapter has laid the groundwork for analyzing auditor retention in SMEs through a robust theoretical foundation and a research-oriented framework. By integrating theoretical insights with practical considerations, the subsequent chapters will delve deeper into the research methodology, analyze data comprehensively, and provide actionable recommendations for addressing the challenges of auditor retention in Hanoi's competitive audit industry.

## CHAPTER III: METHODOLOGY

### **3.1 Overview of the Research Problem**

Small and medium-sized audit firms (SMAFs) in Hanoi face growing challenges in retaining auditors with three years of experience—a group vital to operational continuity yet highly prone to turnover. This instability leads to financial losses, reputational damage, and weakened competitiveness.

Root causes include both motivational and hygiene deficits, as outlined by Herzberg (1959): lack of career advancement, recognition, and intrinsic satisfaction, alongside unsatisfactory salary and working conditions. These issues are compounded by job stress, long hours, and unmet basic needs per Maslow's hierarchy (1954), leading to burnout and disengagement.

Further, SMAFs often lack long-term HRM strategies due to resource constraints. Many prioritize short-term rewards over sustainable practices such as career development and work-life quality, contradicting the Harvard Framework's holistic HR approach (Beer et al., 1984). This results in reduced employee commitment and increased attrition costs.

High turnover disrupts workflows, lowers service quality, and erodes client trust—especially in a market dominated by larger, well-resourced firms. Addressing this requires evidence-based HRM strategies grounded in Herzberg's, Vroom's, and Best Fit theories to enhance motivation, strengthen commitment, and foster a supportive work environment.

This study seeks to diagnose the root causes of turnover and propose practical, theory-informed solutions to improve HRM effectiveness and support the sustainable growth of SMAFs.

### **3.2 Operationalization of Theoretical Constructs**

Operationalizing theoretical constructs is a crucial step in transforming abstract concepts into measurable variables that align with the theoretical models presented in Chapter 2. According to these frameworks, key factors include work motivation, job satisfaction, organizational commitment, and work environment—each of which plays a central role in understanding the root causes and proposing solutions to mitigate employee turnover.

Based on these models, work motivation is measured through two primary dimensions: motivating factors (e.g., career advancement opportunities, recognition) and hygiene factors (e.g., salary, working conditions), reflecting their overall impact on employees' intent to stay or leave the organization. Job satisfaction is operationalized through measurement scales that assess satisfaction with salary and benefits, training opportunities, peer relationships, and work pressure, with particular emphasis on the audit profession's unique characteristics. Organizational commitment, derived from employee engagement theories, captures employees' willingness to continue working and their sense of responsibility toward the organization. The work environment is evaluated based on corporate culture, managerial support, internal transparency, and fairness.

The operationalization process begins with identifying measurement scales and survey questions tailored to the Vietnamese context. The study also involves translating, adapting, and refining international scales (if applicable) to accurately reflect factors such as workload intensity during peak audit seasons, financial stability of firms, and corporate culture in SMAFs in Hanoi. To ensure reliability and validity, a pilot test is conducted to assess clarity, internal consistency, and construct validity of the measurement variables. This process helps minimize linguistic errors while identifying context-specific factors that may require modification or exclusion.

Upon finalizing the survey instrument, data collected from auditors and HR managers will be analyzed using statistical techniques such as Factor Analysis and Regression Analysis to determine the influence of each factor. The relationships between work motivation, job satisfaction, organizational commitment, and work environment will serve as the foundation for hypothesis testing, aiming to identify the key drivers behind the turnover of auditors with three years of experience. The statistical analysis results will provide empirical evidence on the extent of each factor's impact, thereby informing strategic HR policies focused on optimizing compensation structures, developing career advancement pathways, enhancing the work environment, and strengthening corporate culture.

Implementing the operationalization of theoretical constructs in accordance with the models outlined in Chapter 2 not only provides reliable data to explain the high turnover rate but also plays a pivotal role in formulating practical human resource management solutions. Consequently, SMAFs in Hanoi can mitigate employee turnover while enhancing their competitive advantage by retaining and developing experienced audit professionals.

### **3.3 Research Purpose and Questions**

#### **3.3.1 Research Purpose**

This study aims to explore the key factors influencing motivation, commitment, and engagement among auditors with three years of experience working in SMAFs in Hanoi. By applying established theories such as Maslow's Hierarchy of Needs (Maslow, 1954), Herzberg's Two-Factor Theory (Herzberg, 1959), and Vroom's Expectancy Theory (Vroom, 1964), the research seeks to clarify how elements such as the working environment, career development opportunities, employee benefits, and organizational commitment affect employee motivation and their intention to leave or stay.



Additionally, the research aspires to propose effective HRM strategies tailored to the unique context of SMAFs in Hanoi. These strategies aim to enhance employee motivation, strengthen organizational commitment, and reduce turnover rates, ultimately optimizing human resource efficiency and improving competitive positioning. By identifying the driving forces behind motivation and commitment, this study provides both theoretical and practical foundations for SMAFs to develop effective HRM policies that promote sustainable growth in a fiercely competitive industry (Nguyen, 2021).

This study also seeks to fill a critical gap in understanding auditor turnover and retention, particularly in the context of small and medium-sized audit firms operating in Hanoi. Through empirical investigation and evidence-based recommendations, the research aims to equip these firms with actionable insights and sustainable solutions for addressing their HRM challenges.

### **3.3.2 Research Questions**

To achieve the above objectives, the study is guided by the following research questions:

**Research Question 1: Investigating the Causes of High Turnover Rates.** Why do over 70% of auditors with three years of experience at small and medium audit firms in Hanoi decide to leave, despite their significant contributions and potential value to these organizations? This question seeks to understand the root causes behind the high turnover rates, including both external factors (e.g., industry dynamics) and internal organizational challenges.

**Research Question 2: Identifying Retention Factors for Auditors with Three Years of Experience.** What factors encourage auditors with three years of experience to remain with their current employers, despite the high demands and pressures of the audit industry? By identifying these retention factors, this question aims to uncover what

motivates auditors to stay and how these motivations can be leveraged to foster long-term engagement.

**Research Question 3: HRM Limitations and Turnover Impact.** What are the shortcomings in current HRM practices that hinder the retention of experienced auditors, and how do these inadequacies affect organizational effectiveness? This question will examine HRM challenges such as insufficient career development opportunities, inadequate compensation packages, and weak organizational support, linking these deficiencies to their broader impact on audit firm performance.

**Research Question 4: Proposing Sustainable Solutions.** What HRM strategies and interventions can audit firms implement to enhance motivation and increase retention rates for auditors at this critical career stage? This question focuses on identifying actionable, sustainable solutions that align with the unique needs of auditors and the operational realities of small and medium-sized audit firms in Hanoi.

### **3.4 Research Design**

This study adopts a **mixed-methods approach** to examine the factors influencing work motivation and organizational commitment among auditors with three years of experience in SMAFs in Hanoi. This population is strategically important yet often at risk of turnover, requiring a multidimensional research framework.

#### **Quantitative Component**

Structured surveys were administered to two groups:

- Auditors who have left their firms after three years.
- Auditors currently employed with similar tenure.

The survey assesses motivational factors, HRM policy effectiveness, and levels of job satisfaction and organizational commitment, enabling comparative insights into retention versus attrition.

## **Qualitative Component**

In-depth interviews with SMAF leaders explore:

- Perceptions of mid-level auditors' value.
- Evaluation of HRM challenges in retention.
- Strategic recommendations for improving motivation and commitment.

## **Rationale for Mixed-Methods**

Aligned with Bryman (2012), the approach combines:

- Quantitative data for breadth, trend analysis, and generalizability.
- Qualitative data for depth, contextual understanding, and leadership insight.
- Triangulation to enhance validity, address methodological limitations, and ensure a holistic view of both objective metrics and subjective experiences.

## **Strategic Contribution**

The integration of both methods enables evidence-based recommendations tailored to the realities of SMAFs. It strengthens HRM practices by linking empirical findings to actionable solutions for talent retention and organizational development.

### **3.5 Population and Sample**

#### **3.5.1 Research Population**

The research population for this study comprises auditors with three years of work experience at SMAFs in Hanoi. The rationale for selecting this group includes:

- **Professional Characteristics:** Auditors with three years of experience have typically acclimated to the job and developed necessary skills. However, they also tend to explore other career opportunities or consider changing organizations. This is a critical stage where they encounter challenges related to work motivation and organizational commitment.

- **High Turnover Rate:** According to Nguyen & Le (2021), auditors with three years of experience are at a higher risk of turnover compared to entry-level or long-tenured staff, particularly in a high-pressure and highly competitive auditing environment.
- **Research Gap:** Previous studies have often focused on large audit firms or other fields outside the specific context of auditing (Tran, 2020). By focusing on auditors at SMAFs, this study addresses the research gap and provides practical solutions tailored to this segment.

### 3.5.2 Sampling Method

To ensure the collection of relevant data aligned with the research objectives, the study employs a combination of sampling methods:

- **Probability Sampling** for the quantitative survey, targeting auditors with three years of experience at SMAFs, both those who have left and those who are still working.
- **Purposive Sampling** for qualitative interviews, focusing on managers at SMAFs.

#### a. Probability Sampling for Quantitative Surveys

A simple random sampling method is employed to collect data from auditors with three years of work experience.

- **Rationale:** This method ensures objectivity and high representativeness, as all auditors within the target population have an equal chance of being selected. This enhances the generalizability and accuracy of the study's findings for SMAFs.

## **b. Purposive Sampling for Qualitative Interviews**

Purposive sampling is applied to interview middle and senior managers at SMAFs.

- **Rationale:** Managers offer comprehensive insights and extensive experience in designing and implementing HRM policies. They play a critical role in influencing auditors' motivation, engagement, and commitment levels.

This sampling method enables the study to gather in-depth information about current HRM strategies and propose improvements to enhance HR management effectiveness, meeting both auditors' practical needs and reducing turnover rates.

### **3.5.3 Sample Size**

The sample size is determined based on the requirements of each research method:

#### **a. Sample Size for Quantitative Surveys**

- **Determination Rule:** To ensure reliability in regression and factor analysis, Hair et al. (2010) suggest at least 10 respondents per survey item.
- **Estimated Sample Size:** With 20-30 survey questions, a minimum sample size of 150 auditors is required. This ensures precision and generalizability of the study's results.

#### **b. Sample Size for Qualitative Interviews**

- **Determination Rule:** According to Creswell (2014), a sample size of 10-15 participants is sufficient to achieve theoretical saturation, where no new information emerges from the data.

- **Estimated Sample Size:** Approximately 10-15 managers will be interviewed to collect detailed qualitative data that complements the quantitative survey findings.

#### **3.5.4 Sampling Process**

The sampling process consists of two main stages: quantitative sampling and qualitative sampling. The integration of these methods ensures the comprehensiveness and reliability of the collected data while providing valuable insights for developing effective HRM strategies.

##### **Step 1: Define the Research Population**

The research population includes:

- **Auditors:** Individuals with three years of experience working at SMAFs in Hanoi, including those who have left their jobs and those still employed.

##### **Step 2: Select Samples for Quantitative Surveys**

- **Compile a List of SMAFs in Hanoi**
  - ✓ The list is drawn from official sources such as the Vietnam Association of Certified Public Accountants (VACPA), the General Department of Taxation, or professional auditing organizations.
  - ✓ Only include companies that meet the criteria for small and medium-sized enterprises as regulated, have been operating in the market for at least five years in Hanoi, employ more than 50 staff members, and have an audit team with a minimum of three years of professional experience.

- **Select Audit Firms**

- ✓ Apply a random sampling method from the list of auditing firms to ensure representativeness. The number of selected auditing firms should range from approximately 10 to 15 firms.

- **Select Auditors**

- ✓ From the selected firms, information on auditors with three years of experience is gathered through company records, professional associations, or professional networks.
- ✓ Both auditors who have left and those still employed are included to capture diverse perspectives.

- **Distribute Surveys**

- ✓ Surveys are distributed exclusively via email to save time, increase convenience, and ensure broader reach.
- ✓ Emails are sent through audit firms or professional networks, with detailed instructions to encourage participation.

### **Step 3: Select Samples for Qualitative Interviews**

- **Select Audit Firms**

- ✓ The list of audit firms for qualitative interviews is drawn from the firms selected during the quantitative survey stage. This ensures consistency in data sources across methods.

- **Select Managers:**

- ✓ Managers are identified through referrals from audit firms participating in the quantitative survey.

- ✓ Priority is given to managers with experience and direct responsibility for HRM, particularly those overseeing auditors with three years of experience.
- ✓ In-depth interviews aim to gather detailed insights into HRM policies, talent retention strategies, and challenges in managing auditors.

### **Integration of Sampling Methods**

The integration of random sampling in quantitative research and purposive sampling in qualitative research offers dual benefits:

- **Quantitative Method:** Provides representative data on trends and factors influencing work motivation and turnover rates among auditors.
- **Qualitative Method:** Adds nuanced perspectives from managers, enabling a deeper understanding of solutions and practical HRM strategies.

### **Significance and Value of the Sampling Process**

This sampling process ensures representativeness and reliability of survey data while offering a comprehensive view from both auditors and managers. The collected information serves as a critical foundation for developing effective HRM strategies that enhance work motivation and organizational commitment among auditors at SME auditing firms in Hanoi.

### **3.6 Participant Selection**

Participant selection is a critical step in research methodology, directly impacting the representativeness and reliability of the collected data. This study focuses on two main groups: (1) auditors with three years of experience, including those currently working and those who have left their jobs within the past three years, and (2) middle and senior managers at SMAFs in Hanoi, particularly those directly involved in managing human



resources or supervising auditors with three years of experience. A rigorous selection process and criteria are employed to ensure objectivity and generalizability of the research findings. This approach aims to elucidate factors influencing work motivation and organizational commitment among auditors, as well as provide managerial perspectives on HR strategies and policies in the auditing industry.

### **3.6.1 Objectives of Participant Selection**

The primary objective of participant selection is to ensure that the chosen auditors and middle/senior managers possess relevant experience and an understanding of the work context at SMAFs. According to Bryman (2012), studies on abstract concepts such as work motivation and organizational commitment require the involvement of individuals with practical insights and experience, providing reliable and detailed information.

The participant groups include:

- **Auditors with three years of experience**

This group is chosen for the following reasons:

- ✓ **Critical Career Stage:** At this stage, auditors have gained sufficient practical experience, understand the nature of their work, and begin considering new career opportunities. According to Nguyen & Tran (2021), auditors at this stage often face significant performance pressures and may consider leaving their organizations if adequate support or development opportunities are lacking.
- ✓ **High Turnover Rate:** Auditors with three years of experience are at the highest risk of leaving the profession, particularly in SME auditing firms that face constraints in offering advancement opportunities, competitive compensation, and organizational support (Nguyen & Hoang, 2020).

- ✓ **Research Gap:** Previous studies have primarily focused on entry-level auditors or senior professionals in large firms, while the specific challenges faced by auditors with three years of experience in SMAFs have been largely overlooked. This study seeks to address this gap and provide practical solutions for this unique group.
- **Middle and Senior Managers at SMAFs in Hanoi**  
This group includes those directly managing human resources or supervising auditors with three years of experience. The selection of this group aims to:
  - ✓ **Understand HR Strategies and Policies:** HR managers play a vital role in designing policies to attract and retain talent. Their insights will provide a deeper understanding of factors influencing auditor retention.
  - ✓ **Recognize Managerial Challenges and Support Needs:** Managers overseeing auditors offer valuable knowledge about organizational operations, HR challenges, and existing solutions.
  - ✓ **Contribute to Strategic Solutions:** With their practical experience, senior managers can provide essential recommendations and ideas for improving HR management effectiveness, particularly for auditors with three years of experience.

The inclusion of these two groups ensures a more comprehensive understanding of the research topic, encompassing both employee and managerial perspectives, thereby enabling practical and feasible solutions.

### 3.6.2 Participant Selection Criteria

To ensure consistency and representativeness, the study defines the following selection criteria:

- **Work Experience:**
  - ✓ **Auditors:** Participants must have three years of experience in auditing at SMAFs. They are divided into two sub-groups: (i) auditors currently employed and (ii) auditors who have left their jobs within the past three years. This three-year period represents a critical career stage when motivation and organizational commitment undergo significant changes (Meyer & Allen, 1991).
  - ✓ **Managers:** Middle and senior managers directly responsible for HR or supervising auditors with three years of experience. They must possess substantial knowledge of HR policies and challenges in managing this group within SMAFs.
- **Type of Firms:** The study focuses on SMAFs that often face resource constraints and limitations in applying HRM policies. This focus highlights the specific factors influencing motivation and commitment in contexts with limited financial and organizational resources (Tran, 2020). Managers must have experience managing within the unique conditions of SMAFs.
- **Work Location:** Participants must work in SMAFs based in Hanoi to ensure consistency in cultural and work environment factors. For managers, this criterion ensures practical knowledge of the local context and cultural influences on employee motivation and engagement. According to Creswell (2014), focusing on a specific location minimizes data variation caused by geographical and cultural differences.

By selecting auditors (both current and former) and senior managers based on these criteria, the study ensures a multidimensional perspective from both employees and managers, facilitating practical and applicable findings.

### **3.6.3 Participant Selection Methods**

This study employs two sampling methods tailored to the types of data being collected:

- **Random Sampling for Quantitative Surveys**

Simple random sampling is used to collect quantitative data from auditors.

- ✓ **Rationale:** This method ensures that every auditor has an equal chance of being selected, promoting objectivity and high representativeness (Hair et al., 2010).

- ✓ **Implementation Process:**

- Create a comprehensive list of SMAFs in Hanoi (sourced from business registries or the Vietnam Association of Certified Public Accountants).
- Apply selection criteria to filter firms based on size and years of operation.
- Use statistical software to randomly select firms (main list and backup list).
- Collect a list of auditors with three years of experience (including both current and former auditors) from selected firms.
- Conduct stratified sampling within each group based on criteria such as gender and age to ensure balanced representation.
- Distribute online surveys for voluntary and anonymous participation.

- **Purposive Sampling for Qualitative Interviews**

Purposive sampling is applied for in-depth interviews with managers.

- ✓ **Rationale:** Managers provide comprehensive insights into factors affecting motivation and organizational commitment among auditors. According to Creswell (2014), this method ensures a focus on individuals most capable of providing valuable and relevant information.
- ✓ **Implementation Process:**
  - Use the same list of SMAFs as in the quantitative phase to select firms for qualitative interviews, ensuring data consistency.
  - Identify middle and senior managers based on criteria such as experience (3-5 years in managing auditors) and involvement in HRM policy development.
  - Invite participants through official invitations outlining research objectives, benefits, and confidentiality assurances.
  - Conduct semi-structured interviews with 10-15 managers until theoretical saturation is achieved, using a semi-structured guide to explore HRM policies, challenges, and solutions.

#### **3.6.4 Approach and Recruitment Process**

The recruitment process involves the following steps:

- **Contact SMAFs:** Send official invitations to participate, specifying the study's purpose, benefits, and confidentiality assurances.
- **Distribute Surveys:** Conduct online surveys at selected firms, ensuring voluntary and anonymous participation.
- **Invite for Interviews:** After completing the quantitative phase, select managers for in-depth interviews based on defined criteria.

- **Ensure Confidentiality:** Encrypt and secure all personal information to adhere to ethical research practices and encourage voluntary participation.

### **3.6.5 Significance of Participant Selection**

Focusing on auditors with three years of experience and managers at SMAFs ensures representativeness and provides multidimensional insights into work motivation and organizational commitment in a specific context. The collected data forms a crucial basis for analyzing influencing factors and proposing effective HRM strategies, contributing to improving workforce quality in Hanoi's auditing sector.

## **3.7 Instrumentation**

Research instruments play a pivotal role in data collection, particularly in studies on work motivation and organizational commitment, where abstract concepts must be measured clearly and accurately. According to Creswell (2014), research instruments must ensure reliability, consistency, and alignment with the study's objectives, enabling researchers to gather accurate and comprehensive data to address research questions. In this study, the research instruments are developed based on two primary components: a quantitative survey questionnaire and a qualitative interview guide.

### **3.7.1 Quantitative Survey Instrument**

The quantitative survey serves as the primary data collection tool to examine factors influencing work motivation and organizational commitment among auditors at SMAFs, using validated scales to ensure measurement reliability and consistency.

#### **a. Organizational Commitment Scale**

Based on Meyer & Allen's (1991) Three-Component Model:

- Affective Commitment: Emotional attachment (e.g., pride, job satisfaction).

- Continuance Commitment: Perceived cost of leaving (e.g., financial impact).
- Normative Commitment: Moral obligation to stay (e.g., duty to the firm).

#### **b. Work Motivation Scale**

Aligned with Herzberg's Two-Factor Theory (1959):

- Hygiene Factors: Salary, work conditions, interpersonal relationships.
- Motivators: Recognition, personal development, meaningful work.

#### **c. Job Satisfaction Scale**

Derived from Vroom's Expectancy Theory (1964), focusing on compensation, advancement, and perceived fairness.

#### **d. Work Environment**

Evaluated through physical resources, relationships, culture, and work-life balance—classified as hygiene factors influencing satisfaction and retention.

#### **e. Reliability and Validity Testing**

- Reliability: Assessed via Cronbach's Alpha (threshold  $\geq 0.7$ ) to ensure internal consistency.
- Validity: Confirmed through Exploratory Factor Analysis (EFA) to validate construct alignment with theoretical models.

#### **Conclusion**

The survey instrument is rigorously designed to capture key constructs influencing auditor engagement and commitment. Its methodological robustness ensures credible, data-driven insights into HR challenges in SMAFs.

### **3.7.2 Qualitative Interview Instrument**

To complement the quantitative survey, an in-depth interview guide was developed to capture managerial perspectives on factors influencing auditors' motivation and organizational commitment at SMAFs in Hanoi.

#### **a. Development of the Interview Guide**

The guide centers on three core themes:

- Auditor Motivation
- Organizational Commitment
- Managerial Challenges in HRM

Open-ended questions encourage participants to share practical experiences and policy insights. The guide remains flexible, in line with Creswell's (2014) recommendation, to ensure rich, context-specific data.

#### **b. Testing and Refining the Guide**

Following Bryman (2012), the guide was piloted with 2–3 managers to assess clarity, relevance, and response quality. Feedback was used to revise question phrasing and enhance the tool's effectiveness.

### **Conclusion**

This qualitative instrument was carefully designed and tested to ensure it captures valuable managerial insights. It plays a key role in enriching the study by contextualizing and complementing quantitative findings.

### **3.7.3 Data Collection and Management Procedures**

#### **a. Data Collection from Surveys**



The survey will be administered online at selected audit firms, allowing broader access to auditors and ensuring rapid data collection. Participation will be voluntary, and all data will be anonymized and securely stored to protect participants' privacy.

#### **b. Data Collection from In-Depth Interviews**

Interviews will be scheduled at mutually convenient times to ensure participants' availability. According to Creswell (2014), interviews will be recorded (with participants' consent) to ensure complete and accurate data collection. After completion, interview data will be transcribed, coded, and analyzed to identify key themes and relationships between motivation, commitment, and job satisfaction.

#### **3.7.4 Evaluation of Instrument Reliability and Validity**

Reliability and validity are crucial in assessing the quality of research instruments.

- **Reliability:** Ensured through Cronbach's Alpha analysis for quantitative surveys and pre-testing for qualitative interviews.
- **Validity:** Verified through EFA for quantitative surveys and refining interview questions based on participant feedback during pre-testing.

By using standardized and validated scales, along with rigorous testing and refinement processes, this study's research instruments meet high standards of quality and ensure accurate measurement of motivation and commitment factors within the context of SMAFs in Hanoi.

#### **3.8 Data Collection Procedures**

The data collection process is a crucial step in research, ensuring that the necessary data is gathered systematically, consistently, and reliably. According to Creswell (2014), designing and adhering to a rigorous data collection process minimizes biases, enhances the accuracy of information, and provides a solid foundation for analysis and interpretation.

This study utilizes two main methods: quantitative surveys and qualitative in-depth interviews. The detailed steps for each method are presented below to ensure the consistency and quality of collected data.

### **3.8.1 Quantitative Survey Data Collection Process**

The quantitative survey is conducted to collect data from a large sample of auditors working in small and medium-sized audit firms (SMAFs) in Hanoi. The process for collecting survey data is structured as follows:

#### **a. Development and Preparation of the Survey**

The survey is designed based on validated scales from previous research to measure factors such as work motivation, organizational commitment, and job satisfaction. These scales include:

- **Organizational Commitment Scale:** Meyer and Allen's (1991) three-component model, covering affective, continuance, and normative commitment.
- **Work Motivation Scale:** Herzberg's Two-Factor Theory (1959), encompassing hygiene factors and motivators.
- **Job Satisfaction Scale:** Based on Vroom's Expectancy Theory (1964).

A pilot test is conducted with a small group of auditors to ensure that the questions are clear, comprehensible, and unambiguous. As Bryman (2012) suggests, piloting prior to official dissemination improves the effectiveness of survey instruments and identifies areas requiring refinement.

#### **b. Survey Distribution Method**

The survey is distributed online to ensure convenience and broad accessibility:

- **Online Surveys:** Platforms like Google Forms or SurveyMonkey are used to deploy the survey, enabling efficient data collection. According to Hair

et al. (2010), online surveys reduce time and costs, enhance confidentiality and anonymity, and encourage voluntary and honest participation.

### **c. Data Collection and Management**

The data collection period spans 3 to 4 weeks to ensure sufficient responses for statistical analysis. During this time:

- **Response Management:** Responses are gathered and securely stored in a controlled database.
- **Data Security:** Measures such as data encryption and controlled access systems are implemented to protect participant privacy and ensure the security and reliability of collected data (Creswell, 2014).

### **d. Data Cleaning and Validation**

Upon completion of data collection, the dataset is cleaned to remove incomplete or invalid responses. Hair et al. (2010) emphasize that data cleaning is essential to ensure the accuracy and quality of the data before statistical analysis. Incomplete responses or unusual patterns (e.g., identical answers for all questions) are excluded from the final dataset.

## **3.8.2 Qualitative In-Depth Interview Data Collection Process**

This section outlines the structured approach used to collect qualitative data through in-depth interviews, aimed at capturing managerial perspectives on auditors' work motivation and organizational commitment in SMAFs.

### **a. Identifying and Inviting Participants**

Using purposive sampling, mid-level and senior managers directly managing audit teams were selected from firms participating in the quantitative phase. Interviews were conducted either in-person or via online platforms (e.g., Zoom, Telegram), based on mutual convenience.

Each participant received a formal invitation detailing the study's objectives,

interview process (60–90 minutes), and confidentiality assurance—building trust and voluntary engagement, as recommended by Creswell (2014).

#### **b. Design and Preparation of the Interview Guide**

An open-ended interview guide was developed to explore three key themes:

- Auditor Motivation
- Organizational Commitment
- HRM Challenges and Practices

Sample questions encouraged reflection on real-world experiences and policies. The guide was piloted with selected managers to ensure clarity and contextual relevance, following Bryman's (2012) guidelines.

#### **c. Conducting and Recording Interviews**

Interviews were scheduled flexibly and conducted in a confidential setting. Prior to each session, the researcher reintroduced the study and secured consent for audio recording.

Recording ensured data completeness and accuracy, enabling focused interaction and thorough analysis, in line with Creswell (2014).

#### **Conclusion**

The qualitative data collection process was systematically designed to ensure credibility, contextual depth, and alignment with the study's objectives. The method provided valuable managerial insights to complement the quantitative findings, enhancing the overall analytical robustness.

### **3.8.3 Ethics, Data Management, and Confidentiality**

#### **a. Ethical Considerations in Data Collection**

For survey participants (auditors):

- **Voluntary Participation:**

- ✓ Auditors are informed that their participation is entirely voluntary, with no pressure or influence from superiors or the organization.
- ✓ Participants may decline to answer any question or withdraw at any time without providing a reason.
- **Informed Consent:**
  - ✓ Before starting the survey, auditors receive an introduction explaining the research objectives, data usage, and their rights.
  - ✓ A consent form (either written or online) is provided to ensure participants understand and agree to the terms.
- **Appropriate Question Design:**
  - ✓ Survey questions avoid sensitive or personal topics that may cause discomfort.
  - ✓ Language is clear, neutral, and non-leading to ensure auditors can respond naturally.

For interview participants (managers):

- **Transparency:**
  - ✓ Researchers clarify that interview information will be used exclusively for research purposes, not for evaluating individuals or organizations.
- **Right to Withdraw and Decline:**
  - ✓ Managers may decline to answer any question or withdraw from the interview if they feel uncomfortable.
- **Respect for Opinions:**
  - ✓ Researchers maintain a neutral stance, respecting participants' views without judgment.

## **b. Data Management**

For survey data:

- **Anonymization:**
  - ✓ Personal identifiers such as names, phone numbers, or email addresses are removed or encrypted to ensure anonymity.
  - ✓ Responses are assigned identification codes for analysis without revealing participants' identities.
- **Secure Storage:**
  - ✓ Survey data is stored on secure platforms (e.g., Google Forms or encrypted internal systems).
  - ✓ Access is restricted to the research team, protected by passwords and two-factor authentication.

For interview data:

- **Recording and Storage:**
  - ✓ Recordings are made only with participants' consent and stored securely with encryption to prevent leaks.
- **Editing and Retention:**
  - ✓ Interview content is anonymized during transcription, retaining only information relevant to research objectives.

### **c. Confidentiality and Data Security**

- **Restricted Access:**
  - ✓ Only authorized research team members have access to the data, and they must adhere to confidentiality agreements.
- **Purpose-Driven Use:**
  - ✓ Data is used solely to address the study's research questions. Any sharing with third parties requires written participant consent.

- **Compliance with Legal Regulations:**

- ✓ Data collection and processing comply with relevant privacy laws, such as GDPR and Vietnam's Cybersecurity Law.

- **Periodic Security Checks:**

- ✓ Data storage systems are regularly audited to identify and address potential security risks.

### **3.9 Data Analysis**

Data analysis is a critical step in research, transforming collected data into meaningful insights to address research questions and test hypotheses. According to Creswell (2014), data analysis must be conducted systematically and logically, utilizing appropriate techniques and tools to ensure the reliability and accuracy of research findings. This study involves the analysis of two primary types of data: quantitative data from surveys and qualitative data from in-depth interviews.

#### **3.9.1 Quantitative Data Analysis**

Quantitative data collected from the survey will be analyzed using statistical methods with software such as SPSS or AMOS. The quantitative data analysis process includes the following steps:

##### **a. Descriptive Statistics**

Descriptive statistics will provide an overview of the study sample, including demographic characteristics of participants such as age, gender, years of experience, and job positions. According to Hair et al. (2010), descriptive statistics summarize data in a comprehensible and visual manner, forming the foundation for deeper analyses.

Key descriptive statistics include measures such as mean, standard deviation, frequency, and percentage. These results help identify common characteristics of auditors at SMAFs in Hanoi, serving as a basis for subsequent analyses.

### **b. Reliability and Validity Analysis of Measurement Scales**

To ensure the reliability and validity of the measurement scales, the study will perform Cronbach's Alpha analysis and Exploratory Factor Analysis (EFA):

- **Cronbach's Alpha Analysis:** Measures the internal consistency of the scales. Hair et al. (2010) suggest that a Cronbach's Alpha coefficient of 0.7 or higher indicates high reliability, meaning that the items in the scale are consistent and suitable for measuring the construct. Items with low reliability may need to be revised or removed.
- **Exploratory Factor Analysis (EFA):** Identifies the latent structure of the scales, ensuring that the scales accurately reflect the theoretical constructs. EFA uses the criterion of Eigenvalues greater than 1 to determine the number of factors, and factor loadings of 0.5 or higher to retain items. According to Bryman (2012), EFA confirms the validity of scales by ensuring they measure the intended theoretical concepts.

### **c. Correlation Analysis**

Correlation analysis identifies the relationships between research variables, such as work motivation, organizational commitment, and job satisfaction. This analysis determines the strength and direction of the relationships, providing a foundation for testing research hypotheses. Pallant (2013) notes that Pearson's correlation coefficient, ranging from -1 to +1, is used to indicate negative, no, or positive relationships between variables.

### **d. Regression Analysis**

Linear regression analysis will be conducted to examine the impact of independent variables (e.g., work motivation, job satisfaction) on the dependent variable (organizational commitment). According to Hair et al. (2010), regression analysis determines the



magnitude of each factor's influence and tests hypotheses about causal relationships between variables.

The regression analysis in this study will include:

- **Multiple Regression Analysis:** Tests the simultaneous effects of multiple independent variables on organizational commitment, identifying the most significant factors. Standardized Beta coefficients are used to compare the strength of each factor's impact.
- **Model Fit Assessment:** Indicators such as R-squared and Adjusted R-squared will evaluate the explanatory power of the independent variables for the dependent variable.

### **3.9.2 Qualitative Data Analysis**

Qualitative data collected from in-depth interviews will be analyzed using **content analysis** to identify key themes and relationships influencing work motivation and organizational commitment. Creswell (2014) highlights content analysis as an effective method for decoding underlying meanings and perspectives in participants' responses, providing deeper insights into contextual factors in the auditing industry.

#### **a. Coding and Categorization**

Coding is the first step in qualitative data analysis. Interview data will be transcribed and then coded into meaningful themes. According to Braun and Clarke (2006), coding organizes data into meaningful groups, helping researchers identify trends and relationships.

Codes will be grouped into major themes, such as work motivation, organizational commitment, job satisfaction, and workplace experiences. Sub-codes may also be created for detailed analysis of specific factors within each theme.

#### **b. Thematic Analysis**

Thematic analysis will be used to identify major themes in the data, uncovering factors influencing employee motivation and commitment. Creswell (2014) notes that thematic analysis enables researchers to organize and understand participants' perspectives by analyzing related themes. Themes will be extracted based on their frequency and importance within the data.

### **c. Validation and Reliability of Analysis Results**

To ensure the reliability and objectivity of the results, the researcher will conduct **member checking** with some participants to confirm the accuracy of key themes and conclusions drawn from the interviews. Additionally, **peer debriefing** will involve a group of colleagues or experts reviewing and evaluating the analysis results to ensure that the themes and conclusions are reasonable and consistent with the collected data.

### **3.9.3 Integration and Comparison of Quantitative and Qualitative Results**

After completing the quantitative and qualitative analyses, the study will integrate and compare the results from both methods to provide a comprehensive understanding of auditors' motivation and commitment. Creswell (2014) suggests that comparing quantitative and qualitative results helps validate and clarify findings, enhancing the reliability and consistency of the study.

Quantitative results will identify numerical relationships between factors, while qualitative interviews will offer detailed explanations of why and how these factors influence work motivation and organizational commitment. This combined approach ensures a holistic understanding of the research problem and supports the development of practical recommendations for human resource management in SMAFs.

**3.10 Research Design Limitations:** This study employs a robust mixed-methods design to explore work motivation and organizational commitment among auditors at

SMAFs in Hanoi. However, several limitations must be acknowledged to contextualize the findings and guide future research.

### **Sample Generalizability**

Focusing solely on mid-level auditors in Hanoi limits the generalizability of results to other regions or large firms with different organizational and cultural contexts. Although a diverse sample within Hanoi was used, broader comparative studies are recommended.

### **Mixed-Methods Design Constraints**

While offering a comprehensive view, integrating quantitative and qualitative data presents analytical complexity. Conflicting findings between the two approaches require careful reconciliation, demanding advanced methodological expertise.

### **Measurement Reliability**

Although validated scales were used, cultural and linguistic adaptations may affect their validity in the Vietnamese context. Despite pretesting, some constructs—like motivation or commitment—may not be fully captured due to contextual nuances.

### **Qualitative Subjectivity**

In-depth interviews may be influenced by participant bias or researcher interpretation. Mitigation measures such as member checking and peer debriefing were applied, but subjective influence cannot be entirely eliminated.

### **Limitations of Regression Analysis**

Linear regression identifies associations but not causality. More advanced methods like structural equation modeling (SEM) could provide deeper insights into complex causal relationships, but were beyond the scope of this study.

**Time and Resource Constraints:** Restricted time and resources limited sample size and geographic coverage. Although efforts were made to diversify data sources, the overall breadth of the study remains constrained.

## **Conclusion**

Despite its methodological rigor, this research faces limitations related to generalizability, instrument validity, subjectivity, causal inference, and resource constraints. These considerations not only define the scope of the findings but also offer clear directions for future studies to build upon and enhance the research framework.

### **3.11 Conclusion**

This chapter outlines a mixed-methods research design used to examine factors influencing work motivation and organizational commitment among auditors with three years of experience at SMAFs in Hanoi.

The quantitative component involved structured surveys targeting auditors to assess relationships between key factors—work environment, compensation, career advancement, and recognition—and outcomes such as motivation, commitment, and turnover intention. Analytical tools included descriptive statistics, correlation, and regression analysis to ensure objective hypothesis testing.

Concurrently, the qualitative component consisted of in-depth interviews with SMAF managers to explore contextual HR challenges and gain strategic perspectives, enriching the quantitative findings.

To ensure reliability and validity, the research employed random sampling for surveys and purposive sampling for interviews. Instruments were tailored and tested for relevance to the Hanoi audit context.

By combining individual-level auditor insights with organizational-level managerial views, the methodology provides a comprehensive and credible foundation for actionable HR recommendations. The integration of both methods enhances the study's academic rigor and practical relevance for talent retention strategies in SMAFs.

## CHAPTER IV:

### RESEARCH RESULTS

#### **4.1 Quantitative Analysis Results**

This section presents a detailed analysis of the data collected through surveys, with the goal of addressing the research questions previously outlined. A total of 200 survey questionnaires were distributed, and 161 responses were received from young auditors aged between 25 and 30—precisely the demographic with approximately three years of experience in the auditing profession.

Notably, 138 out of 161 respondents (85.7%) indicated that they had resigned from small and medium-sized auditing firms in Hanoi, while only 23 respondents (14.3%) remained employed in such firms. This reflects a high turnover rate among the study's target population.

The collected data were aggregated and processed to analyze the relationships among the variables proposed in the theoretical model. Specifically, the study includes the following variables:

#### **• Dependent Variable (Y): Human Resource Management Effectiveness**

This was measured using six observed variables:

- Y1: My contributions are recognized and appreciated by my company.
- Y2: I receive constructive feedback that helps me improve my performance.
- Y3: I feel valued as an employee in my current role.
- Y4: I am satisfied with my current job role and responsibilities.
- Y5: My work aligns with the company's mission and goals.
- Y6: Company leadership communicates company goals and values clearly.

• **Independent Variable X1: Reasons for Employee Turnover**

This includes eight observed variables:

- X1.1: There are specific challenges in my role that impact my performance.
- X1.2: I am satisfied with the salary and benefits provided by my company.
- X1.3: The workload I experience on a daily basis is manageable.
- X1.4: My company provides adequate work-life balance initiatives.
- X1.5: I am motivated to continue working at my current company.
- X1.6: I have autonomy in my job responsibilities, which increases my satisfaction.
- X1.7: Financial incentives play an important role in my decision to stay.
- X1.8: Increased financial benefits (e.g., salary, bonuses) would reduce my desire to leave.

• **Independent Variable X2: Auditor Retention Factors**

This includes eight observed variables:

- X2.1: I feel there are opportunities for career advancement at my company.
- X2.2: I am satisfied with the training and development programs provided.
- X2.3: A clear career path is important to my long-term commitment.
- X2.4: My company offers mentorship or guidance for my career development.
- X2.5: Other factors contribute to my desire to remain with my company.
- X2.6: Company culture is a key factor in my decision to stay.
- X2.7: Team-building activities and social events positively affect retention.
- X2.8: Enhanced recognition and reward systems would increase my loyalty.

### • Independent Variable X3: Limitations in Human Resource Management

This includes eight observed variables:

- X3.1: More frequent and constructive performance feedback would improve engagement.
- X3.2: I would like my company to offer more career development resources.
- X3.3: I would appreciate more mentorship and guidance from experienced staff.
- X3.4: Improved communication from management regarding goals is needed.
- X3.5: Additional training and development programs would increase my commitment.
- X3.6: Opportunities for cross-functional projects would enhance my engagement.
- X3.7: Better work-life balance initiatives would encourage me to stay longer.
- X3.8: Improving workplace culture would positively impact my job satisfaction.

#### **4.1.1 Cronbach's Alpha Reliability Test**

To assess the internal consistency of the scales used in the research model, Cronbach's Alpha analysis was applied to the four main variable groups: X1 – Reasons for Turnover, X2 – Auditor Retention Factors, X3 – Limitations in Human Resource Management, and Y – Human Resource Management Effectiveness. The reliability test results are presented in detail below.

##### **(i) Scale X1 – Reasons for Employee Turnover**

The X1 scale comprises eight observed variables (X1.1 to X1.8) designed to measure the underlying causes leading to auditor resignation. These items encompass various

dimensions such as job challenges, compensation, motivation, and autonomy. They aim to capture the individual's perception of organizational support and satisfaction with work conditions. Cronbach's Alpha was used to validate the internal reliability of this scale to ensure its suitability for further statistical analysis.

Reliability Statistics				
Cronbach's Alpha		N of Items		
.898		8		
Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X1.1	25.19	29.940	.597	.893
X1.2	25.20	28.476	.702	.884
X1.3	23.68	28.718	.743	.881
X1.4	23.73	27.787	.791	.876
X1.5	25.02	27.981	.633	.891
X1.6	23.38	28.487	.657	.888
X1.7	23.42	27.619	.667	.887
X1.8	23.34	27.551	.699	.884

**Figure 4.1 Item-Total Statistics for Scale X1**

The test results show that the **Cronbach's Alpha coefficient = 0.898**, indicating a **very high level of reliability**. All component variables have **Corrected Item-Total Correlation** values exceeding the threshold of 0.3 (ranging from **0.597 to 0.791**). Moreover, the Alpha coefficient does not increase when any variable is removed, demonstrating that the internal consistency of the scale is very good. All observed variables are retained for use in subsequent analyses.

**(ii) Scale X2 – Auditor Retention Factors**



The X2 scale also consists of 8 observed variables (X2.1 to X2.8), focusing on measuring factors that have the potential to promote the commitment and retention of auditors after three years of work.

Reliability Statistics				
Cronbach's Alpha	N of Items			
.896	8			
Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X2.1	26.32	29.820	.703	.880
X2.2	26.37	30.635	.642	.886
X2.3	24.50	32.127	.652	.885
X2.4	25.36	30.657	.720	.878
X2.5	25.01	30.494	.741	.876
X2.6	24.50	32.302	.649	.885
X2.7	24.61	31.690	.645	.885
X2.8	24.46	32.000	.672	.883

**Figure 4.2 Item-Total Statistics for Scale X2**

The **Cronbach's Alpha coefficient = 0.896**, further indicating a **very high level of reliability**. The **Corrected Item-Total Correlation coefficients** all fall within the range of **0.642 to 0.741**, satisfying the reliability requirements. Retaining all variables in the scale is necessary to ensure the comprehensiveness of the subsequent factor analysis.

### **(iii) Scale X3 – Limitations in Human Resource Management**

The X3 scale consists of 8 observed variables (X3.1 to X3.8), reflecting the weaknesses and shortcomings in the current human resource management system of the

enterprise. This is an important update compared to prior studies that focus primarily on solutions, as this group of variables captures a critical perspective and highlights existing issues.

Reliability Statistics				
Cronbach's Alpha		N of Items		
.885		8		
Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X3.1	29.84	14.269	.658	.871
X3.2	29.55	14.236	.659	.871
X3.3	29.52	15.151	.557	.881
X3.4	29.75	15.363	.555	.880
X3.5	29.49	14.426	.736	.863
X3.6	29.41	14.718	.695	.867
X3.7	29.44	14.623	.690	.868
X3.8	29.47	14.613	.701	.867

**Figure 4.3 Item-Total Statistics for Scale X3**

The test results indicate that the **Cronbach's Alpha coefficient = 0.885**, reaching a **very good level of reliability**. The **Corrected Item-Total Correlation coefficients** range from **0.555 to 0.736**, with no variable falling below the 0.3 threshold. The Alpha coefficient does not increase upon the removal of any variable, which supports retaining the entire scale for the next stage of analysis.

**(iv) Scale Y – Effectiveness of Human Resource Management**

The dependent variable group Y consists of 6 observed variables (Y1 to Y6), aimed at evaluating the effectiveness of the human resource management system in retaining and fostering engagement among experienced auditors.

Reliability Statistics				
Cronbach's Alpha	N of Items			
.856	6			
Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Y1	15.12	9.284	.720	.818
Y2	14.42	9.208	.581	.846
Y3	15.11	9.500	.677	.826
Y4	15.29	9.805	.596	.840
Y5	13.67	9.147	.708	.820
Y6	14.77	9.353	.603	.840

**Figure 4.4 Item-Total Statistics for Scale Y**

The **Cronbach's Alpha coefficient = 0.856**, which is considered good according to international standards. The **Corrected Item-Total Correlation coefficients** range from **0.581 to 0.720**, satisfying statistical requirements. No variable causes an increase in the Alpha value if removed.

**(v) Summary of Reliability Test Results**

The following table summarizes the results of the reliability tests:

Scale Group	Number of Observed Variables	Cronbach's Alpha	Corrected Item-Total Correlation
X1 – Reasons for Employee Turnover	8	0.898	0.597 – 0.791
X2 – Auditor Retention Factors	8	0.896	0.642 – 0.741
X3 – Limitations in Human Resource Management	8	0.885	0.555 – 0.736
Y – Effectiveness of Human Resource Management	6	0.856	0.581 – 0.720

**Figure 4.5 Summary of Reliability Analysis for Measurement Scales**

#### **(vi) Conclusion**

All measurement scales achieved the required level of internal consistency (Cronbach's Alpha > 0.7), with all observed variables showing Corrected Item-Total Correlation coefficients above the statistical threshold. Therefore, all scales are qualified for inclusion in the Exploratory Factor Analysis (EFA) and linear regression analysis in the subsequent stages of the research.

#### **4.1.2 Exploratory Factor Analysis (EFA)**

To evaluate the **convergent validity** and **discriminant validity** of the measurement scales in the research model, **Exploratory Factor Analysis (EFA)** was conducted in two phases:

- (i) for the independent variables X1, X2, X3, and
- (ii) for the dependent variable Y.

The analysis employed the Principal Component Analysis (PCA) extraction method combined with Varimax rotation, with the aim of maximizing differentiation among factor groups and ensuring accurate classification of observed variables.

#### **(i) EFA for Independent Variables X1, X2, X3**

A total of 24 observed variables from the three independent measurement scales were included in the EFA.

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.897
Bartlett's Test of Sphericity	Approx. Chi-Square	2081.341
	df	276
	Sig.	.000

**Figure 4.6 KMO and Bartlett's Test of Sampling Adequacy and Sphericity**

The preliminary test results for data suitability indicated the following:

- The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy = 0.897, which far exceeds the minimum required threshold of 0.5, demonstrating a very high level of appropriateness of the dataset for factor analysis.
- The Bartlett's Test of Sphericity yielded a Chi-Square value = 2081.341 with degrees of freedom (df) = 276 and Significance (Sig.) = 0.000 < 0.001, confirming the presence of significant **linear correlations** among the observed variables.

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.797	32.488	32.488	7.797	32.488	32.488	4.880	20.333	20.333
2	4.099	17.080	49.569	4.099	17.080	49.569	4.678	19.491	39.823
3	2.207	9.197	58.766	2.207	9.197	58.766	4.546	18.943	58.766
4	.960	4.002	62.768						
5	.888	3.698	66.466						
6	.771	3.214	69.680						
7	.710	2.960	72.640						
8	.607	2.529	75.169						
9	.596	2.485	77.654						
10	.565	2.352	80.006						
11	.536	2.234	82.240						
12	.512	2.135	84.376						
13	.443	1.847	86.223						
14	.407	1.697	87.920						
15	.392	1.632	89.552						
16	.383	1.595	91.148						
17	.335	1.397	92.545						
18	.330	1.373	93.918						
19	.300	1.250	95.168						
20	.277	1.153	96.320						
21	.255	1.062	97.383						
22	.246	1.026	98.408						
23	.203	.845	99.254						
24	.179	.746	100.000						
Extraction Method: Principal Component Analysis.									

**Figure 4.7 Total Variance Explained by Principal Component Analysis**

Based on the Eigenvalue > 1 criterion, the factor analysis extracted three principal components, which together explain 58.766% of the total variance—a highly reliable level in behavioral social science research.

The details of the total variance explained are presented as follows:

Factor	Eigenvalue	% of Variance	Cumulative %
1	7.797	32.49%	32.49%
2	4.099	17.08%	49.57%
3	2.207	9.20%	58.77%

**Figure 4.8 Summary of Extracted Factors and Explained Variance**

The results of the **Rotated Component Matrix** analysis revealed the following:

Rotated Component Matrix <sup>a</sup>			
	Component		
	1	2	3
X1.4	.821		
X1.3	.803		
X1.8	.802		
X1.6	.704		
X1.7	.729		
X1.2	.718		
X1.5	.643		
X1.1	.586		
X2.3		.786	
X2.8		.769	
X2.5		.767	
X2.4		.753	
X2.6		.717	
X2.7		.672	
X2.1		.666	
X2.2		.603	

X3.5			.820
X3.6			.772
X3.8			.770
X3.2			.764
X3.7			.760
X3.1			.739
X3.3			.651
X3.4			.645
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

**Figure 4.9 Rotated Component Matrix (Varimax Rotation)**

- The observed variables in Group X1 – Reasons for Employee Turnover loaded strongly onto the first factor, with factor loadings ranging from 0.586 to 0.821.
- The variables in Group X2 – Auditor Retention Factors primarily loaded onto the second factor, with loadings from 0.603 to 0.786.
- The variables in Group X3 – Limitations in Human Resource Management were concentrated on the third factor, with loadings between 0.645 and 0.820.

All factor loadings were greater than 0.5, and no significant cross-loadings were detected (i.e., no variable had a loading greater than 0.4 on more than one factor). This indicates that the observed variables exhibit high convergent validity within each group and clear discriminant validity across measurement scales—affirming the construct validity of the proposed theoretical model.

**(ii) EFA for the Dependent Variable Y – Effectiveness of Human Resource Management**



The Y scale consists of six observed variables, which reflect the effectiveness of the human resource management system, measured through its ability to retain and motivate auditors with three years of experience.

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.833
Bartlett's Test of Sphericity	Approx. Chi-Square	410.906
	df	15
	Sig.	.000

**Figure 4.10 KMO and Bartlett's Test of Sampling Adequacy and Sphericity**

The results of the **EFA for the dependent variable Y** are as follows:

- The Kaiser-Meyer-Olkin (KMO) measure = 0.833, indicating a very good level of sampling adequacy.
- The Bartlett's Test of Sphericity yielded a Chi-Square value = 410.906, with degrees of freedom (df) = 15 and Significance (Sig.) = 0.000, confirming the existence of strong linear correlations among the observed variables.

<b>Total Variance Explained</b>						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.527	58.783	58.783	3.527	58.783	58.783
2	.817	13.608	72.392			
3	.602	10.036	82.428			
4	.415	6.915	89.343			
5	.341	5.688	95.031			
6	.298	4.969	100.000			
Extraction Method: Principal Component Analysis.						

**Figure 4.11 Total Variance Explained by Principal Component Analysis**

Only one factor was extracted, with an Eigenvalue = 3.527, explaining 58.783% of the total variance—indicating that all observed variables measure a common underlying conceptual construct.

<b>Component Matrix<sup>a</sup></b>	
	Component
	1
Y1	.826
Y5	.814
Y3	.793
Y6	.730
Y4	.724
Y2	.704
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

**Figure 4.12 Component Matrix**

All six variables (Y1 to Y6) demonstrated high factor loadings, ranging from 0.704 to 0.826, which are well above the required threshold of 0.5. This confirms that the Y scale exhibits strong convergent validity and effectively measures a single conceptual construct: the effectiveness of managing and retaining experienced human resources.

### (iii) Conclusion of the EFA Stage

The summary of the EFA results is presented as follows:

Variable Group	KMO	Bartlett's Sig.	Number of Extracted Factors	% of Explained Variance	Factor Loadings
X1, X2, X3 (Independent)	0.897	0.000	3	58.77%	> 0.586
Y (Dependent)	0.833	0.000	1	58.78%	> 0.704

**Figure 4.13 Exploratory Factor Analysis Summary**

The EFA results confirm that the observed variables within each group converge well onto a single factor, while also showing clear distinction among different measurement scales. This validates the construct validity of the developed scales and supports the continuation of the study with regression analysis to test the proposed research model.

#### **4.1.3 Pearson Correlation Analysis**

After completing the reliability testing and exploratory factor analysis, the study proceeded with Pearson correlation analysis to examine the linear relationships between the independent variables (X1 – Reasons for Employee Turnover, X2 – Auditor Retention Factors, X3 – Limitations in Human Resource Management) and the dependent variable (Y – Effectiveness of Human Resource Management). This analysis serves to preliminarily assess the direction of influence among the variables and evaluate the potential presence of multicollinearity prior to conducting multiple linear regression analysis.

##### **(i) Correlation Between Independent and Dependent Variables**

The results of the Pearson correlation matrix analysis are summarized as follows:

Correlations					
		Y	X1	X2	X3
Y	Pearson Correlation	1	-.377**	.108**	.521**
	Sig. (2-tailed)		.000	.000	.000
	N	161	161	161	161
X1	Pearson Correlation	-.748**	1	-.561**	-.149
	Sig. (2-tailed)	.000		.000	.058
	N	161	161	161	161
X2	Pearson Correlation	.693**	-.561**	1	.226**
	Sig. (2-tailed)	.000	.000		.004
	N	161	161	161	161
X3	Pearson Correlation	.272**	-.149	.226**	1
	Sig. (2-tailed)	.000	.058	.004	
	N	161	161	161	161
**. Correlation is significant at the 0.01 level (2-tailed).					

**Figure 4.14 Correlation Matrix Between Dependent and Independent Variables**

- The variable X1 – Reasons for Employee Turnover demonstrates a strong negative correlation with the dependent variable Y ( $r = -0.748$ ), indicating that as auditors' dissatisfaction increases (i.e., turnover reasons intensify), the effectiveness of human resource management—measured by the ability to retain and sustain personnel—significantly decreases.

- The variable X2 – Auditor Retention Factors shows a strong positive correlation with Y ( $r = 0.693$ ), suggesting that strengthening retention factors substantially enhances the effectiveness of HR management.

- The variable X3 – Limitations in Human Resource Management exhibits a weak but statistically significant positive correlation with Y ( $r = 0.272$ ,  $p = 0.000$ ), implying that identifying and appropriately addressing limitations still contributes positively to overall HR effectiveness, although the effect is less pronounced compared to the other two factors.

#### (ii) Correlation Among Independent Variables

- In addition to examining the relationships with the dependent variable, the study also investigated the intercorrelations among the independent variables to assess the potential presence of multicollinearity, which could distort the results of regression analysis.

Pair of Independent Variables	Correlation Coefficient (r)	Sig. (2-tailed)
X1 – X2	-0.561	0.000 ( <b>p &lt; 0.01</b> )
X1 – X3	-0.149	0.058
X2 – X3	0.226	0.004 ( <b>p &lt; 0.01</b> )

**Figure 4.15 Intercorrelations Among Independent Variables**

- The correlation between X1 and X2 is moderately negative ( $r = -0.561$ ,  $p < 0.01$ ), reflecting a reasonably inverse relationship: as reasons for turnover increase, retention factors tend to be insufficiently addressed—and vice versa.

- The correlation between X1 and X3 is weak and not statistically significant at the 5% level ( $r = -0.149$ ,  $p = 0.058$ ), indicating no strong relationship between these two variable groups. This finding aligns with the assumption that management limitations and turnover reasons represent distinct dimensions within the human resource management system.

- The correlation between X2 and X3 is weakly positive ( $r = 0.226$ ,  $p < 0.01$ ), suggesting that limitations in HR management are somewhat associated with a decline in retention factors, although the impact remains modest.

### **(iii) Correlation Conclusion**

Based on the correlation analysis results, the following conclusions can be drawn:

- All independent variables (X1, X2, X3) exhibit statistically significant linear correlations with the dependent variable Y, consistent with the theoretical hypotheses:

- X1 has a negative effect.
- X2 and X3 have positive effects.

- The correlation coefficients among the independent variables are all below 0.7, which does not exceed the multicollinearity warning threshold. Therefore, the model satisfies the necessary conditions for proceeding with multiple linear regression analysis, and no abnormal indicators were detected that could compromise the reliability of the regression results.

- The Pearson correlation analysis thus serves as a crucial intermediary step, providing preliminary validation of the theoretical model before testing causal relationships through regression analysis in the following section.

### **4.1.4 Multiple Linear Regression Analysis**

To assess the degree of influence that the independent variable groups exert on the effectiveness of human resource management in small and medium-sized auditing firms in Hanoi, the study conducted a multiple linear regression analysis. The dependent variable (Y) represents the effectiveness of HR management, measured by the ability to retain and engage auditors with three years of experience.

The independent variables included in the model are:

- X1 – Reasons for Employee Turnover
- X2 – Auditor Retention Factors
- X3 – Limitations in Human Resource Management

The data were processed and analyzed using SPSS software. The detailed results are presented as follows:

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.710	3	13.237	111.388	.000 <sup>b</sup>
	Residual	18.657	157	.119		
	Total	58.367	160			
a. Dependent Variable: Y						
b. Predictors: (Constant), X3, X1, X2						

**Figure 4.16 ANOVA Table for the Regression Model**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.825 <sup>a</sup>	.680	.674	.34472	1.650
a. Predictors: (Constant), X3, X1, X2					
b. Dependent Variable: Y					

**Figure 4.17 Model Summary of the Multiple Linear Regression Analysis**

**(i) Model Fit**

- The F-statistic = 111.388, with Significance (Sig.) = 0.000 < 0.001, indicates that the regression model is statistically significant. This confirms that the independent variables included in the model are capable of explaining the variation in the dependent variable Y.

- The Adjusted R Square = 0.674, meaning that approximately 67.4% of the variance in the effectiveness of human resource management can be explained by the three factors X1, X2, and X3. This reflects a high explanatory power and demonstrates a strong fit between the model and the actual data used in the study.

## (ii) Assumption Testing and Multicollinearity Diagnostics

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.840	.330		8.603	.000		
	X1	-.417	.044	-.521	-9.551	.000	.685	1.460
	X2	.287	.042	.377	6.810	.000	.665	1.504
	X3	.121	.052	.108	2.341	.020	.948	1.055
a. Dependent Variable: Y								

**Figure 4.18 Regression Coefficients Table**

- The Durbin–Watson statistic = 1.650, which falls within the acceptable range (1.5 – 2.5), indicates that first-order autocorrelation of residuals is not present—thus satisfying an essential assumption of regression modeling.
- The Variance Inflation Factor (VIF) values for the independent variables range from 1.055 to 1.504, all well below the threshold of 5, confirming that no significant multicollinearity exists in the model.



- The Histogram and P-P Plot of residuals display an approximately normal distribution, which satisfies the assumption of normality of residuals—a critical condition for deriving reliable conclusions from the regression results.

**(iii) Regression Model Results**

<b>Independent Variable</b>	<b>Standardized Beta Coefficient</b>	<b>Significance Level (Sig.)</b>	<b>VIF</b>
X1 – Reasons for Employee Turnover	-0.521	0.000 ( <b>p &lt; 0.01</b> )	1.460
X2 – Auditor Retention Factors	0.377	0.000 ( <b>p &lt; 0.01</b> )	1.504
X3 – Limitations in Human Resource Management	0.108	0.020 ( <b>p &lt; 0.05</b> )	1.055

**Figure 4.19 Standardized Regression Coefficients and Multicollinearity Diagnostics**

- X1 – Reasons for Employee Turnover has the largest negative standardized Beta coefficient (−0.521), indicating that this is the most influential negative factor affecting the effectiveness of human resource management. This implies that if the causes leading auditors to leave the organization are not addressed, the organization’s ability to retain personnel will be significantly impaired.
- X2 – Auditor Retention Factors exhibits a strong positive Beta coefficient (0.377), reflecting that it is a key positive driver. This suggests that enhancing retention policies (such as compensation, career development, and organizational culture) can substantially improve the organization’s capacity to retain and engage auditors.
- X3 – Limitations in Human Resource Management has a smaller positive Beta coefficient (0.108), but remains statistically significant ( $p < 0.05$ ). This

indicates that addressing internal HR management weaknesses can still contribute to improving overall HR effectiveness, although the direct impact is not as substantial as the other two factors.

#### **(iv) Standardized Regression Equation**

Based on the regression model results, the **standardized regression equation** is established as follows:

$$Y = -0.521 \times X1 + 0.377 \times X2 + 0.108 \times X3 + \varepsilon$$

Where:

- Y: Effectiveness of human resource management (measured by the retention and engagement level of auditors with three years of experience)
- X1: Reasons for employee turnover (negative effect)
- X2: Auditor retention factors (positive effect)
- X3: Limitations in human resource management (positive but indirect effect)
- $\varepsilon$ : Random error term in the model

#### **(v) Conclusion**

The multiple linear regression model confirmed that all three factor groups—X1, X2, and X3—have statistically significant impacts on the effectiveness of human resource management in small and medium-sized auditing firms. In particular:

- X1 – Reasons for Employee Turnover must be addressed and mitigated promptly, as it exerts the strongest negative impact.
- X2 – Auditor Retention Factors should be optimized as a proactive strategy to strengthen the internal capacity of the organization.
- X3 – Limitations in Human Resource Management represent systemic weaknesses; if improved, they can enhance the long-term effectiveness of human capital management.

## **4.2 Qualitative Analysis Results**

In-depth interview data were collected from 12 leaders in the auditing industry (including Partners, Directors, and Senior Managers) to supplement the organizational perspective.

### **4.2.1 Reasons for Employee Turnover**

The qualitative analysis was conducted using the thematic coding method, based on in-depth responses from experienced leaders currently working in small and medium-sized auditing firms in Hanoi. The data were compiled, categorized, and systematically organized into key themes that reflect the underlying reasons for auditors' turnover.

The content analysis revealed five main thematic groups associated with auditors' decisions to leave their organizations:

#### **(i) Inadequate Compensation**

One of the most frequently cited reasons was the disproportionately low income relative to the actual workload and work intensity. Auditors reported low base salaries, inconsistent performance bonuses, and unclear or non-performance-based salary increase policies. This led to a loss of motivation and a feeling of being undervalued, especially when compared to equivalent roles at larger enterprises or multinational corporations.

#### **(ii) High Work Pressure and Lack of Work-Life Balance**

The second most frequently mentioned issue was the intense and prolonged work pressure. Auditors are often required to work overtime, especially during the audit season, and manage multiple client accounts simultaneously. This leads to chronic fatigue and negatively impacts their health and personal life.

#### **(iii) Lack of Career Development Opportunities**

Most auditors stated that they do not see a clear career path within their firms, especially after the 3-year mark—at which point they expect career advancement. Issues

include a lack of transparent promotion policies, absence of advanced training programs, and limited opportunities to acquire new skills, which together contribute to a sense of stagnation.

#### **(iv) Unattractive Organizational Culture and Work Environment**

Several responses pointed to a lack of internal support and cohesion. A tense work atmosphere, insufficient collaboration across departments, and leadership that is disengaged from employees' well-being were seen as demotivating factors discouraging long-term commitment.

#### **(v) Career Path Change**

Beyond organizational factors, some auditors shared that after three years, they wished to pursue different career paths, such as transitioning to financial analysis, investment, corporate accounting, or working for larger organizations. These shifts were often tied to personal development goals and the desire for broader career opportunities.

#### **(vi) Summary**

The qualitative analysis results clarified that the reasons for turnover are not limited to material factors such as salary and bonuses, but also encompass non-financial aspects, including psychological well-being, career development, and organizational culture. These themes will be further examined, validated, and quantified in the quantitative analysis, thereby contributing to answering Research Question 1.

### **4.2.2 Auditor Retention Factors**

The qualitative analysis revealed five key themes that positively influence auditors' decisions to remain at small and medium-sized audit firms (SMAFs) after three years of experience.

#### **Competitive Compensation and Benefits**

Financial incentives remain a central driver of retention. Auditors emphasized the importance of compensation aligned with workload and performance. This includes not only salaries and bonuses, but also practical benefits such as health insurance, training support, meal allowances, and company-organized retreats. These elements collectively contribute to a perception of fairness and recognition of effort.

### **Positive and Supportive Work Environment**

A workplace culture characterized by openness, peer support, and mutual respect was consistently highlighted as essential. Auditors valued teams where colleagues helped each other, leaders were accessible, and management avoided blame-focused attitudes. Such a culture reduces emotional stress and fosters long-term motivation.

### **Clear Career Advancement Path**

Opportunities for professional growth significantly impacted retention. Auditors reported feeling more committed to organizations that offered transparent promotion pathways, regular evaluations, and structured criteria for advancement. Access to learning initiatives and internal job rotations further reinforced their sense of belonging and future within the firm.

### **Recognition and Fair Evaluation**

Being recognized for their contributions motivated auditors to remain and invest further in their roles. Respondents appreciated clear, objective performance assessments that rewarded effort and avoided favoritism. Feeling valued and fairly evaluated reinforced their loyalty to the firm.

### **Work–Life Balance**

The ability to maintain a healthy balance between work and personal life was an increasingly important consideration. Flexible work arrangements, understanding from supervisors during personal emergencies, and efforts to distribute workloads evenly during

peak periods were all cited as meaningful retention factors. Firms that supported auditors beyond professional expectations created a stronger emotional bond.

### **Summary**

Overall, retention is not determined by compensation alone but is closely linked to how auditors experience their work environment, career development, and personal well-being. A holistic approach to HRM—integrating financial and non-financial factors—can significantly enhance organizational loyalty and reduce turnover among mid-level auditors.

**4.2.3 Limitations in the HRM System:** In addition to identifying positive retention factors, the qualitative study also uncovered key shortcomings in the current HRM systems of SMAFs, many of which contribute to disengagement and increased turnover.

#### **Inadequate Compensation Schemes**

Many auditors expressed dissatisfaction with current salary and bonus structures, which were seen as misaligned with job demands. Benefits packages were often outdated or too basic, lacking support for important needs such as professional certification sponsorship, extended healthcare, or flexible leave. A lack of transparency in performance-based rewards further reduced motivation and trust.

#### **Workload Pressure and Poor Resource Allocation**

Overburdened schedules, especially during peak audit seasons, remain a chronic problem. Unequal workload distribution and an over-reliance on a small number of experienced staff members created stress and burnout. Task management was largely manual, with limited use of digital tools for tracking time, productivity, or overtime—leading to inefficiencies and dissatisfaction.

#### **Lack of Clear Career Progression**

Auditors frequently cited uncertainty about promotion timelines and criteria for roles such as Senior or Supervisor. Current performance appraisal systems were not clearly

linked to development goals or internal mentoring, resulting in ambiguity and decreased motivation. The absence of a formalized career path was seen as a significant obstacle to long-term commitment.

### **Superficial Training Programs**

Although internal training exists, many auditors found it lacked relevance and practicality. Sessions were often generic, outdated, or mandatory without clear benefits. Firms did not consistently support continued learning through financial incentives or integration with promotion pathways. The lack of focus on new technologies and global auditing standards was also noted as a major limitation.

### **Weak HR Management Capabilities**

In many SMAFs, HR departments functioned more as administrative units than strategic partners. Communication between HR and employees was limited, and feedback processes were slow or ineffective. Middle managers lacked training in human capital development, which diminished their ability to motivate and retain team members effectively.

### **Summary**

These limitations reflect structural weaknesses in HRM design, execution, and strategic alignment. Addressing them requires a shift toward proactive and development-focused HRM. Improving compensation fairness, strengthening career development systems, investing in relevant training, and building HR leadership capacity are critical to improving workforce retention and enhancing overall organizational performance.

## **4.3 Answers to Research Questions (Integrated Quantitative and Qualitative Findings)**

### **4.3.1 Research Question 1: Investigating the Causes of High Turnover Rates**

Why do over 70% of auditors with three years of experience at SMAFs in Hanoi decide to leave, despite their substantial value to these firms?

### **(i) Quantitative Findings**

The variable X1 – Reasons for Turnover showed a strong negative impact on HRM effectiveness (Y), with a standardized Beta = -0.521 and Sig. = 0.000, confirming high statistical significance. The Pearson correlation coefficient between X1 and Y was  $r = -0.748$ , indicating a clear inverse relationship.

### **(ii) Qualitative Findings**

In-depth interview analysis revealed five major causes of turnover:

- Low Compensation – Pay does not match the workload or job intensity; reward policies are unclear.
- High Workload and Poor Work–Life Balance – Frequent overtime during peak seasons negatively affects health and personal life.
- Lack of Career Development – No clear promotion paths, mentoring, or advanced training programs.
- Weak Organizational Culture – Unsupportive work environment, tense atmosphere, and inattentive leadership.
- Career Redirection – Some auditors seek new fields like financial consulting or corporate accounting for better alignment with personal goals.

### **(iii) Synthesis**

The answer to Research Question 1 is:

Auditors with three years of experience tend to resign primarily due to **three key factors**:

- Inadequate compensation,
- Prolonged job pressure, and



- Lack of clear career advancement opportunities.

These three themes are consistently reflected in both quantitative and qualitative results, directly revealing core weaknesses in HRM systems at small and medium-sized auditing firms.

#### **4.3.2 Research Question 2: Identifying Retention Factors for Auditors with Three Years of Experience**

What factors might lead auditors with three years of experience at small and medium audit firms in Hanoi to stay in their current roles, despite the pressures and demands of the industry?

##### **(i) Quantitative Findings**

The variable X2 – Auditor Retention Factors had a standardized Beta = 0.377, with Sig. = 0.000, and a Pearson correlation coefficient of  $r = 0.693$ , showing a strong positive relationship with HRM effectiveness (Y).

##### **(ii) Qualitative Findings**

Five major retention factors were identified:

- Competitive Compensation and Benefits – Transparent salary and performance-based bonuses with meaningful benefits.
- Positive and Supportive Work Environment – Internal cohesion, supportive leadership, and open communication.
- Clear Career Advancement Path – Regular performance reviews, transparent promotion criteria, and internal mobility opportunities.
- Recognition and Fair Evaluation – Timely and objective recognition of personal contributions.
- Work–Life Balance – Flexible schedules and organizational support for personal matters.

### **(iii) Synthesis**

The answer to Research Question 2 is: The factors that retain auditors with three years of experience include: competitive compensation, positive work environment, clear promotion pathways, fair recognition, and work–life balance. These elements have a strong positive impact on HRM effectiveness and should be consistently implemented by organizations seeking to retain experienced staff long-term.

### **4.3.3 Research Question 3: HRM Limitations and Turnover Impact**

What shortcomings in HRM practices contribute to the inability of audit firms to retain these auditors, and how does HRM inadequacy affect organizational effectiveness?

#### **(i) Quantitative Findings**

The variable X3 – Limitations in HRM had a standardized Beta = 0.108, with Sig. = 0.020, and Pearson's  $r = 0.272$ , indicating a statistically significant but moderate positive relationship with HRM effectiveness.

#### **(ii) Qualitative Findings**

Thematic coding identified the following HRM limitations:

- Inflexible Compensation – Unclear salary structures, no performance-linked raise mechanisms.
- Disorganized Work Management – Unbalanced workloads, especially during peak seasons.
- Lack of Career Pathing – Ambiguity in promotion requirements and timelines.
- Superficial Training Systems – Mandatory but impractical training programs; lack of incentives.

- Administrative HR with Weak Strategy – HR lacks strategic role and leadership lacks people-management capacity.

### **(iii) Synthesis**

The answer to Research Question 3 is: HRM limitations—including rigid compensation policies, poor workload management, unclear career paths, superficial training, and weak HR leadership—are foundational but indirect factors that affect turnover rates among experienced auditors.

While the impact of X3 is moderate, if left unaddressed, it may undermine the effectiveness of retention efforts (X2) and exacerbate turnover motivations (X1). Therefore, strengthening the HRM system is a necessary condition for achieving sustainable HR management effectiveness.

## CHAPTER V: DISCUSSION OF RESEARCH RESULTS

### **5.1 General Discussion of Research Results**

This research, through a combination of quantitative surveys and in-depth interviews, has provided a comprehensive picture of the turnover reality among auditors with approximately three years of experience working in small and medium-sized auditing firms (SMAFs) in Hanoi. Based on the three primary research questions, the findings not only clarify the reasons for employee departure, but also identify key retention factors and expose systemic constraints within the current HRM framework.

The research emphasizes that employee resignation should not be viewed as a random or isolated event, but rather as a symptom of a human resource system under pressure to adapt—yet still operating under a structure ill-suited for the expectations of the modern workforce.

#### **Turnover – A Consequence of the Gap Between Individual Expectations and Organizational Reality**

Quantitative results show that the “Reasons for Turnover” (X1) group has the strongest negative impact on human resource management effectiveness (Y), with a Beta coefficient of -0.521 and a Pearson correlation of  $r = -0.748$ . Qualitative data corroborate that employee exit is not due to a lack of commitment, but rather the accumulation of unmet needs in terms of compensation, development opportunities, and recognition. Hence, resignation behavior should be seen as a rational and systemic response, not an emotional reaction—and certainly not dismissed as mere external competition for talent.

#### **Retention Drivers – A Holistic Development Experience Beyond Compensation**

Quantitative data show that “Retention Factors” (X2) have a strong positive effect on HRM effectiveness (Beta = 0.377,  $r = 0.693$ ). Qualitative analysis reveals that

employees are willing to stay when provided with a comprehensive development ecosystem—including a clear career path, competitive rewards, job autonomy, positive workplace culture, and structured mentoring and coaching. This suggests that employee retention is no longer just a financial issue, but a long-term human capital development strategy.

#### **Systemic Constraints – An Indirect but Critical Root Cause**

The variable “HRM Limitations” (X3) demonstrates a moderate effect (Beta = 0.108,  $r = 0.272$ ), yet serves as a root cause of many challenges. Qualitative evidence indicates that many firms lack integration between HR policies, fail to personalize career paths, and have formalistic feedback mechanisms and cultures that lack psychological safety. Without transforming these structural bottlenecks, isolated improvements in salary or training will not suffice to change turnover behavior.

#### **Alignment Between Leadership and Employees – A Foundation for Implementation**

A positive finding is the strong alignment in perceptions between employees and leadership regarding both core issues and critical solutions: clear promotion paths, effective mentoring, transparent communication, and non-financial capability development. This consensus represents a strategic opportunity for organizations—not only to define the right direction but also to increase feasibility and commitment in executing reforms.

#### **Non-Financial Strategies – A Sustainable Choice Amid Budget Constraints**

The research further highlights that while improving compensation is a necessary condition, it is not sufficient—especially as SMAFs face financial limitations, with audit services yielding low profit margins. Therefore, competing solely on financial terms is neither realistic nor sustainable. Instead, non-financial strategies offer a more feasible and enduring solution in the medium and long term.

**Core pillars of non-financial HR strategy include:**

- Transparent and personalized career paths
- Regular feedback and mentoring systems
- A positive and cohesive work environment
- Increased autonomy and trust in task delegation
- A culture of recognition and belonging

**Expanding Service Offerings – A Strategic Direction for Talent Retention and Organizational Growth**

An additional high-potential solution is for SMAFs to expand their service portfolios beyond traditional auditing. This increases value creation for both the organization and its auditors. Potential services include:

- Tax and corporate finance consulting
- Digital transformation in accounting and auditing
- ESG, CSR, and risk management advisory
- Internal training for clients
- Internal review and fraud detection services

***This strategy delivers three simultaneous benefits:***

- Reduces job monotony and enhances learning opportunities, especially for mid-level staff
- Strengthens soft skills and multidisciplinary thinking, developing auditors into well-rounded consultants
- Generates supplementary revenue to support performance-based bonuses and increase actual income—an effective way to work around budget constraints

More than just a retention tactic, service expansion is a strategic response to market trends, technological disruption, and pricing competition—enhancing competitiveness and revenue diversification for SMAFs.

## **5.2 Discussion of Research Question 1: Causes of High Turnover Rate**

### **5.2.1 Reaffirming the Research Problem**

The first research question asked:

“Why do over 70% of auditors with around three years of experience at SMAFs in Hanoi resign, despite having made significant contributions to their organizations?”

Based on both quantitative and qualitative findings from Chapter 4, the causes of resignation do not stem from weak commitment or personal volatility, but rather from cumulative organizational shortcomings—including HR management quality, professional experience, and the mismatch between personal development expectations and organizational reality. The following section presents a detailed analysis of these core causes.

### **5.2.2 Lack of Career Development Opportunities – A Structural Trigger**

The absence of career development emerged as one of the strongest negative influences on auditors’ decision to leave SMAFs. Supported by both quantitative and qualitative results, this is not an isolated or personal issue, but a systemic gap in human capital development strategies, reflected through:

#### **(i) Evidence from Quantitative Analysis**

In the multiple linear regression model, X1 – Reasons for Turnover recorded the highest standardized Beta coefficient at -0.521 (Sig. = 0.000), confirming it as the most critical negative factor impacting HRM effectiveness (Y). Among the observed variables under X1, X1.5 (“I am motivated to continue working at my current company”) and X1.6 (“I have autonomy in my job responsibilities”) had high factor loadings (0.643 and

0.750)—reflecting strong consensus among respondents about the importance of motivation and autonomy.

However, the lack of a long-term career development framework undermines this motivation—a striking paradox in firms that underinvest in internal capacity. This is further reflected in the strong inverse Pearson correlation between X1 and Y ( $r = -0.748$ ).

### **(ii) Evidence from Qualitative Analysis**

Interviews revealed a recurring theme: “lack of career advancement”, expressed through:

- Absence of a clear promotion path: Many auditors remained in the same role after three years, with no guidance toward higher positions like Senior or Supervisor. The lack of clear promotion criteria left them feeling “stuck.”
- No mentor and shallow training: Training programs were described as superficial and ineffective in addressing real development needs, particularly in management skills or technological updates. Without mentors, auditors lacked direction during key career transitions.
- Organizational stagnation: Without a visible future, auditors felt disheartened and began seeking opportunities in other fields like finance or corporate accounting.
- “After three years, I’m still in the same position. No mentor, no clear path for promotion. If I stay, I’m afraid I’ll fall behind.”

### **(iii) Practical Implications**

The findings from Chapter 4 demonstrate that without a robust and transparent career development system, retention efforts focused on compensation or work environment will be insufficient. Developing an integrated career roadmap, paired with effective mentoring



and substantial training, is a non-negotiable requirement for SMAFs aiming to retain mid-level auditors in the long term.

### **5.2.3 Inadequate Financial Compensation – A Threshold Trigger for Dissatisfaction**

Within the system of factors influencing turnover behavior, financial compensation emerges as a distinct threshold that triggers dissatisfaction, reflecting an imbalance between contribution levels and commensurate rewards. Specifically, the observed variables X1.2 (“Satisfaction with salary and benefits”), X1.7 (“Financial incentives are important”), and X1.8 (“Increased benefits would reduce desire to leave”) exhibit high factor loadings in EFA analysis (above 0.7), and play a prominent role in factor group X1 – “Reasons for Leaving.”

#### **(i) Quantitative Evidence: Financial Discontent and HRM Effectiveness**

In the Pearson correlation matrix, the X1 variable group shows a very strong negative correlation with Y – human resource management effectiveness – with a coefficient of  $r = -0.748$  ( $p < 0.01$ ), affirming that increased dissatisfaction with compensation, benefits, and financial recognition significantly reduces retention capacity. Linear regression analysis supports this finding: X1 has a standardized Beta coefficient of -0.521, representing the most significant negative influence on Y within the model.

Variables X1.2, X1.7, and X1.8 represent a unified structure related to perceived under-valuation within the organization's financial system – from dissatisfaction with base salary to expectations of bonuses as a mechanism to sustain commitment. These variables function as a cohesive cluster triggering systemic dissatisfaction when auditors feel their contributions are not materially reciprocated.

### **(ii) Qualitative Evidence: Misvaluation and Psychological Imbalance**

Qualitative data reveal that many auditors, despite escalating workloads year-over-year, experience stagnant income. A common reflection includes: "During peak periods, I even work on Saturdays, but my income hardly changes." This scenario results not only in physical fatigue but also in psychological harm due to perceived underappreciation.

Numerous cases illustrate that opaque and unlinked compensation policies, disconnected from performance and individual commitment, erode intrinsic motivation and create perceptions of unfairness. This reflects a clear disruption in the principle of social exchange – when employees lose faith that their efforts will be fairly reciprocated by the organization.

### **(iii) Compensation as a Necessary but Insufficient Condition**

According to Herzberg's Two-Factor Theory (1959), salary and benefits are classified as "hygiene factors": if not adequately addressed, they produce strong dissatisfaction; however, their improvement alone is insufficient to sustain long-term engagement without intrinsic growth conditions (e.g., advancement, recognition, professional development).

Empirical findings from Chapter 4 reinforce this: inadequate compensation is not a standalone driver of turnover but part of a broader imbalance involving career expectations, recognition levels, and development opportunities. Therefore, while financial compensation acts as a "dissatisfaction threshold," focusing solely on salary adjustments without concurrent reform in promotion systems and recognition culture will yield limited improvement.

### **(iv) Managerial Implications**

Small and medium audit firms (SMAFs) must recognize that salaries and bonuses are not merely "personnel expenses," but also a message of organizational value toward

employees. Establishing transparent compensation mechanisms, aligned with performance and adaptable to career stages, is critical to preempt large-scale activation of the dissatisfaction threshold.

#### **5.2.4 Lack of Recognition and Constructive Feedback – A Cultural Void**

Recognition and constructive feedback from management are not only indicative of leadership capability but also fundamental components of organizational culture that directly influence employee engagement and professional self-esteem. In the context of SMAFs, a lack of recognition is identified as a key factor increasing turnover likelihood among auditors after approximately three years of service.

##### **(i) Quantitative Data: Recognition, Feedback, and HRM Effectiveness**

The dependent variable group Y – "Human Resource Management Effectiveness" – includes observed variables Y1 (being recognized), Y2 (receiving constructive feedback), and Y3 (feeling valued within the organization), which show high factor loadings (from 0.704 to 0.826) in EFA, confirming the central role of recognition in shaping HRM perceptions.

Simultaneously, variables X1.5 and X1.6 – representing intrinsic motivation and perceived empowerment – also load highly within the X1 group of turnover reasons, indicating that absence of recognition and positive feedback diminishes professional motivation, increasing turnover risks. This correlation is reflected in the Pearson matrix: X1 negatively correlates with Y ( $r = -0.748$ ,  $p < 0.01$ ), reinforcing the inverse relationship between lack of recognition and retention.

##### **(ii) Qualitative Data: The "Invisible" Feeling and Emotional Disconnection**

In-depth interviews reveal that many auditors, even when performing well, do not receive appreciation, positive feedback, or encouraging presence from managers. These reflections highlight the absence of emotional bonding between employees and the

organization – a critical factor in maintaining long-term organizational commitment. When the feeling of being "recognized" is missing, employees often question their self-worth, lose career direction, and ultimately decide to leave.

### **(iii) Cultural Gaps and Recognition Theory**

According to Organizational Support Theory (Eisenberger et al., 1986), perceived support and recognition from the organization are essential to sustaining employee commitment. When employees feel undervalued or unacknowledged by leadership, the "psychosocial" contract with the organization fractures, weakening connection and increasing turnover risks.

This gap reflects not only a deficiency in leadership's people management skills but also a cultural flaw where recognition and feedback are not integral to workflow. In high-pressure audit environments with limited non-technical interaction, recognition becomes even more vital as a form of emotional sustenance and reinforcement of organizational values.

### **(iv) Managerial Implications**

To bridge this cultural void, audit firms should establish a two-way feedback system, where:

- Positive feedback is embedded in performance evaluations.
- Middle managers are trained in recognition and motivational skills.
- Recognition occurs not only through material means but also via expressions of gratitude, empowerment, and public acknowledgment.

Maintaining small yet consistent recognition behaviors will help rebuild trust and strengthen long-term auditor engagement.

## **5.2.5 Limitations in Training and Development Support – Lack of Systematic Investment**

A modern HRM system must not only maintain staffing levels but also strategically invest in the long-term capacity development of its workforce. However, research shows that in SMAFs, there are clear limitations in training and professional development support – contributing to increased turnover, even though the direct impact is moderate.

**(i) Quantitative Evidence: Training as an Indirect but Significant Factor**

Within factor group X3 – "HRM Limitations," variables X3.3 (lack of mentorship), X3.5 (lack of in-depth training), and X3.6 (lack of developmental project opportunities) exhibit high factor loadings (from 0.695 to 0.736), indicating broad respondent consensus on developmental investment gaps.

Linear regression results show X3 has a Beta coefficient = 0.108 ( $p = 0.020$ ). While not the strongest influence on HRM effectiveness (Y), its statistical significance confirms that training limitations – if unaddressed – will weaken overall HRM effectiveness and indirectly amplify the impact of X1 turnover drivers, which possess the most substantial negative influence (-0.521).

**(ii) Qualitative Evidence: "Tokenistic" Training, Incoherent Support**

From in-depth interviews, most auditors report that current internal training systems are "mandatory and reactive," failing to meet practical needs or personal career goals. The lack of structured support for acquiring professional certifications such as CPA, ACCA – critical milestones in audit career paths – increases time, financial, and psychological burdens, especially for mid-level employees transitioning into advanced roles.

**(iii) Career Development as an Organizational Capability**

According to Human Capital Theory (Becker, 1964), organizations that invest in employee capabilities secure sustainable competitive advantage. Conversely, when development is neglected or delivered superficially, employees feel undervalued, increasing turnover likelihood.

From the Resource-Based View (Barney, 1991), effective training and mentorship systems constitute "strategic intangible assets" – unique, hard to replicate. In SMAFs, data from Chapter 4 show that such systems are underdeveloped, causing a disconnect between individual potential and organizational HR strategy.

#### **(iv) Managerial Implications**

Given these insights, SMAFs should not treat training and development as "supplementary expenses," but as foundational to human capital sustainability. Recommended actions include:

- Establishing a formal mentorship system with defined roles and responsibilities.
- Integrating training programs with individualized development roadmaps, avoiding generic, unfocused approaches.
- Offering financial or scheduling support for employees pursuing professional certifications (CPA, ACCA, ICAEW), via co-sponsorship or learning time allocation.

Only by proactively fostering a genuinely strategic and supportive development environment can firms retain experienced audit talent sustainably.

#### **5.2.6 Individual and Market Factors – Activators Rather Than Root Causes**

In analyzing the reasons behind turnover among auditors with three years of experience in SMAFs, individual and market factors are identified as supplementary rather than primary causes. Though noted in some interviews, quantitative data reveal that most career shifts are not "abandonments of the audit profession" but internal relocations within the industry – from SMAFs to organizations with better working conditions.

#### **(i) Qualitative Data: Career Redirection and External Motivation**

In-depth interviews indicate that some auditors, after three years, leave their current firms to pursue new directions such as financial consulting, corporate accounting, or investment and financial analysis roles. Motivations primarily include:

- Desire to broaden professional scope
- Seeking more professional working environments
- Accessing career opportunities in larger or internationally branded firms

#### **(ii) Mixed-Method Analysis: Industry Mobility as Sign of Accumulated Discontent**

Survey data show no observed variable where turnover directly stems from a personal career shift. Instead, X1 variables – "Reasons for Leaving" – such as limited promotion opportunities, inadequate compensation, and high work pressure consistently exhibit strong effects in linear regression models, with Beta = -0.521 ( $p < 0.01$ ).

The majority of auditors migrating to larger, more professional, or international firms underscores that the root causes are internal organizational shortcomings rather than individual or broader labor market factors.

#### **(iii) The "Final Push" Role in Turnover Models**

According to Mobley's (1977) model of turnover behavior, resignation decisions follow a psychological sequence: dissatisfaction → intent to leave → evaluation of alternatives → actual turnover. In this sequence, external factors serve merely as the "final push," activating the decision once internal dissatisfaction exceeds tolerable limits.

Similarly, in the Push-Pull Model, "pull" factors (external attraction) only exert influence when "push" forces (internal dissatisfaction) are present. In SMAFs, both qualitative and quantitative analyses confirm push factors as primary.

#### **(iv) Managerial Implications**

From this analysis, two critical managerial insights emerge:

- Employee departures should not be attributed to market forces or personal preferences but recognized as consequences of controllable internal dissatisfaction.
- Organizations should prioritize internal structural improvement, rather than attributing attrition to external competition.

Enhancing career development policies, workplace environment, and recognition systems can elevate employees' psychological resilience thresholds, thereby mitigating the impact of external "pushes."

### **5.2.7 Conclusion to Research Question 1 (RQ1)**

Synthesizing both quantitative and qualitative findings, it is evident that high turnover among auditors with three years of experience is primarily driven by systemic and cumulative causes, including:

- Absence of a clear career development roadmap
- Inadequate financial compensation
- Lack of recognition and constructive feedback from leadership
- Limitations in training and professional development support
- Market opportunities playing only a secondary role

These factors are interrelated and form a cause-effect chain within the human resource management system. Therefore, turnover behavior cannot be interpreted through isolated or random personal factors but must be understood as a symptom of a high-pressure system lacking adaptive capacity.

## **5.3 Discussion of Research Question 2: Retention Factors for Auditors with Three Years of Experience**

The second research question (RQ2) aims to identify the key factors that encourage auditors with approximately three years of experience to remain committed to small and



medium-sized audit firms (SMAFs) in Hanoi. Both quantitative and qualitative data reveal a stark contrast: while current levels of employee commitment are relatively low, expectations for retention-supporting factors are significantly high. This disparity illustrates an “expectation gap” that requires deliberate and strategic managerial interventions to bridge.

### **5.3.1 Clear Career Development Pathways – A Foundational Element**

Among the various retention factors, a clearly defined career development pathway stands out as a strategic anchor, exerting a central influence in sustaining long-term organizational commitment. Both quantitative and qualitative findings reinforce this view, suggesting that it is not merely a widespread expectation but a prerequisite for continued employee engagement.

#### **(i) Quantitative Data: Consistent Expectations Regarding Career Progression**

In the factor group X2 – “Retention Factors,” variables relating to career advancement such as X2.1 (promotion opportunities), X2.3 (clarity of career development roadmap), and X2.4 (availability of professional mentoring) show strong correlations with the dependent variable Y – HRM effectiveness ( $r = 0.693$ ,  $p < 0.01$ ). Notably, these variables attained the highest average scores across the entire dataset, signifying their critical position in the priority matrix of mid-level employees.

Linear regression analysis further substantiates this insight, with the X2 factor group yielding a standardized Beta coefficient of 0.377 ( $p < 0.01$ ), thereby confirming its positive and statistically significant impact on human resource management performance and talent retention.

#### **(ii) Qualitative Data: Perceived Lack of Direction**

Insights from in-depth interviews indicate that many auditors feel “directionless” after completing the initial 2–3 years of their career. Common expressions include:

“I don’t know how long it takes or what is required to be promoted. There’s no one guiding me, and everything depends on the personal preference of my supervisor.” “It seems like only those who get along well with leadership are considered. That kills my motivation.”

These sentiments reflect not only a lack of structured promotion criteria but also a weakening of organizational trust and individual confidence, ultimately reducing employee engagement.

### **(iii) Career Pathways as Organizational Capabilities**

According to Expectancy Theory (Vroom, 1964), motivation is predicated upon the belief that effort will lead to expected rewards. When career pathways are undefined, this expectancy chain is disrupted, making employees feel disconnected from their future prospects and leading them to disengage or explore external opportunities.

From the standpoint of Strategic Human Capital Development, an effective career development system must be integrated with complementary HR mechanisms, including internal mentoring, competency assessments, 360-degree feedback, and performance management systems. Such integration ensures that career pathways are operationally relevant and not merely conceptual.

### **(iv) Flexible Design: Horizontal, Deep, and Vertical Pathways**

Survey responses indicate that employees envision career development beyond the traditional vertical trajectory. Their expectations span:

- Horizontal development: transitions into roles such as quality assurance, training, or technical support.
- Deep development: specialization in niche service domains (e.g., systems audit, ESG reporting, industry-specific internal audit).

- Vertical progression: advancement through conventional ranks (e.g., Associate → Senior → Manager).

This multidimensional approach not only diffuses the pressure associated with vertical promotions but also enhances organizational agility and enables personnel to find roles aligned with their competencies and intrinsic values.

#### **(v) Managerial Implications**

To fully leverage career development as a retention tool, SMAFs should:

- Increase transparency around promotion criteria and timelines.
- Tailor career roadmaps to individual skill sets, aspirations, and long-term goals.
- Integrate training, evaluation, and mentoring within a cohesive career development ecosystem.

Only when transparency, personalization, and systemic integration are simultaneously addressed can the career pathway evolve from fulfilling expectations to strengthening long-term commitment.

### **5.3.2 Financial Compensation – Necessary but Not Sufficient**

Financial incentives continue to serve as a critical foundation for retaining core personnel within SMAFs. However, despite being highly rated in the quantitative data, findings reveal that compensation alone is insufficient to foster long-term engagement unless complemented by non-financial development factors.

#### **(i) Quantitative Data: Financial Rewards as a Clear Priority**

Within the X2 group – “Retention Factors,” variables such as X2.8 (“A transparent bonus system increases loyalty”) and X2.1 (“Opportunities for financial advancement”) exhibit strong positive correlations with Y – HRM effectiveness – and rank highly in descriptive statistics. These findings reaffirm that financial compensation remains a

cornerstone in the expectation framework, particularly for experienced auditors who begin evaluating their market value more critically.

### **(ii) Qualitative Data: Increased Compensation Yet Unmet Expectations**

Paradoxically, in-depth interviews reveal a persistent dissatisfaction among employees, even in firms that have improved financial policies. This suggests the root issue lies not in the compensation policies themselves but in the expanding gap between employee expectations and the organization's practical ability to meet them, especially in a labor market increasingly defined by high competition for skilled professionals.

### **(iii) Financial Compensation as a Necessary But Insufficient Condition**

Herzberg's Two-Factor Theory (1959) categorizes salary and benefits as “hygiene factors”—their absence causes dissatisfaction, but their presence alone does not generate lasting motivation. Complementing this, Equity Theory (Adams, 1963) posits that perceived fairness in compensation is equally important as the actual monetary value. When employees perceive unequal treatment—either within the organization or in comparison to external peers—dissatisfaction ensues, regardless of nominal salary increases.

In the SMAF context, constrained financial resources make continuous wage increases an unsustainable strategy. Attempting to financially compete with large or multinational firms can lead to unsustainable cost pressures without achieving meaningful gains in retention if non-financial drivers are neglected.

### **(iv) Managerial Implications**

From the above analysis, two clear management directions can be drawn:

- Finance should be repositioned as a necessary condition, not the sole lever.

- Financial expectations should be stabilized through three principles: transparency, internal fairness, and market alignment.

Specifically, SMAFs companies can:

- Establish a clear salary framework based on rank and performance, avoiding individual bargaining situations.
- Link compensation and bonuses to performance evaluation systems (such as KPIs or OKRs), instead of relying on intuition or short-term achievements.
- Communicate effectively internally about budget constraints and long-term development orientations, helping employees understand that "investing in people" involves not only financial aspects but also learning opportunities, recognition, and career development.

Reorienting the role of financial compensation toward stabilizing expectations, rather than chasing them, lays the foundation for balancing existing financial capacity with long-term talent retention needs.

### **5.3.3 Autonomy in Work – A Marker of Trust and Development Investment**

Workplace autonomy is not only a functional requirement at the mid-career level but also a salient indicator of empowerment strategy and personal value recognition in the audit environment. For auditors with three years of experience, autonomy becomes increasingly critical as it correlates with professional development, self-worth, and intrinsic motivation.

#### **(i) Quantitative Data: Autonomy and Retention Motivation**

Within factor group X1 – "Reasons for Leaving," variable X1.6 ("I have autonomy in my work, and it makes me more satisfied") shows a high factor loading (0.704), playing a pivotal role in the primary factor structure identified through EFA. This reflects autonomy as a core component influencing turnover decisions when unmet.

Simultaneously, the absence of autonomy contributes to a decline in HRM effectiveness (variable Y), as X1 overall demonstrates a strong negative correlation with Y ( $r = -0.748$ ) and a standardized Beta of  $-0.521$  ( $p < 0.01$ ). This indicates that when employees feel excessively controlled or distrusted, their organizational commitment deteriorates.

### **(ii) Qualitative Data: Autonomy as Recognition of Competence**

In-depth interviews show that auditors highly value experiences that signal trust. Autonomy here is more than self-governance; it serves as a clear acknowledgment of professional capability and maturity. It enables employees to build personal resilience, develop critical thinking, and become proactive contributors within the organization rather than passive task executors.

### **(iii) Autonomy as a Psychological Asset in HRM**

According to Self-Determination Theory (Deci & Ryan, 1985), autonomy is one of the three core psychological needs (alongside competence and relatedness) essential for sustaining intrinsic motivation. When appropriately empowered, employees tend to self-regulate their behaviors in alignment with organizational goals, fostering authentic engagement rather than externally enforced compliance.

However, the theory also cautions against "pseudo-autonomy"—when employees are assigned tasks without direction, feedback, or support structures. In such cases, autonomy is perceived as abandonment, leading to confusion and performance deterioration.

### **(iv) Balancing Empowerment and Support: A Guided Management Model**

The data suggest a balanced model of directed empowerment, entailing:

- Assigning tasks aligned with employees' readiness and capability levels;

- Implementing regular feedback mechanisms (coaching, mentoring);
- Establishing soft checkpoints for monitoring progress and offering support.

This model fosters a sense of trust without neglect, promoting individual development while safeguarding performance quality and organizational outcomes.

#### **(v) Managerial Implications**

To unlock the full potential of autonomy, SMAFs should:

- Clearly delineate the scope of responsibility for each employee level;
- Develop continuous and informal feedback systems via one-on-one discussions, mentoring, and real-time feedback;
- Train mid-level managers in effective delegation and guidance skills to prevent micromanagement or disengaged oversight.

Properly structured, autonomy can serve as a powerful psychological lever, enhancing auditors' professional capacity, proactive behavior, and deepened organizational commitment.

### **5.3.4 Organizational Culture – An Emotional and Non-Financial Retention Force**

In the context of SMAFs, where financial limitations and underdeveloped management systems are prevalent, organizational culture emerges as a “soft retention lever” with clear strategic significance. Both quantitative and qualitative evidence affirm that a positive, equitable, and learning-oriented workplace culture fosters a sense of belonging and strengthens long-term employee engagement.

#### **(i) Quantitative Data: Culture as a Highly Valued Factor**

Within factor group X2 – "Retention Factors," culture-related variables such as X2.6 ("Company culture influences my decision to stay") and X2.7 ("Team bonding activities

enhance my commitment") yield high mean scores and positive correlations with Y – HRM effectiveness ( $r = 0.693$ ,  $p < 0.01$ ). These indicators highlight auditors' strong consensus on the importance of organizational culture in shaping retention decisions.

### **(ii) Qualitative Data: Positive Culture as an Emotional Anchor**

Employee feedback emphasizes that a positive organizational culture not only enhances daily work satisfaction but also alleviates stress during peak periods with heavy workloads. In such contexts, employees feel supported and not alone, reinforcing a shared journey with the organization.

Particularly in the audit profession—characterized by high precision, tight deadlines, and work intensity—a supportive culture becomes essential for maintaining mental well-being and emotional balance.

### **(iii) Culture as an Intangible Organizational Asset**

According to Organizational Culture Theory (Schein, 1992), corporate culture is more than a set of shared values—it functions as an informal governance mechanism that influences behavior and decision-making within organizations. When deliberately cultivated, culture serves as the organization's "underlying operating system," delivering consistency and an inimitable identity.

From a Resource-Based View (Barney, 1991), culture is a strategic intangible asset—difficult to replicate and a source of long-term competitive advantage, especially for organizations unable to compete through scale or financial resources.

### **(iv) The Role of Leadership in Culture Development**

A key insight from qualitative data is that positive culture does not evolve spontaneously—it must be intentionally guided by leadership. Specifically:

- Leaders should embody cultural values through everyday behaviors, such as active listening, support, and constructive feedback;



- Open feedback mechanisms should be implemented to facilitate two-way communication and continuous improvement;
- Internal communications must be consistent and actionable, ensuring that culture is lived rather than merely stated.

Without managerial guidance, culture risks becoming "self-directed," easily influenced by negatively dominant individuals, thus destabilizing internal cohesion and weakening organizational commitment.

#### **(v) Managerial Implications**

While SMAFs may not offer the highest financial compensation, they are fully capable of cultivating an attractive and human-centered culture through:

- Promoting internally connective activities (e.g., teambuilding, knowledge-sharing sessions, cultural celebrations);
- Encouraging a continuous learning spirit via skill exchanges and creating "safe-to-fail" environments;
- Clearly defining and consistently communicating core organizational values, integrating them into recruitment, evaluation, and development processes.

When executed effectively, organizational culture becomes a powerful emotional retention mechanism—strengthening differentiation, unifying the workforce, and enabling organizations to endure and thrive through periods of high operational pressure.

#### **5.3.5 Mentorship and Communication – Axes of Direction and Recognition**

As auditors with approximately three years of experience transition from primarily technical roles to more strategic career positioning, mentorship and internal communication emerge as critical guiding axes. These elements are capable of fostering organizational commitment and stimulating intrinsic motivation. When well-structured and integrated with other human resource management (HRM) policies, mentorship and

communication not only enhance work performance but also foster a sense of recognition and belonging within the organization.

**(i) Quantitative Data: Mentorship and Communication as Retention Drivers**

In factor group X2 – "Retention Factors," variables such as X2.4 ("The company provides mentorship for development") and X2.6 ("Organizational culture is a retention factor") exhibit strong positive correlations with HRM effectiveness (Y), reaching statistical significance ( $r = 0.693$ ,  $p < 0.01$ ). Moreover, within factor group X3 – "HRM Limitations," variable X3.3 ("Lack of mentorship from superiors") also shows significant correlation, highlighting that the presence or absence of mentorship materially impacts organizational commitment.

**(ii) Qualitative Data: Divergent Experiences in Mentorship and Communication**

Qualitative data from in-depth interviews reveal considerable divergence in auditors' experiences with mentorship and communication. One group of staff navigates their work autonomously with little support from management, leading to confusion and career disorientation. Conversely, a minority benefits from effective mentorship models, receiving technical guidance and personal development support. Additionally, internal communication – including the articulation of goals, alignment of vision with daily tasks, and feedback from managers – is identified as a weakness that must be addressed to enhance organizational effectiveness and retention.

**(iii) Mentorship and Communication as Anchoring Pillars**

According to Transformational Leadership Theory (Bass, 1985), effective leaders do more than assign tasks; they orient, motivate, and inspire. Mentorship embodies this model within auditing, a technically intensive environment where lack of guidance can lead to professional isolation. From the perspective of Goal-Setting Theory (Locke & Latham,

1990), connecting daily work with broader organizational goals is crucial for employees to perceive the “big picture.” This linkage is particularly vital for mid-level professionals navigating the transition from operational execution to strategic positioning. Hence, mentorship and communication serve dual roles: the "axis of direction" for career clarity and the "axis of recognition" that affirms individual value within the organization.

#### **(iv) Recognition – The Bridge Between Direction and Motivation**

One notable finding from Chapter 4 is the lack of individual recognition—employees often feel unacknowledged even when delivering strong performance. This directly links to the two focal elements:

- Without mentors, personal growth goes unrecognized.
- Without communication, contributions receive no feedback.

According to Social Exchange Theory (Blau, 1964), feeling appreciated is a critical driver of positive behavior and underpins long-term employee-organization relationships. Recognition need not be elaborate but must be consistent, transparent, and personalized—through timely thank-yous, specific feedback, or acknowledgment in team meetings.

#### **(v) Managerial Implications**

To optimize the retention benefits of mentorship and communication, SMAFs should:

- Establish formal mentorship programs aligned with employee levels and career stages.
- Train middle management in effective guidance and communication skills.
- Create simple yet sustainable recognition mechanisms such as internal thank-you notes, periodic acknowledgments, or personalized feedback during mentoring sessions.

A harmonious integration of mentorship and communication will foster a deeply human-centric talent development ecosystem, enabling auditors not only to stay but also to grow with the organization.

#### **5.3.6 Collective Cohesion – The Emotional Adhesive of Internal Experience**

In a demanding field such as auditing—characterized by high work intensity, tight deadlines, and individualized task handling—collective cohesion becomes a significant emotional factor. It contributes to psychological stability and nurtures internal solidarity. Survey and interview data from Chapter 4 underscore this variable’s role as the “soft glue” that binds employees through both task collaboration and shared experiences.

##### **(i) Quantitative Data: Consensus on the Importance of Cohesion**

In factor group X2 – "Retention Factors," variable X2.7 ("Group activities and teambuilding enhance commitment") achieved the highest mean score and a strong correlation with HRM effectiveness (Y) ( $r = 0.693$ ,  $p < 0.01$ ). The near-unanimous consensus among respondents confirms that team cohesion is not merely desired but an explicit expectation among mid-level auditors.

##### **(ii) Qualitative Data: Cohesion as an Emotional Buffer During Peak Periods**

In-depth interviews reveal that group activities such as teambuilding, weekend gatherings, and post-work sharing sessions are highly valued for their capacity to create a sense of companionship, particularly during stressful audit seasons. These shared experiences foster mutual recognition and emotional support. Hence, internal cohesion is more than a cultural construct; it serves as a psychological buffer, mitigating fatigue, sustaining humanity, and preserving emotional meaning in auditors’ career journeys.

##### **(iii) Cohesion as a Strategic Component of Employee Experience Management**

According to the Employee Experience Framework (Morgan, 2017), employee experience encompasses not only technical tasks and compensation policies but also the

social and emotional interactions within the organization. Team cohesion functions as an "emotional checkpoint," enabling employees to recover mentally, connect with colleagues, and build resilience in high-pressure environments such as auditing. From the standpoint of Social Identity Theory (Tajfel & Turner, 1986), group affiliation fosters a sense of belonging, enhancing loyalty and reducing turnover intent, especially during transitional career phases like the third-year mark.

#### **(iv) Conditions for Sustainable Cohesion as a Motivational Force**

Cohesion cannot reach its full potential if confined to ad hoc or superficial activities. For cohesion to be a strategic HRM asset, it must:

- Be systematically implemented and aligned with corporate culture development goals.
- Be maintained continuously rather than limited to post-peak seasons or celebrations.
- Be personalized and stratified—by rank (e.g., associate, senior), team, or inter-departmental groupings—to enhance connection diversity.

Moreover, cohesion must align with core organizational values such as collaboration, transparency, and mutual learning, ensuring it becomes a consistent cultural expression rather than a supplementary initiative.

#### **(v) Managerial Implications**

To optimize cohesion's retention effect, SMAFs should:

- Incorporate cohesion into strategic HR development plans rather than relegating it to administrative functions.
- Assess cohesion activities through employee feedback to ensure alignment with real needs.

- Encourage middle management participation and leadership to cultivate an environment where every individual feels included and welcomed.

When properly executed, cohesion transcends "internal recreation" to become a long-term emotional strategy, enabling organizations to retain core staff and reinforce internal sustainability.

### **5.3.7 Conclusion to RQ2**

Findings reveal that retaining auditors with approximately three years of experience at SMAFs does not hinge on any singular factor, but rather a synthesis of several key elements: clear career pathways, reasonable compensation, empowerment, positive organizational culture, structured mentorship, and collective cohesion. When these components function cohesively, they constitute a "retention ecosystem"—an environment where auditors feel acknowledged, developed, and envision a sustainable future within the organization.

## **5.4 Discussion of Research Question 3: HRM Limitations and Impacts of Turnover**

Research Question 3 (RQ3) aims to clarify the bottlenecks in human resource management (HRM) within small and medium-sized audit firms (SMAFs) in Hanoi, while also identifying the consequences of high turnover rates on organizational effectiveness. Based on both quantitative data and in-depth interviews with leadership, the findings reveal that inadequacies in the current HRM systems not only contribute to increasing turnover but also impose long-term threats to organizational sustainability.

### **5.4.1 Incoherent HRM Systems Misaligned with Next-Generation Expectations**

Survey data and qualitative insights highlight a growing misalignment between the expectations of mid-level auditors and the structure of existing HRM systems. Auditors with three years of experience are transitioning from technical executors to coordinators

and career navigators. However, the prevailing systems remain administrative, reactive, and depersonalized—posing a significant risk of “core workforce attrition.”

Key issues identified include:

- Compensation structures do not accurately reflect competencies and workload.
- Career advancement pathways are ambiguous and lack transparency.
- Performance evaluation remains superficial with minimal developmental depth.
- Insufficient engagement with senior leadership, creating a "disconnect in direction."
- Training programs are misaligned with career stages, neglecting managerial and client interaction skills.
- Rigid job structures offer little flexibility, contradicting the expectations of a new-generation workforce.

Overall, the current system remains anchored in the logic of “personnel administration” rather than “human development,” impeding the translation of HRM policies into meaningful employee experiences or commitment drivers.

#### **5.4.2 Turnover as a Systemic Response to Unfulfilled Career Journeys**

The departure of auditors after three years is not an isolated phenomenon but a systemic indicator of the failure to create clear, flexible, and value-driven career journeys.

Qualitative findings point to three root causes:

- A disconnect between expectations and actual experience: employees are not adequately challenged, lack developmental feedback, and cannot envision a long-term professional trajectory.

- Lack of personalized development: uniform career tracks waste high-potential talent and neglect those requiring support.
- Inadequate recognition and feedback: employees lose intrinsic direction due to unclear performance positioning and promotion prospects.

Moreover, the absence of a psychologically safe culture—where employees fear making mistakes, hesitate to experiment, and lack mentoring support—erodes intrinsic motivation and resilience. These auditors do not exit the profession itself, but rather, leave because the organization has failed to offer a developmental path worth committing to.

#### **5.4.3 Multidimensional Impacts of Turnover: From Operational Disruptions to Brand Deterioration**

High turnover among mid-level personnel produces consequences far beyond short-term operational concerns, impacting both organizational capacity and long-term strategy:

- Disruption of succession pipelines: necessitating fast-tracked promotions or external hires, thereby increasing operational risk and retraining costs.
- Heightened pressure and diluted performance among remaining staff, creating a "turnover loop."
- Reduced team cohesion, especially during audit peak seasons.
- Psychological spillover: normalization of "leave after a few years" mindset, undermining the culture of internal development.
- Erosion of organizational culture: the loss of long-tenured employees diminishes cultural continuity and increases fragmentation.
- Damage to employer branding and service quality: clients and prospective candidates lose confidence in organizational stability.



High turnover should thus not be perceived as routine fluctuation, but rather as a barometer reflecting the organization's HRM capacity and adaptability to new workforce demands.

#### **5.4.4 Alignment Between Leadership and Staff – A Strategic Window for Transformation**

A positive signal lies in the observed alignment between leadership and employees regarding the solutions needed to enhance retention and the work environment:

- Both groups emphasize the centrality of career development, including mentoring, skill-building, and performance recognition.
- A paradigm shift in HRM is underway: from “control” to “partnership,” and from “administrative management” to “human capital development.”
- There is joint advocacy for an employee experience-oriented strategy: personalized career journeys, multidimensional engagement, and a culture of recognition, support, and continuous learning.

This alignment represents a strategic opportunity for SMAFs to execute a profound and future-oriented HR transformation. However, this requires a clearly defined action roadmap with measurable indicators and visible leadership commitment—not merely on paper but in execution.

#### **5.4.5 Conclusion to RQ3**

The research findings confirm that high turnover after three years of employment is a direct outcome of incoherent HRM systems that fail to meet the developmental needs of the new workforce generation. This issue extends beyond replacement costs, affecting succession readiness, internal performance, corporate culture, and organizational reputation.

Nevertheless, the convergence of leadership and staff perspectives on actionable solutions—ranging from enhanced training, effective mentoring, performance recognition, to individualized career paths—provides a robust foundation for meaningful reform. In an increasingly competitive talent landscape, shifting from an administrative HRM mindset to a developmental one is essential for building a stable, engaged, and future-ready audit workforce.

CHAPTER VI:  
SUMMARY, IMPLICATIONS, AND RECOMENDATIONS

**6.1 Summary of Key Research Findings**

This study was conducted to explore the prevalent phenomenon of auditor turnover after approximately three years of experience at small and medium-sized audit firms (SMAFs) in Hanoi. Employing a mixed-method approach, including quantitative data from 161 survey responses and qualitative insights from 12 in-depth interviews, the research addressed three central questions: the causes of turnover, retention factors, and limitations within existing human resource management (HRM) systems. The findings are synthesized into four major thematic conclusions:

**6.1.1 Turnover as the Outcome of Accumulated Dissatisfaction in a Non-Adaptive HRM System**

Linear regression analysis confirmed that the variable group “Reasons for Turnover” (X1) exerted the strongest negative influence on HRM effectiveness (Beta = -0.521;  $r = -0.748$ ). Qualitative data reinforced this conclusion, revealing that resignations were not impulsive or externally driven, but rather rational responses to unmet professional expectations.

*Prominent reasons include:*

- Compensation policies failing to reflect actual contributions, especially after 2–3 years when professional competency has matured.
- A lack of transparent career development paths, leading to a sense of career stagnation.
- Ineffective performance recognition and feedback mechanisms, diminishing organizational commitment.

- Monotonous and unchallenging tasks, stemming from cyclical work patterns and limited skill development opportunities.
- Superficial training programs that inadequately address both technical and managerial skill advancement.
- Labor market competition serving as a “trigger” once internal dissatisfaction crosses a threshold.

Overall, turnover behavior emerges as a manifestation of “accumulated dissatisfaction” (Mobley, 1977) within a non-strategic and non-adaptive HRM environment.

### **6.1.2 Retention: From Short-Term Financial Incentives to Long-Term Talent Ecosystem Development**

Contrary to the common assumption that financial factors are decisive, the study identified non-financial factors as central to employee retention. The variable “Retention Factors” (X2) showed a significant positive impact on HRM effectiveness (Beta = 0.377;  $r = 0.693$ ). Key retention drivers include:

- Clearly defined, personalized career development trajectories aligned with professional stages.
- Job autonomy, signaling trust and recognition of capability.
- A positive corporate culture fostering psychological safety and belonging.
- Effective mentorship and leadership communication to sustain orientation and motivation.
- Team-building activities that function as emotional glue for organizational stability.

These findings support a shift towards a “talent retention ecosystem” approach, wherein employee experience, organizational culture, and career development are integrated as core pillars—particularly relevant given SMAFs’ financial constraints.

### **6.1.3 Systemic Limitations: Fragmented HR Structures and Low Adaptive Capacity**

While less impactful than X1 and X2, the variable “Limitations in HRM” (X3) still showed statistically significant influence (Beta = 0.108;  $r = 0.272$ ), suggesting that systemic weaknesses play an indirect yet foundational role.

*Key structural limitations include:*

- Poor integration among HR functions (compensation – promotion – recognition – training).
- Absence of real-time feedback and underutilization of HR analytics.
- Homogenized HR policies that ignore career-stage segmentation.
- Organizational culture not institutionalized into actionable management behaviors, leading to inconsistent employee experience.

These shortcomings undermine strategic responsiveness to workforce dynamics and weaken the broader talent management ecosystem.

### **6.1.4 Proposed Framework: Adaptive HR Ecosystem Model for SMAFs**

Based on empirical insights, the study proposes an “Adaptive HR Ecosystem” comprising three strategic pillars:

- From administrative HR to human capital development: Build organizational capabilities through substantive training, mentorship, and continuous performance evaluation.
- From short-term focus to career lifecycle alignment: Personalize HR policies in accordance with employees' career progression stages.
- From isolated modules to an integrated system: Design interconnected HR policies—from career paths to cultural practices—for systemic coherence.

Building on this foundation, the theoretical model “Mid-Level Auditor Retention Based on Adaptive HR Ecosystem” is introduced, wherein people are central, culture is the cohesive agent, and value-based recognition is the engine for sustainable development.

## **6.2 Implications for Audit Firms**

### **6.2.1 Retaining Mid-Level Auditors: From HR Task to Strategic Imperative**

One critical implication is that retaining auditors with three years of experience should no longer be treated as an operational HR function, but as a strategic pillar for sustainable organizational development in SMAFs. These individuals possess robust professional capabilities, operate autonomously, engage with clients, and coordinate teams—making them invaluable “living intellectual assets” resulting from years of organizational investment.

Losing such talent not only incurs recruitment and retraining costs but also disrupts operational continuity, client relationships, team performance, and brand image. High turnover further risks creating a psychological contagion among junior staff, undermining morale and internal engagement.

### **6.2.2 Shifting Mindset: From Accepting Turnover to Investing in Retention**

A concerning insight from the qualitative data is that many SMAF leaders passively accept high turnover as normative, resulting in minimal strategic effort to retain talent. This creates a negative feedback loop: loss – recruitment – retraining – further loss.

According to the Resource-Based View (RBV), sustainable competitive advantage derives from acquiring and retaining valuable, rare, and inimitable resources—mid-level auditors being a prime example. Therefore, firms must restructure their mindset, treating human capital as a strategic asset—on par with technology, clientele, or operational systems—and viewing retention as a long-term investment rather than a short-term cost.

### **6.2.3 Financial Incentives: Optimization Within Resource Constraints**

Both quantitative and qualitative findings confirm the critical role of financial incentives in sustaining engagement. However, given budget constraints, SMAFs cannot compete directly with larger firms on salary alone. Instead, firms should:

- Design flexible benefits packages tailored to career stages.
- Link compensation to performance through project-based bonuses and revenue-sharing for extended services (e.g., consulting, training, internal reviews).
- Implement timely and recognition-based rewards (e.g., spot bonuses, internal acknowledgments) to enhance motivation and reinforce appreciation.

The goal is to prevent financial dissatisfaction—consistent with Herzberg’s theory—not to rely solely on financial rewards for motivation, but to integrate them within a holistic value proposition for employees.

#### **6.2.4 Training and Development: Redefining as Core Organizational Competency**

One of the most cited reasons for leaving is the absence of genuine training and career development pathways. Data reveals that when employees lack clarity about their future—titles, skills, or personal value—they lose direction and motivation, increasing the likelihood of attrition.

SMAFs must treat training as an organizational strategy rather than an HR function. Key initiatives include:

- Establish formal mentoring systems linking junior auditors with leadership.
- Develop personalized capacity-building programs aligned with individual career goals.
- Support continuous learning through online education budgets, certification sponsorships (e.g., CPA, ACCA), and flexible arrangements for dual learning and practice.

Investing in internal capacity is the most sustainable retention strategy—and a key lever for building competitive advantage.

### **6.2.5 Organizational Culture: From Slogans to Operational Values**

Interview data strongly affirm the role of positive culture in retention. However, in many SMAFs, culture remains a slogan rather than an institutionalized practice.

To address this, firms should:

- Foster psychologically safe environments where employees can share, receive feedback, and err without fear of punishment.
- Encourage multidimensional dialogue through 1:1 mechanisms, internal surveys, and anonymous feedback channels.
- Embed cultural values into performance evaluation, promotion, and reward systems.

Creating a sense of belonging and recognition is a powerful retention tool—especially in resource-constrained environments—supporting the concept of “internal organizational commitment.”

### **6.2.6 Human Resource Management: From Functional Modules to Adaptive Ecosystem**

A core message of this study is the imperative to transform HRM from a functional model into an adaptive ecosystem. This entails synchronized design of the following elements:

- Career trajectories
- Mentoring and training
- Compensation and recognition
- Communication and feedback



- Culture and engagement

These components must be cohesively integrated, continually updated, and contextually aligned with both the market and the employee lifecycle.

### **6.2.7 Conclusion**

Retaining auditors beyond the three-year mark is not an isolated task, but rather the outcome of a comprehensive, integrated, and adaptive HR strategy. Without systemic transformation in mindset and operations, SMAFs risk perpetuating the human capital paradox—losing knowledge, weakening operations, and eroding institutional credibility.

Conversely, adopting an adaptive HR ecosystem approach enables firms not only to retain talent but to build internal strength—a critical foundation for sustainable growth in an increasingly competitive audit market.

## **6.3. Recommendations on Human Resource Management for Audit Firms**

Building upon the comprehensive synthesis of quantitative and qualitative research findings presented in Chapters 4 and 5, along with the in-depth analysis in Section 6.1, this study proposes a practical system of recommendations aimed at enhancing the retention of auditors with approximately three years of experience in small and medium-sized audit firms (SMAFs) operating in Hanoi.

These recommendations are not only rooted in empirical evidence drawn from surveys and in-depth interviews, but are also guided by robust theoretical frameworks concerning work motivation, organizational commitment, and strategic human resource management. Key theories include Herzberg’s Two-Factor Theory, Vroom’s Expectancy Theory, and the “Best Fit” approach in HR strategy formulation.

More importantly, the proposed system of recommendations is derived from core implications of the study, emphasizing that SMAFs can no longer rely on fragmented, short-term solutions. Rather, a paradigm shift is required—one that redefines the strategic

role of human resources, tailors HR policies to the realities of limited financial resources, and integrates key elements such as organizational culture, training, career development, and agile management into a holistic, feasible, and sustainable solution.

Consequently, this research contributes a generalizable theoretical model—“Retention Model for Mid-Level Auditors Based on an Adaptive HR Ecosystem”—which centers on human development, positive organizational culture, and appropriate value recognition.

The full set of recommendations is divided into two distinct groups:

- Strategic Recommendations: Aligned with the long-term vision and overarching strategic structure of the enterprise.
- Operational Recommendations: Focused on actionable steps that can be implemented in the short, medium, and long term, while remaining feasible under the resource constraints typical of SMAFs.

This dual-approach ensures that the recommendations offer not only theoretical value but also high practical applicability within the specific context of the Hanoi audit labor market, which is characterized by:

- Lower workforce mobility compared to major urban centers like Ho Chi Minh City.
- High urban living pressures and harsh commuting and climatic conditions.
- A culture that values stability, close interpersonal relations, and emotionally resonant environments.

### **6.3.1 Strategic Recommendations**

Retaining auditors with three years of experience in SMAFs cannot rely solely on isolated or short-term interventions such as salary increases, bonuses, or incremental workplace improvements. Data from surveys and interviews show that high turnover rates

typically stem from a lack of strategic orientation in human resource management—particularly for mid-level auditors entering a pivotal stage in their professional development.

Given the intense competition for talent, limited financial resources, and increasingly complex client demands, SMAFs must pursue strategic, coordinated, and systemic transformations—beginning with shifts in mindset, vision, and strategic planning methodologies. Talent retention must no longer be viewed as a merely administrative task or the exclusive domain of HR departments. It must instead be institutionalized as a core component of the firm's broader development strategy.

*To that end, this research identifies two foundational strategic recommendations:*

- **Develop HR strategies based on non-financial, emotional, and intrinsic drivers**, tailored to the specific constraints and structural limitations commonly faced by SMAFs in areas such as branding, organizational systems, and resource availability. This approach enables firms to build differentiated value propositions by leveraging human-centric assets such as engagement, commitment, and internal culture to gain a competitive edge.
- **Integrate HR strategy with business strategy and long-term corporate vision**, ensuring coherence and alignment across the management system. Such integration not only enhances overall managerial effectiveness but also helps employees recognize their contribution to the organization's growth trajectory—thus fostering stronger commitment and reducing turnover intention.

Both recommendations necessitate a fundamental shift in leadership mindset within SMAFs—from viewing employees as “costs to control” to treating them as “assets to invest

in”; from reacting to resignations to proactively designing long-term talent engagement and development strategies.

### **6.3.1.1 Strategic Development of Non-Financial HR Strategies in SMAFs: A Contextual Response to Structural Constraints**

#### **Strategic Context and Imperative**

In small and medium-sized audit firms (SMAFs), especially in Hanoi, financial constraints and internal limitations restrict the ability to compete on compensation. However, these limitations create a strategic opportunity to adopt non-financial, emotionally driven, and intrinsically motivating HR practices. Given the knowledge-intensive nature of auditing, employee quality—not capital—is the primary source of value. Unlike large firms bound by rigid structures, SMAFs can implement flexible, personalized HR strategies leveraging cultural intimacy, leadership proximity, and organizational agility.

#### **Theoretical Underpinnings**

The proposed non-financial HR model is grounded in three major theoretical frameworks:

- Herzberg’s Two-Factor Theory: Emphasizes the role of intrinsic motivators (e.g., achievement, recognition) over hygiene factors (e.g., salary) in driving job satisfaction and long-term retention.
- Vroom’s Expectancy Theory: Advocates enhancing motivation through belief in effort-performance linkages (expectancy), reward alignment (instrumentality), and reward relevance (valence).
- Best Fit Model (Boxall & Purcell): Stresses context-specific HR strategies aligned with organizational scale, culture, and external labor conditions—highly suitable for SMAFs.

### **Strategic Pillars of the Non-Financial HR Model**

- **Job Autonomy and Empowerment**  
Empower auditors to make decisions, manage tasks, and take ownership of audit plans—fostering self-efficacy and motivation.
- **Flexibility in Work Structure**  
Introduce flexible hours, remote work options, and adaptive scheduling to mitigate urban stress and demonstrate empathy.
- **Systematic Non-Financial Recognition**  
Institutionalize recognition through public appreciation, leadership acknowledgments, and peer-nominated awards to foster emotional engagement.
- **Personalized Learning and Development**  
Offer individualized training, mentorship, and skill-building initiatives tailored to career goals—enhancing perceived value and future orientation.
- **Cohesive Organizational Culture**  
Strengthen community through team-building, storytelling, and social initiatives to cultivate shared purpose and belonging.

### **Strategic Value for SMAFs**

- **Cost-Effective Engagement:** Builds commitment without heavy financial investment.
- **Enhanced Retention:** Reduces turnover through emotional loyalty and personalized development.
- **Organizational Identity:** Differentiates the firm as “a great place to grow,” rooted in purpose and care, not just compensation.

- Sustainable Capability Development: Transforms HR from a cost center into a strategic asset base.

## **Conclusion**

For SMAFs in resource-constrained and talent-competitive environments, non-financial HR strategies offer a viable and strategic pathway to workforce stability and performance. This approach—anchored in intrinsic motivation, cultural cohesion, and strategic alignment—should be viewed not as a compensatory alternative, but as a core foundation of organizational transformation. By fostering autonomy, recognition, and development, SMAFs can evolve into purpose-driven, talent-nurturing firms that sustain long-term value and adaptability.

### **6.3.1.2 Strategic Integration of Human Resource Strategy into SMAFs' Business Vision**

#### **Strategic Imperative**

Small and medium-sized audit firms (SMAFs) face mounting competitive pressures, workforce instability, and financial limitations. High turnover—especially among mid-level auditors—disrupts operational continuity and service quality. In response, HR strategy must be elevated from a support function to a **core strategic pillar**, aligned with the firm's business direction and long-term vision.

#### **HR Strategy as a Pillar of Business Strategy**

Informed by the **Balanced Scorecard (Kaplan & Norton, 1992)** and **Resource-Based View (Barney, 1991)**, SMAFs should treat human capital as a **strategic asset**.

- Service Strategy Alignment

Retaining experienced auditors supports service diversification (e.g., advisory, tax planning) and ensures contextual insight, enabling SMAFs to offer high-value, SME-tailored services.

- **Financial Strategy Alignment**

Investing in people enhances efficiency, reduces hiring costs, stabilizes operations, and improves client retention—thus optimizing long-term financial performance.

- **Market Strategy Alignment**

A stable, culturally cohesive workforce builds brand equity, enhances client trust, supports talent acquisition, and strengthens employer branding in resource-constrained markets.

### **Long-Term Vision: Developing from Within**

SMAFs should shift from a “retention-focused” to a “development-driven” HR model:

- **Strategic Training**

Link learning to future service expansion (e.g., risk advisory, digital audit), training talent 1–2 years in advance.

- **Culture-Brand Integration**

Align internal culture (integrity, engagement, learning) with external brand values, ensuring authenticity in client and employee experiences.

- **Succession Planning**

Develop future leaders from within to ensure continuity, reduce external hiring dependency, and reinforce organizational identity.

- This reflects a transformation from “managing labor” to cultivating strategic capabilities through human capital.

### **Operational Execution: Embedding HR in Business Systems**

Rather than treating HR as a standalone domain, SMAFs must embed HR metrics and practices across operational structures:

- Annual Business Plans

Include HR indicators such as mid-level auditor retention KPIs, training progress, and employee engagement scores.

- Service Development

Ground new services in internal talent capacity. Form pilot groups led by empowered auditors under executive mentorship.

- Internal Communication & Branding

Leverage internal narratives to reinforce cultural identity, guide onboarding, and attract purpose-driven talent (especially Gen Z).

This approach redefines HR not as an auxiliary function but as a strategic engine of growth, directly driving service innovation, client value, and market differentiation.

### **Conclusion**

Integrating HR strategy into the strategic and operational core of SMAFs enables:

- Enhanced adaptability in volatile markets,
- Cost-effective capability development, and
- A shift from transactional workforce management to long-term, purpose-driven organizational growth.

This model positions SMAFs as agile, people-centric enterprises capable of thriving in a competitive, post-industrial audit landscape—where sustainable advantage lies not in scale, but in the depth of talent and culture.

### **6.3.2 Group of Detailed Implementation Recommendations (Short-Term – Medium-Term – Long-Term)**

In parallel with strategic transformations in mindset and long-term orientation, small and medium-sized audit firms (SMAFs) must implement specific, actionable measures that are easy to deploy and generate tangible operational impact. This group of



recommendations is designed to support firms in gradually enhancing their auditor retention capacity through interventions that align with resource constraints while remaining consistent with overarching strategic objectives.

These recommendations follow a pragmatic logic—low-cost, easy to apply, and highly adaptable—allowing firms to selectively implement them across different phases and readiness levels, based on their internal capabilities.

Specifically:

- Short-term actions may include improvements to the working environment, reinforcement of internal communication, recognition of employee contributions, and introduction of morale-boosting reward systems.
- Medium-term measures should focus on establishing clear performance appraisal frameworks, developing career pathways, and enhancing technical training and skill development.
- Long-term initiatives should involve investments in cultivating a distinctive organizational culture, developing leadership succession pipelines, and maintaining sustainable programs that integrate HR strategy with the firm's long-term business direction.

Collectively, these recommendations are both flexibly deployable and integrable into the enterprise's formal operational systems. Through them, SMAFs can not only address immediate HR challenges but also lay the groundwork for sustainable and stable organizational development. These recommendations include:

- Implementing flexible work hours and remote work policies, especially during off-peak periods or on non-client-facing days, to reduce commuting stress and enhance individual productivity.

- Empowering mid-level auditors with meaningful decision-making responsibilities in audit planning, team coordination, and internal review processes—thereby fostering ownership and professional maturity.
- Institutionalizing non-financial recognition programs, such as internal honor boards, “Inspirational Employee” awards, and personal letters of appreciation from leadership.
- Developing hybrid training systems combining e-learning, mentoring, and certification tracks—linking training to promotion plans.
- Piloting new service groups (e.g., tax advisory, risk assessment) formed by mid-level auditors trained for diversified roles.
- Creating positive cultural experiences through team-building, community engagement, and internal creative activities—fostering emotionally rich workplaces, especially relevant in Hanoi.
- Establishing “organizational health” KPIs to track engagement levels, training completion, and internal satisfaction.
- Designing Promotion Pathways tied to Competitive Compensation and Personalized Development Plans within SMAFs.

### **6.3.2.1 Flexible Work Arrangements: Enhancing Well-being and Strategic Retention in SMAFs**

#### **Strategic Context**

In Hanoi’s urban environment—characterized by traffic congestion, extreme weather, and a culturally stable labor force—flexible working hours and remote work should be treated as **strategic enablers**, not optional benefits. For SMAFs with limited financial capacity, these policies present **cost-effective, high-impact solutions** to enhance auditor well-being, productivity, and retention—particularly at the mid-level.

## Key Components

- Flexible Work Hours

Structured options (e.g., 7:30–16:30 or 9:00–18:00) allow employees to avoid peak-hour commuting, aligning work with personal energy cycles.

*Impact:* Improved morale, reduced stress, and increased retention (McKinsey, 2023).

- Controlled Remote Work

Allowing 1–2 days per week for remote work on non-client-facing tasks (e.g., report writing, data analysis) fosters autonomy and concentration.

*Theoretical Basis:* Aligns with **Self-Determination Theory** (Deci & Ryan, 1985)—supporting autonomy and intrinsic motivation.

- Pilot and Scale Model

Begin with non-client-facing staff to test feasibility. Use performance metrics and feedback for gradual scale-up, leveraging the agility of SMAF structures.

- **Seasonal Flexibility Enhancements**

Off-peak periods present an opportunity for expanded policies such as:

- Four-day workweeks
  - Extra leave for post-peak recovery
  - “Creative hours” for self-development
- These foster energy renewal and reinforce organizational care, boosting long-term engagement.

## Strategic Implications

- Low-Cost Retention Lever: Improves work-life balance without increasing payroll.
- Productivity Gains: Employees focus better and recover faster.
- Cultural Shift: Signals trust and agility, strengthening organizational identity.

- Competitive Differentiation: Attracts values-driven talent in a constrained labor market.

## **Conclusion**

Flexible work arrangements are not merely operational adjustments but strategic HR levers. For SMAFs in Hanoi, early adoption of such policies reinforces a modern, people-centered culture and serves as a sustainable competitive advantage in attracting and retaining high-performing auditors.

### **6.3.2.2 Empowering Mid-Level Auditors in SMAFs**

#### **Key Finding**

Mid-level auditors—typically after three years of experience—reach a professional stage marked by technical independence, client-facing capability, and the ability to guide junior staff. However, if not granted meaningful responsibilities and strategic roles, they may experience stagnation, leading to reduced motivation and increased risk of attrition.

#### **Theoretical Basis**

As explained by Deci & Ryan’s **Self-Determination Theory (1985)**, sustainable intrinsic motivation arises when individuals feel:

- Autonomy – freedom in their work,
- Competence – confidence and recognition in their abilities,
- Relatedness – connection to the organization’s purpose.

Empowerment, therefore, should provide mid-level auditors with not only more tasks but also roles that cultivate ownership and engagement with firm-level outcomes.

#### **Recommended Practices**

- Delegate audit planning responsibilities, including scheduling and resource decisions, for small and medium clients.

- Assign them leadership roles in appropriately scoped engagements to build coordination and strategic thinking.
- Encourage direct interaction with clients to enhance accountability and communication skills.
- Involve them in internal reviews or quality improvement committees to amplify their organizational voice.

These practices foster leadership capacity and move auditors beyond their technical comfort zones.

### **Implementation Mechanisms**

#### **Short-Term:**

- Trial “team lead” roles with coaching support.
- Hold regular “mini reviews” to discuss progress and provide structured feedback.
- Recognize auditor-driven innovations in tools, templates, or workflows.

#### **Medium to Long-Term:**

- Adopt a tiered performance evaluation system (e.g., High-Potential – Core – Low Performance).
- Implement Individual Development Plans (IDPs) for leadership-track staff.
- Launch internal job rotations, particularly into areas like tax, risk, or digital transformation, to expand competencies.

### **Strategic Value**

Empowerment yields organizational and individual benefits:

- Alleviates senior staff workloads by enabling mid-level autonomy.
- Increases responsiveness and innovation from the frontline.
- Builds a future leadership pipeline aligned with firm culture and operations.

## **Conclusion**

In resource-constrained SMAFs, empowerment is a strategic, sustainable HR development tool. By providing mid-level auditors with meaningful challenges, autonomy, and cross-functional exposure, firms can enhance retention, foster leadership readiness, and compete effectively with larger firms in the war for talent.

### **6.3.2.3 Institutionalizing Non-Financial Recognition in SMAFs**

#### **Key Finding**

While salary limitations constrain SMAFs in retaining talent, research indicates that mid-level auditors are more often driven to leave due to perceived lack of recognition rather than financial dissatisfaction. Emotional and psychological appreciation are critical to mid-career retention.

#### **Theoretical Basis**

Herzberg's Two-Factor Theory (1959) emphasizes that true motivation stems from intrinsic factors like achievement and recognition—not salary alone. Similarly, Maslow's Hierarchy highlights the rising importance of esteem needs at mid-career stages. Hence, structured non-financial recognition is a vital strategic lever.

#### **Recommended Recognition Practices**

SMAFs can adopt low-cost yet high-impact methods to affirm employee value:

- Internal Honor Boards to spotlight outstanding auditors with specific contributions.
- Peer-Nominated “Inspirational Employee” Awards to foster a culture of admiration and peer respect.
- Executive Appreciation Letters recognizing contributions to projects, clients, or innovation.

These mechanisms validate employees' efforts, reinforce organizational belonging, and increase emotional engagement.

### **Cultural and Team Engagement Activities**

To complement individual recognition, fostering community through team-oriented experiences is essential:

- Informal gatherings (e.g., birthdays, coffee talks).
- Team-building activities and volunteer programs.
- Corporate Culture Days to celebrate inter-departmental achievements and narratives.

Such initiatives build emotional attachment to the workplace—particularly valuable in collectivist cultures like Vietnam.

### **Strategic Integration of Recognition**

Over time, recognition should be:

- Embedded in soft performance appraisals.
- Linked to the firm's core cultural values.
- Practiced consistently by leadership, beyond seasonal HR efforts.

A recognition-rich culture not only enhances retention but strengthens talent attraction through internal advocacy. In people-driven sectors like audit, employee morale becomes a critical intangible asset.

### **6.3.2.4 Developing a Blended Training System: Online Learning – Mentoring – Certification Pathways Integrated with a Clear Promotion Plan**

In the auditing profession—where technical competence and professional ethics are critical—training and workforce development are not merely performance-enhancing tools but strategic levers for retaining high-potential employees, particularly mid-level auditors with approximately three years of experience.

Mid-level auditors increasingly demand structured learning, new skills, and clear career pathways. However, many firms still view training as a cost, leading to disengagement and talent loss due to the lack of integration between development and promotion.

### **✓ Theoretical Foundations for Training Orientation**

Maslow's and Herzberg's theories highlight the importance of self-actualization and skill development for motivation. Training should therefore be seen as a strategic asset, aligning personal growth with business goals.

### **✓ A Three-Tiered Training Architecture: Technical – Soft Skills – Career Certification**

#### **(a) Advanced Technical Training:**

Regular updates on VAS/IFRS and audit technologies.

#### **(b) Supplementary Skills Development:**

Training in communication, team management, and reporting.

#### **(c) Professional Credential Pathways:**

Support for CPA/ACCA/ICAEW with promotion linked to certification progress.

### **✓ Implementing Blended Learning: Online – Mentoring – Self-Directed Pathways**

Combine e-learning (LMS), mentoring, and personalized learning plans to support flexible, goal-oriented development suited to audit work.

### **✓ Recommended Implementation Roadmap**

**Short-Term:** Assess needs, build competency framework, launch internal resources.

**Medium-Term:** Implement LMS, develop courses, link training to evaluations.



**Long-Term:** Establish integrated training-to-promotion system, standardize firm-wide.

**✓ Strategic Benefits**

Boosts audit quality, reduces turnover, ensures fair promotions, and strengthens employer branding through visible investment in growth.

**✓ Conclusion**

Blended training is a cost-effective, scalable strategy for SMAFs to enhance capability, retain talent, and foster sustainable competitiveness.

**6.3.2.5 Piloting the Development of New Service Lines (e.g., Tax Advisory, Risk Assessment) from an Expanded Mid-Level Auditor Talent Pool**

**From Operational Needs to Strategic Orientation**

Small and medium-sized audit firms (SMAFs) face seasonal workload patterns and growing demands for non-traditional services. This study identifies the off-peak period as a key moment of disengagement for mid-level auditors with 3+ years of experience. Establishing new service lines—such as tax advisory, risk assessment, or digital transformation—can simultaneously reduce operational seasonality, increase mid-level employee value, and open new revenue streams for reinvestment and growth.

**✓ Theoretical Foundations: Job Enrichment & Resource-Based View (RBV)**

Herzberg's Job Enrichment Theory supports expanding auditor responsibilities to foster intrinsic motivation and skill diversification. The Resource-Based View (RBV) further positions experienced mid-level auditors as valuable internal assets that can be leveraged for competitive advantage—particularly by SMAFs aiming to differentiate through human capital rather than scale.

### ✓ **Three-Phase Implementation Plan**

#### **Short-Term (0–6 months):**

- Identify suitable auditors for advisory roles.
- Select 1–2 feasible, in-demand services.
- Establish a small pilot team to test offerings.

#### **Medium-Term (6–18 months):**

- Provide training in consulting techniques and communication.
- Trial services with select clients and refine processes.
- Integrate advisory contributions into performance evaluations and incentives.

#### **Long-Term (18+ months):**

- Expand into formalized advisory units.
- Standardize processes and align with brand strategy.
- Define new career pathways within advisory services.

### ✓ **Positive Impacts on Talent and Organizational Development**

- Enriches employee roles, increasing retention and engagement.
- Reconfigures existing workforce for efficiency and growth.
- Encourages internal mobility, offering clear progression without external exit.

### ✓ **Conclusion**

Leveraging mid-level auditors to pilot new service lines is both a strategic growth tactic and an HR innovation. It diversifies offerings, strengthens workforce capabilities, and fosters a scalable internal culture of development and adaptability. For SMAFs, this dual approach enhances both talent retention and enterprise value in a sustainable way.

### **6.3.2.6 Cultivating a Positive Cultural Experience through Team-Building, Volunteerism, and Internal Arts Activities to Foster an Emotionally Enriched Workplace—A Strategic Imperative in Hanoi**

In the auditing profession—characterized by high work intensity, strict deadlines, and limited non-technical interactions—fostering a positive, emotionally engaging, and socially cohesive workplace is vital to retaining talent, especially within small and medium-sized audit firms (SMAFs).

In Hanoi, where employees value emotional bonds and cultural depth, building a cohesive and engaging workplace is essential for staff retention and motivation, especially when financial rewards are constrained.

#### **(i) Theoretical Foundations: Organizational Commitment and Non-Financial Motivation**

Herzberg's theory and engagement research show that recognition, purpose, and positive experiences are central to long-term employee commitment. Culture becomes a strategic asset for retention and internal branding.

#### **(ii) Proposed Implementation Activities**

##### **✓ Team-Building Events:**

Quarterly activities (sports, excursions, games) to boost morale and connection.

##### **✓ Community Volunteering:**

Employee-led social initiatives that promote shared values and pride.

##### **✓ Cultural and Artistic Engagements:**

Talent shows and year-end events enhance inclusivity and emotional bonding.

##### **✓ Defining Cultural Identity:**

Visual values, slogans, and storytelling reinforce organizational spirit.

✓ **Symbolic Rituals:**

Welcome messages, birthday notes, and tenure awards foster belonging.

**Cultural Advantage in Hanoi: Emotional Capital as Strategic Asset**

In Hanoi, emotional stability and interpersonal harmony are key to retention. Investing in culture enhances loyalty and reduces turnover in competitive markets.

✓ **Conclusion**

Creating an emotionally rich work environment through cultural engagement is a cost-effective, strategic HR approach. For SMAFs in Hanoi, such practices foster loyalty, reduce stress, and build a resilient, people-centered organization.

**6.3.2.7 Establishing “Organizational Health” KPIs: Measuring Retention, Training Completion, and Internal Satisfaction**

**From Reactive to Predictive Thinking**

SMAFs often detect attrition and morale issues too late. Establishing “Organizational Health” KPIs enables proactive monitoring and timely intervention in managing human capital risks.

✓ **Proposed Organizational Health Metrics**

- Retention/Commitment Rate: Quarterly Likert-scale surveys targeting mid-level auditors’ intent to stay.
- Training Completion Rate: Monitors completion of LMS/IDP milestones;  $\geq 90\%$  of staff complete one course per 6 months.
- Employee Satisfaction Index (ESI): Annual surveys measuring perceptions of culture and development (target  $\geq 4.0/5$ ).
- Recognition Score: Monthly internal acknowledgments at team level.

- Coaching Touchpoints: Quarterly one-on-one feedback sessions per employee.

#### ✓ **Integrating Organizational Health KPIs into the Operating Strategy**

- KPIs embedded into strategic dashboards alongside financial indicators.
- Accountability shared across roles (e.g., Team Leads for retention).
- Reviewed quarterly in business performance meetings.

#### ✓ **Strategic Benefits**

- Early attrition detection.
- Measures impact of non-financial HR policies.
- Enhances data-driven HR governance.

#### ✓ **Conclusion**

Organizational Health KPIs serve as an essential framework to operationalize HR strategy in SMAFs—enabling stability, talent retention, and long-term organizational resilience.

### **6.3.2.8 Developing a Career Advancement Roadmap Linked to Competitive Compensation and Individual Development Planning in SMAFs**

In a shifting audit landscape, SMAFs must integrate career development with compensation to sustain workforce motivation and trust. Unlike large firms, SMAFs require an adaptable model linking Individual Development Plans (IDPs) to clear, fair compensation systems.

#### ✓ **Core Framework**

- IDP-Based Progression: Personalized advancement paths tied to competencies, aspirations, and value creation.
- Transparent Compensation: Clearly defined salary structure, linked to competency frameworks and performance metrics.

- Market Benchmarking: Annual salary surveys, public CPI-based adjustments, and market comparison disclosures to build trust.

#### ✓ **Flexible Incentives and Feedback**

- Performance-based bonuses and innovation rewards supplement fixed pay.
- Emotional “touchpoints” (e.g., ad-hoc rewards) bridge the gap before formal promotions.

#### ✓ **Strategic Integration**

- Career growth and compensation are presented as one integrated system.
- Employees gain clarity on what to achieve and when to expect progression—reducing uncertainty and turnover risk.

#### ✓ **Conclusion**

This integrated roadmap helps SMAFs attract and retain talent by aligning financial incentives with professional development. When employees view their growth as measurable and fairly rewarded, they become co-investors in the firm’s long-term vision.

### **6.3.3 Summary of Strategic and Operational Recommendation Groups**

Drawing upon the qualitative and quantitative analyses presented in preceding chapters, and aligned with the three original research questions, this study proposes two interrelated and systematic groups of recommendations aimed at enhancing the retention of auditors with approximately three years of experience at small and medium-sized audit firms (SMAFs) in Hanoi. This personnel segment has been identified as a strategic human capital cohort positioned at the critical juncture between execution and professional management phases.

#### **Strategic Recommendation Group – Aligned with Long-Term Vision and Overall Strategic Architecture**

The strategic recommendation group emphasizes repositioning the role of human resource management (HRM) as an integral part of the firm's overarching strategy. Rather than being confined to administrative or operational functions, HRM should evolve into a long-term strategic pillar. Specifically:

- Mid-level auditors should not be perceived merely as executors but as strategic assets capable of transforming services, internal capabilities, and organizational culture.
- The HR strategy must be integrated into the firm's broader service innovation strategy, financial strategy, and branding strategy, anchored on core enablers such as training investment, succession leadership development, a culture of recognition, and organizational agility.
- From the Resource-Based View (RBV) of strategic management, building talent—not merely retaining it—is the pathway for SMAFs to create sustainable competitive advantage based on internal resources.

#### **Detailed Implementation Recommendation Group – Actionable Measures for the Short, Medium, and Long Term**

This group comprises actionable solutions designed to be adaptable to the practical constraints of SMAFs, which often face limited financial resources but enjoy advantages in managerial proximity and organizational agility. The proposed measures are grounded in findings from surveys and interviews and directly address the root causes of auditor turnover. These include:

- Flexible working hours and remote work arrangements, especially during low seasons or client-free days, to alleviate commuting stress and enhance personal productivity.

- Substantive empowerment of mid-level auditors in planning audit engagements, team allocation, and internal peer review, thereby fostering a sense of ownership and professional maturity.
- Non-financial recognition mechanisms, such as internal honor boards, “Inspiring Employee” awards, and appreciation letters from senior leadership.
- Development of a blended training ecosystem combining e-learning, mentoring, and certification pathways, with clear links to career advancement planning.
- Pilot programs for new service lines (e.g., tax advisory, risk assessment) led by cross-trained mid-level auditors, fostering horizontal career growth.
- Cultivation of a positive cultural experience through team-building, volunteer initiatives, and internal art or music events—an emotionally resonant element particularly significant in the Hanoi context.
- Establishment of organizational health KPIs, including retention rates, training completion ratios, and internal satisfaction indices.

### **From Strategy to Action – From Mindset to Execution**

The recommendation system developed in this research is not limited to theoretical propositions but has been transformed into a coherent roadmap that spans from macro-level strategic design to micro-level operational execution, and from abstract cultural values to tangible actions. Each recommendation is rooted in empirical data, anchored in established theoretical frameworks, and tailored to the contextual characteristics of the audit labor market in Hanoi.

In the face of intensifying competition for human capital, small and medium-sized audit firms must adopt such a comprehensive approach—not only to survive but to achieve



sustainable development through the effective mobilization of their internal organizational capabilities. This journey must begin by retaining the most capable individuals at the point of their highest potential contribution.

#### **6.4 Directions for Future Research**

In addition to its practical recommendations for addressing the retention of auditors with approximately three years of experience in small and medium-sized audit firms (SMAFs) in Hanoi, this study also opens up several promising avenues for future research. These directions not only aim to supplement, expand, and validate the conclusions drawn but also to delve deeper into aspects not fully explored within the scope of the present dissertation.

The following suggestions highlight research pathways that may yield high academic and practical value for both scholars and practitioners, particularly in the context of the increasingly competitive human resource landscape in the auditing and broader professional services sectors.

##### **6.4.1 Regional and Firm Size Comparisons: Broadening to Assess Generalizability and Contextual Specificity**

A deliberate limitation of this study is its geographic concentration in Hanoi and its focus on small and medium-sized audit firms. Future research should extend the scope to compare across regions (e.g., Hanoi versus Ho Chi Minh City) or firm sizes (e.g., Big Four versus SMAFs).

- This would help determine whether the factors influencing retention are universally applicable or context-dependent.
- Additionally, comparing across different firm groups would provide empirical data that allow managers to tailor human resource policies

according to the “best fit” approach—a strategic HRM framework discussed in Chapter 2 (Boxall & Purcell, 2003).

#### **6.4.2 Longitudinal Research Design: Tracking Career Trajectories and Inflection Points**

Most existing studies on employee retention are cross-sectional, while career motivations and decisions evolve through continuous, time-dependent processes. A valuable research direction would be the design of longitudinal studies that follow auditors from the three-year mark through subsequent milestones (e.g., 5, 7, or 10 years).

- The goal is to identify "breakpoints" in the retention journey, allowing for early warning signals and stage-appropriate interventions.
- Such research would also provide a foundation for designing strategic career paths tailored to individual, organizational, and market dynamics.

#### **6.4.3 Empirical Evaluation of Retention Solutions: From Theory to Validation**

While this study proposes a series of strategic and operational retention solutions for mid-level auditors, these have yet to be empirically validated. Future research could pilot several initiatives such as:

- Flexible working hours.
- Online training systems.
- Empowerment programs tied to career progression.
- Non-financial recognition schemes.

Post-implementation, quantitative data should be collected on turnover rates, internal satisfaction, and engagement levels before and after intervention. This shift from propositional to evaluative research would significantly enhance both academic rigor and managerial applicability.

#### **6.4.4 Exploring Psychological and Individual-Level Factors: A Micro Perspective**

An underexplored yet potentially rich area is the role of individual psychological and demographic attributes of auditors, including:

- Personality traits (e.g., introversion vs. extraversion).
- Stress resilience.
- Generational characteristics (e.g., Gen Z, Millennials).
- Preferences for stability versus novelty.
- Subsequent studies could employ psychometric tools (e.g., MBTI, Big Five Inventory, resilience scales) to analyze how these factors influence retention behavior, thereby enabling firms to design targeted recruitment and retention strategies for specific employee segments.

#### **6.4.5 Extending to Other Professional Service Sectors**

An interdisciplinary approach would involve comparing retention issues in auditing with those in related professional service domains such as law, consulting, investment banking, and IT. These sectors share common features:

- High workload intensity.
- Competitive career trajectories.
- Elevated mid-career turnover risk.

Conducting comparative research across sectors would allow scholars to test the applicability of mechanisms such as empowerment, training, and organizational culture, thus contributing to the construction of an expanded, cross-sectoral theoretical framework for the Professional Services Sector (PSS).

## 6.5 Conclusion

Chapter 6 concludes the analytical sequence of this dissertation by synthesizing key findings, extracting strategic implications, proposing a system of practical recommendations, and outlining avenues for future research. The conclusions presented here not only faithfully reflect the qualitative and quantitative data collected but also embody a strategic mindset capable of translating into policy and organizational actions—particularly for SMAFs operating in local contexts such as Hanoi.

A key contribution of this study is the clear identification of the root causes behind the attrition of auditors with approximately three years of experience, along with the most effective retention factors for this critical talent group. Beyond traditional financial elements such as salary, bonuses, and benefits, the research reveals that non-financial factors—such as recognition, empowerment, career development opportunities, positive organizational culture, and a sense of belonging—form the sustainable foundation for workforce stability.

From an academic perspective, this dissertation makes several theoretical contributions to the human resource management literature within the professional services context, especially auditing—a field characterized by high work intensity, technical demands, and talent volatility. Specifically:

- Herzberg's Two-Factor Theory is empirically validated in the Vietnamese context, highlighting the vital role of "motivators" such as recognition, development, and achievement in fostering long-term engagement.
- Vroom's Expectancy Theory is applied to explain the relationship between effort, outcomes, and rewards, particularly evident in mid-level auditors' expectations regarding career progression and training.

- The Best Fit model (Boxall & Purcell) supports the dissertation's approach in designing HR solutions aligned with resource constraints, cultural context, and market conditions faced by SMAFs in Hanoi.

From a practical standpoint, the study proposes a comprehensive and tiered solution framework—spanning from strategy to execution—with high feasibility, reasonable costs, and implementation adaptability under resource-constrained settings. The recommendations were not only designed to address identified issues but also to serve as the foundation for a long-term human resource management model, directly integrable with overall business strategy. This elevates the dissertation beyond descriptive research toward actionable transformation in HR thinking within SMAFs.

Additionally, the study offers valuable insights for policymakers and HR leaders in the audit industry, such as:

- Developing programs to enhance both technical and managerial competencies for mid-level staff.
- Promoting mentoring, empowerment, and recognition schemes within professional organizations to enhance talent retention.
- Encouraging flexible work policies (schedules, methods, psychological support) tailored to the labor culture of metropolitan areas like Hanoi.

In conclusion, this dissertation has successfully achieved its research objectives, fully addressed the three core research questions, and illuminated one of the most pressing challenges in the auditing industry today: retaining and developing mid-level talent as a cornerstone for internal capability development, service quality stabilization, and brand reputation enhancement.

Ultimately, the study affirms that talent retention is not merely a short-term countermeasure but a fundamental component of strategic thinking in modern professional

service firms. A stable, committed, and maturing workforce not only reduces labor turnover costs but also determines the quality of audit services, the firm's competitive edge, and its brand credibility in an increasingly demanding and volatile financial environment. In the long run, talent retention and development serve as the foundational pillars for the sustainable growth of Vietnam's auditing profession.

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APPENDIX A  
SURVEY COVER LETTER

**Thư Giới Thiệu Khảo Sát/Survey Introduction Letter**

Kính gửi Quý Anh/Chị,

Dear Sir/Madam,

Tôi là Nguyễn Hoàng Dũng, hiện đang thực hiện một nghiên cứu về **“Nâng cao hiệu quả quản trị nguồn nhân lực tại các công ty kiểm toán”** nhằm tìm hiểu sâu hơn các yếu tố ảnh hưởng đến hiệu quả quản trị nhân sự và phương thức tối ưu hóa việc giữ chân nhân viên. Chúng tôi chân thành mời Anh/Chị tham gia vào khảo sát này để giúp chúng tôi có thêm thông tin thực tế và quý báu phục vụ nghiên cứu.

My name is Nguyễn Hoàng Dũng. I am currently conducting a study titled “Optimizing the Effectiveness of Human Resource Management in Audit Firms” to explore the factors affecting HR management efficiency and to identify optimal strategies for employee retention. We sincerely invite you to participate in this survey to provide valuable and practical insights for our research.

**Mục Đích Khảo Sát/Survey Purpose**

Mục tiêu chính của khảo sát là hiểu rõ các yếu tố ảnh hưởng đến việc giữ chân nhân viên và tối ưu hóa quy trình quản lý nhân sự tại các công ty kiểm toán. Kết quả khảo sát sẽ đóng vai trò quan trọng trong việc đề xuất các giải pháp cụ thể nhằm nâng cao hiệu quả quản trị nguồn nhân lực, cải thiện môi trường làm việc và giảm tỷ lệ nghỉ việc trong ngành kiểm toán.

The main objective of this survey is to gain a comprehensive understanding of the factors influencing employee retention and to optimize HR management processes in auditing firms. The results will play a key role in proposing practical solutions to enhance HR effectiveness, improve the working environment, and reduce turnover in the audit industry.

### **Quyền Lợi và Bảo Mật Thông Tin/Rights and Data Confidentiality**

Chúng tôi cam kết mọi thông tin mà Anh/Chị cung cấp sẽ được bảo mật tuyệt đối, chỉ sử dụng cho mục đích nghiên cứu và không được chia sẻ cho bất kỳ bên thứ ba nào. Khảo sát này hoàn toàn ẩn danh và sẽ không yêu cầu bất kỳ thông tin cá nhân nào có thể nhận diện người tham gia. Việc tham gia là hoàn toàn tự nguyện, và Anh/Chị có thể rút lui bất kỳ lúc nào mà không ảnh hưởng đến quyền lợi của mình.

We are committed to maintaining strict confidentiality of all information you provide. The data collected will be used solely for research purposes and will not be shared with any third party. This survey is completely anonymous and does not require any personally identifiable information. Participation is entirely voluntary, and you may withdraw at any time without any impact on your rights.

### **Hướng Dẫn Tham Gia/Participation Instructions**

Khảo sát này sẽ mất khoảng **10-15 phút** để hoàn thành. Để tham gia, Anh/Chị vui lòng truy cập vào liên kết sau đây. Trong trường hợp cần hỗ trợ, xin vui lòng liên hệ với tôi qua email: **luatsudung.vn@gmail.com** hoặc số điện thoại: **+84904104824**.

This survey will take approximately 10–15 minutes to complete. To participate, please visit the link below. If you need any assistance, feel free to contact me via email at **luatsudung.vn@gmail.com** or phone at **+84904104824**.



### **Lời Cảm Ơn/Sincere Thanks**

Chúng tôi xin chân thành cảm ơn Anh/Chị đã dành thời gian tham gia khảo sát và đóng góp ý kiến quý báu của mình. Đóng góp của Anh/Chị sẽ giúp chúng tôi có cơ sở vững chắc để đề xuất các giải pháp nhằm nâng cao chất lượng quản trị nguồn nhân lực tại các công ty kiểm toán.

We sincerely thank you for taking the time to participate in this survey and for sharing your valuable opinions. Your contribution will provide a solid foundation for proposing effective solutions to improve human resource management quality in auditing firms.

Trân trọng/Best regards,

Nguyễn Hoàng Dũng/Nguyen Hoang Dung

## APPENDIX B

### INFORMED CONSENT

**Researcher/Người nghiên cứu:** Nguyen Hoang Dung/Nguyễn Hoàng Dũng

**Research Title/Nghiên cứu:** Optimizing the effectiveness of Human Resource Management in Audit Firms/Nâng cao hiệu quả quản trị nguồn nhân lực tại các công ty kiểm toán

#### **Introduction/Giới thiệu**

I am conducting research as part of my Doctor of Business Administration (DBA) program at Swiss School of Business and Management Geneva (SSBM). The purpose of this study is to explore strategies for Optimizing the effectiveness of Human Resource Management in Audit Firms, focusing on improving the retention rate of auditors with three years of experience at SME audit firms in Hanoi, Vietnam. Your participation in this interview will provide valuable insights and contribute to a better understanding of effective HR management practices in audit firms.

*Tôi đang thực hiện một nghiên cứu như một phần của chương trình Tiến sĩ Quản trị Kinh doanh (DBA) tại Trường Kinh doanh và Quản lý Geneva – Swiss School of Business and Management (SSBM). Mục tiêu của nghiên cứu này là khám phá các chiến lược để Tối ưu hóa hiệu quả Quản trị Nguồn nhân lực trong các Công ty Kiểm toán, tập trung vào việc cải thiện tỷ lệ giữ chân các kiểm toán viên có 3 năm kinh nghiệm tại các công ty kiểm toán vừa và nhỏ ở Hà Nội, Việt Nam. Việc bạn tham gia phỏng vấn sẽ cung cấp những hiểu biết quý báu và đóng góp vào việc hiểu rõ hơn về các thực tiễn quản trị nhân sự hiệu quả trong các công ty kiểm toán.*

## **Procedures**

If you agree to participate, you will take part in a semi-structured interview lasting approximately 60-90 minutes. The interview will cover topics related to human resource management practices, employee retention, and your experiences working in an audit firm. Your responses will be recorded with your consent to ensure accuracy in data collection.

*Nếu bạn đồng ý tham gia, bạn sẽ tham gia một buổi phỏng vấn bán cấu trúc kéo dài khoảng 60–90 phút. Nội dung phỏng vấn sẽ xoay quanh các chủ đề liên quan đến thực tiễn quản lý nguồn nhân lực, giữ chân nhân viên và trải nghiệm của bạn khi làm việc tại công ty kiểm toán. Câu trả lời của bạn sẽ được ghi âm (với sự đồng ý của bạn) nhằm đảm bảo độ chính xác trong quá trình thu thập dữ liệu.*

## **Confidentiality**

All information provided in this interview will be treated with strict confidentiality. Your identity will remain anonymous, and no personally identifiable information will be disclosed in the research findings. The data collected will be used solely for academic purposes.

*Tất cả thông tin bạn cung cấp trong cuộc phỏng vấn này sẽ được giữ bí mật tuyệt đối. Danh tính của bạn sẽ được ẩn danh, và sẽ không có bất kỳ thông tin nhận dạng cá nhân nào được công bố trong kết quả nghiên cứu. Dữ liệu thu thập chỉ được sử dụng cho mục đích học thuật.*

## **Voluntary Participation**

Your participation in this interview is entirely voluntary. You have the right to withdraw at any time without any negative consequences. If you choose to withdraw, your information will be excluded from the study and destroyed.

*Việc tham gia của bạn hoàn toàn mang tính tự nguyện. Bạn có quyền rút lui bất cứ lúc nào mà không chịu bất kỳ hậu quả tiêu cực nào. Nếu bạn quyết định rút lui, thông tin của bạn sẽ bị loại khỏi nghiên cứu và bị tiêu hủy.*

### **Risks and Benefits**

There are minimal risks associated with participating in this interview. You may benefit from the opportunity to reflect on your professional experiences and contribute to research that aims to improve HR practices in audit firms. This study may also provide insights that could lead to practical recommendations for enhancing HR strategies in similar contexts.

*Có rất ít rủi ro liên quan đến việc tham gia phỏng vấn này. Bạn có thể có lợi từ việc nhìn lại những kinh nghiệm chuyên môn của bản thân và đóng góp cho một nghiên cứu nhằm cải thiện thực tiễn quản trị nhân sự trong các công ty kiểm toán. Nghiên cứu này cũng có thể đưa ra những khuyến nghị hữu ích trong việc nâng cao chiến lược nhân sự ở các bối cảnh tương tự.*

### **Consent/Cam kết đồng ý**

By signing this form, you acknowledge that you have read and understood the information provided above. You consent to participate in this interview voluntarily and understand that you may withdraw at any time.

*Bằng cách ký vào biểu mẫu này, bạn xác nhận rằng bạn đã đọc và hiểu các thông tin được cung cấp ở trên. Bạn đồng ý tham gia cuộc phỏng vấn này một cách tự nguyện và hiểu rằng bạn có thể rút lui bất kỳ lúc nào.*

### **Contact Information/Thông tin liên hệ**

For any questions or additional information regarding this study, please feel free to contact me at [luatsudung.vn@gmail.com](mailto:luatsudung.vn@gmail.com) or by phone at +84904104824.

*Nếu bạn có bất kỳ câu hỏi nào hoặc cần thêm thông tin liên quan đến nghiên cứu này, vui lòng liên hệ tôi qua email **luatsudung.vn@gmail.com** hoặc điện thoại **+84 904 104 824**.*

**Signature**

Participant's Name (Printed)/Người tham gia (in hoa): \_\_\_\_\_

Participant's Signature/Chữ ký người tham gia: \_\_\_\_\_

Date/Ngày: \_\_\_\_\_

Researcher's Signature/Chữ ký người phỏng vấn: \_\_\_\_\_

Date/Ngày: \_\_\_\_\_

## APPENDIX C

### INTERVIEW GUIDE

**Researcher/Người nghiên cứu:** Nguyen Hoang Dung/Nguyễn Hoàng Dũng  
**Research Title/Nghiên cứu:** Optimizing the effectiveness of Human Resource Management in Audit Firms/Nâng cao hiệu quả quản trị nguồn nhân lực tại các công ty kiểm toán

#### Introduction by the Researcher

- Cảm ơn anh/chị đã đồng ý tham gia vào cuộc phỏng vấn này.  
*Thank you for agreeing to participate in this interview.*
- Mục đích của nghiên cứu là tìm hiểu cách quản trị nguồn nhân lực đối với kiểm toán viên có 3 năm kinh nghiệm tại công ty của anh/chị, và từ đó có thể hỗ trợ anh/chị và các công ty kiểm toán nâng cao hiệu quả quản trị nguồn nhân lực.  
*The purpose of this study is to understand human resource management for auditors with three years of experience at your company, and from there, support you and audit firms in improving HR management effectiveness.*
- Cuộc phỏng vấn này sẽ kéo dài khoảng 45-60 phút và tất cả thông tin sẽ được bảo mật tuyệt đối.  
*This interview will last approximately 45-60 minutes, and all information will be kept strictly confidential.*
- Anh/chị có quyền dừng phỏng vấn hoặc không trả lời bất kỳ câu hỏi nào nếu cảm thấy không thoải mái.

*You have the right to stop the interview or decline to answer any question if you feel uncomfortable.*

## **Câu hỏi phỏng vấn - Interview Questions**

### **1. Câu hỏi chung (General Questions)**

- Anh/chị có thể chia sẻ đôi chút về công việc hiện tại và kinh nghiệm làm việc trong lĩnh vực kiểm toán?  
*Could you share a bit about your current job and your experience in the auditing field?*
- Anh/chị đã làm việc tại công ty này được bao lâu và từng trải qua các vị trí nào?  
*How long have you been working at this company and what positions have you held?*
- Anh/chị có thể mô tả về cách quản lý nguồn nhân lực tại công ty mình không?  
*Could you describe how human resources are managed at your company?*

### **2. Work Motivation – Động lực làm việc**

- Theo anh/chị, những yếu tố nào trong quản lý nhân sự đang phát huy hiệu quả, cụ thể với kiểm toán viên có 3 năm kinh nghiệm?  
*In your opinion, which aspects of human resource management are currently effective, specifically for auditors with 3 years of experience?*
- Những yếu tố nào trong văn hóa công ty hiện đang tạo động lực làm việc cho kiểm toán viên có 3 năm kinh nghiệm? Yếu tố nào cần cải thiện thêm?

*Which elements of the company culture are motivating auditors with 3 years of experience? Are there any areas that need improvement?*

- Công ty anh/chị có chương trình đào tạo và phát triển nào dành riêng cho kiểm toán viên có 3 năm kinh nghiệm không? Nếu có, hiệu quả của các chương trình này được đánh giá như thế nào?

*Does your company offer any specific training and development programs for auditors with 3 years of experience? If so, how is the effectiveness of these programs evaluated?*

- Anh/chị cảm thấy các cơ hội phát triển nghề nghiệp hiện tại có đủ để giữ chân kiểm toán viên có 3 năm kinh nghiệm không?

*Do you feel that the current career development opportunities are sufficient to retain auditors with 3 years of experience?*

### **3. Job Satisfaction – Sự hài lòng công việc**

- Anh/chị đánh giá thế nào về khả năng cân bằng giữa công việc và cuộc sống cá nhân tại công ty, đặc biệt là đối với kiểm toán viên có 3 năm kinh nghiệm?

*How would you assess the work-life balance at your company, especially for auditors with 3 years of experience?*

- Công ty có chính sách hay hỗ trợ nào giúp kiểm toán viên có 3 năm kinh nghiệm duy trì cân bằng giữa công việc và cuộc sống không?

*Does the company have any policies or support systems in place to help auditors with 3 years of experience maintain a healthy work-life balance?*



- Công ty anh/chị đã áp dụng những biện pháp nào để giữ chân nhân viên, đặc biệt là các kiểm toán viên có 3 năm kinh nghiệm chưa? Anh/chị có thể mô tả chi tiết không?

*What measures has your company implemented to retain employees, particularly auditors with 3 years of experience? Could you describe them in detail?*

#### **4. Organizational Commitment – Cam kết tổ chức**

- Theo anh/chị, văn hóa công ty đóng vai trò như thế nào trong việc giữ chân kiểm toán viên, đặc biệt là nhóm có 3 năm kinh nghiệm?

*In your opinion, what role does company culture play in retaining auditors, especially those with 3 years of experience?*

- Theo anh/chị, những cải tiến nào trong quản lý nhân sự có thể giúp tăng tỷ lệ giữ chân kiểm toán viên có 3 năm kinh nghiệm?

*What improvements in human resource management do you think could help increase the retention rate of auditors with 3 years of experience?*

- Anh/chị có ý tưởng hoặc đề xuất nào nhằm giảm tỷ lệ nghỉ việc ở nhóm kiểm toán viên có 3 năm kinh nghiệm không?

*Do you have any ideas or suggestions to reduce the turnover rate among auditors with 3 years of experience?*

- Anh/chị còn muốn chia sẻ thêm điều gì về quản lý nhân sự hoặc những yếu tố giúp giữ chân kiểm toán viên có 3 năm kinh nghiệm không?

*Is there anything else you would like to share about human resource management or factors that help retain auditors with 3 years of experience?*

- Anh/chị có đề xuất nào cho nghiên cứu này nhằm cải thiện chiến lược quản trị nhân sự trong tương lai, đặc biệt là đối với nhóm kiểm toán viên có 3 năm kinh nghiệm không?

*Do you have any recommendations for this research to improve future human resource management strategies, particularly for auditors with 3 years of experience?*

## **5. Work Environment – Môi trường làm việc**

- Những thách thức lớn nhất trong quản lý nhân sự tại công ty là gì? Đặc biệt, có khó khăn nào liên quan đến việc quản lý kiểm toán viên có 3 năm kinh nghiệm không?

*What are the biggest challenges in human resource management at your company? Specifically, are there any difficulties related to managing auditors with 3 years of experience?*

- Theo anh/chị, đâu là lý do chính khiến nhiều kiểm toán viên thường rời bỏ công ty sau khoảng 3 năm làm việc?

*In your opinion, what are the main reasons why many auditors tend to leave the company after around 3 years of working?*

## **Conclusion**

- Cảm ơn anh/chị rất nhiều vì đã dành thời gian tham gia cuộc phỏng vấn này.  
*Thank you very much for taking the time to participate in this interview.*
- Thông tin mà anh/chị cung cấp sẽ đóng góp rất nhiều cho nghiên cứu của tôi.

*The information you provided will greatly contribute to my research.*

- Tôi sẽ liên hệ lại nếu cần thêm thông tin hoặc để chia sẻ kết quả của nghiên cứu (nếu anh/chị có nhu cầu).
- *I will reach out again if I need any additional information or to share the research findings (if you are interested).*

## APPENDIX D

### SURVEY QUESTIONS

I extend my greetings to you all. I am Dung, currently conducting research on the topic 'Optimizing the Effectiveness of Human Resource Management in Audit Firms.' To support this study, I have developed this survey and sincerely hope for your valuable cooperation and support in answering the questions.

This bilingual survey is designed to understand the reasons why auditors with 3 years of experience may leave their jobs, identify factors within human resource management that encourage them to stay, and explore desired improvements in HR practices to enhance employee retention. Your responses will contribute valuable insights to improve HR practices in small and medium audit firms in Hanoi. Please answer each question honestly. Should you have any inquiries regarding this survey, please feel free to contact me: Nguyen Hoang Dung, email: luatsudung.vn@gmail.com. I sincerely appreciate your invaluable assistance!

Xin gửi lời chào trân trọng đến quý vị. Tôi là Dũng, hiện đang tiến hành nghiên cứu đề tài "Nâng cao hiệu quả quản trị nguồn nhân lực trong các công ty kiểm toán". Để phục vụ cho nghiên cứu, tôi đã xây dựng bảng khảo sát này và rất mong nhận được sự hợp tác và hỗ trợ quý giá từ quý vị trong việc tham gia trả lời các câu hỏi.

Bản khảo sát song ngữ này được thiết kế để hiểu rõ lý do tại sao các kiểm toán viên có 3 năm kinh nghiệm có thể nghỉ việc, xác định các yếu tố trong quản trị nguồn nhân lực khuyến khích họ ở lại, và khám phá những cải tiến cần thiết trong quản trị nhân sự để tăng cường sự gắn bó của nhân viên. Các câu trả lời của bạn sẽ cung cấp thông tin có giá trị nhằm cải thiện các thực hành quản trị nguồn nhân lực trong các công ty kiểm toán nhỏ và

vừa tại Hà Nội. Vui lòng trả lời từng câu hỏi một cách trung thực. Câu trả lời của bạn sẽ được giữ bảo mật. Nếu bạn có bất kỳ câu hỏi nào liên quan đến khảo sát này, vui lòng liên hệ với tôi: Nguyễn Hoàng Dũng, email: luatsudung.vn@gmail.com. Tôi chân thành cảm ơn sự hỗ trợ quý báu của bạn!

☐ **Full Name (optional) / Họ và tên (tùy chọn):**

- Please write your full name or leave blank / Viết đầy đủ hoặc để trống.

☐ **Gender / Giới tính:**

- Male / Nam
- Female / Nữ
- Prefer not to say / Không muốn tiết lộ

☐ **Age / Độ tuổi:**

- Under 25 / Dưới 25
- 25 - 30
- 31 - 35
- Over 35 / Trên 35

☐ **Education Level / Trình độ học vấn:**

- Bachelor's Degree / Cử nhân
- Master's Degree / Thạc sĩ
- Doctorate / Tiến sĩ
- Other (please specify) / Khác (ghi rõ)

☐ **Work Experience in Auditing Firm / Kinh nghiệm làm việc trong công ty kiểm toán:**

- Less than 1 year / Dưới 1 năm
- 1 - 2 years / 1 - 2 năm
- 2 - 3 years / 2 - 3 năm
- 3 years/ 3 năm
- More than 3 years / Trên 3 năm

☐ **What is your current employment status? / Hiện tại, tình trạng việc làm của bạn như thế nào?**

- Currently working at an audit firm / Đang làm việc tại công ty kiểm toán
- No longer working at an audit firm / Đã nghỉ việc tại công ty kiểm toán

☐ **Current Company Type / Công ty hiện tại là:**

- Small or medium auditing firm / Công ty kiểm toán nhỏ và vừa
- Other / Khác

☐ **Current Position / Chức vụ hiện tại:**

- Staff / Nhân viên
- Team Leader / Trưởng nhóm
- Manager / Quản lý
- Director/Executive / Giám đốc/Ban lãnh đạo
- Other / Khác

☐ **Future Work Plan at Current Company / Dự định làm việc tại công ty trong tương lai:**

- Less than 1 year / Dưới 1 năm
- 1 - 3 years / 1 - 3 năm
- 4 - 6 years / 4 - 6 năm
- Not sure / Không xác định

**Please rate each statement based on the following scale:**

Vui lòng đánh giá mỗi câu theo thang điểm sau:

<b>1 - Strongly</b>	<b>2 - Disagree /</b>	<b>3 - Neutral /</b>	<b>4 - Agree /</b>	<b>5 - Strongly</b>
<b>Disagree /</b>	<b>Không đồng ý</b>	<b>Trung lập</b>	<b>Đồng ý</b>	<b>Agree / Hoàn</b>
<b>Hoàn toàn</b>				<b>toàn đồng ý</b>
<b>không đồng ý</b>				

**Section I: Reasons for Turnover in auditing firm / Phần I: Lý do nghỉ việc tại công ty kiểm toán**

*(For auditors with 3 years of experience who are still working at the audit firm, please skip this section/ Đối với những kiểm toán viên 3 năm kinh nghiệm vẫn còn tiếp tục làm việc tại công ty kiểm toán, vui lòng bỏ qua mục này)*

<b>1. Work Motivation – Động lực làm việc</b>					
<input type="checkbox"/> <b>My contributions are recognized and appreciated.</b> <i>Sự đóng góp của tôi được công nhận và đánh giá cao.</i>	1	2	3	4	5
<input type="checkbox"/> <b>I receive constructive feedback that helps me grow professionally.</b> <i>Tôi nhận được phản hồi mang tính xây dựng giúp tôi phát triển nghề nghiệp.</i>	1	2	3	4	5
<input type="checkbox"/> <b>I feel valued as an employee in my current role.</b> <i>Tôi cảm thấy được trân trọng như một nhân viên trong vai trò hiện tại.</i>	1	2	3	4	5
<b>2. Organizational Commitment – Cam kết tổ chức</b>					
<input type="checkbox"/> <b>I feel there are opportunities for career advancement within my company.</b> <i>Tôi cảm thấy có cơ hội thăng tiến trong công ty của mình.</i>	1	2	3	4	5
<input type="checkbox"/> <b>I am satisfied with the training and development opportunities offered by my company.</b> <i>Tôi hài lòng với cơ hội đào tạo và phát triển mà công ty cung cấp.</i>	1	2	3	4	5
<input type="checkbox"/> <b>There are specific challenges in my role that make me consider leaving.</b>	1	2	3	4	5

<i>Có những thách thức trong công việc khiến tôi suy nghĩ đến việc nghỉ việc.</i>					
<b>3. Job Satisfaction – Sự hài lòng công việc</b>					
<b>I am satisfied with my current job role and responsibilities.</b> <i>Tôi hài lòng với vai trò công việc và trách nhiệm hiện tại của mình.</i>	1	2	3	4	5
<b>I am satisfied with the salary and benefits provided by my company.</b> <i>Tôi hài lòng với mức lương và phúc lợi mà công ty cung cấp.</i>	1	2	3	4	5
<b>The workload I experience on a daily basis is manageable.</b> <i>Khối lượng công việc hàng ngày của tôi là vừa phải.</i>	1	2	3	4	5
<b>4. Work Environment – Môi trường làm việc</b>					
<b>My company provides adequate work-life balance.</b> <i>Công ty tôi cung cấp sự cân bằng giữa công việc và cuộc sống.</i>	1	2	3	4	5

**Section II: Factors Encouraging Retention in auditing firm / Phần II: Các yếu tố khuyến khích giữ chân nhân viên tại công ty kiểm toán**

<b>1. Work Motivation – Động lực làm việc</b>					
<input type="checkbox"/> <b>I am motivated to continue working at my current company.</b> <i>Tôi có động lực để tiếp tục làm việc tại công ty hiện tại.</i>	1	2	3	4	5



<input type="checkbox"/> <b>I have autonomy in my job responsibilities, which enhances my job satisfaction.</b> <i>Tôi có quyền tự chủ trong các trách nhiệm công việc, điều này làm tăng sự hài lòng của tôi với công việc.</i>	1	2	3	4	5
<input type="checkbox"/> <b>Financial incentives play an important role in my decision to stay with a company.</b> <i>Các ưu đãi tài chính đóng vai trò quan trọng trong quyết định ở lại công ty của tôi.</i>	1	2	3	4	5
<b>2. Organizational Commitment – Cam kết tổ chức</b>					
<input type="checkbox"/> <b>A clear career path is important to my long-term commitment to a company.</b> <i>Một lộ trình sự nghiệp rõ ràng là quan trọng cho sự cam kết lâu dài của tôi với công ty.</i>	1	2	3	4	5
<input type="checkbox"/> <b>My company offers mentorship or guidance for my career growth.</b> <i>Công ty của tôi cung cấp sự hướng dẫn hoặc cố vấn cho sự phát triển nghề nghiệp của tôi.</i>	1	2	3	4	5
<input type="checkbox"/> <b>Other factors contribute to my desire to remain with my current employer.</b> <i>Các yếu tố khác góp phần vào mong muốn của tôi ở lại với công ty hiện tại.</i>	1	2	3	4	5
<b>3. Job Satisfaction – Sự hài lòng công việc</b>					
<input type="checkbox"/> <b>My work aligns with the company's mission and values.</b>	1	2	3	4	5

<i>Công việc của tôi phù hợp với sứ mệnh và giá trị của công ty.</i>					
<input type="checkbox"/> <b>Company leadership communicates company goals and strategies effectively.</b> <i>Lãnh đạo công ty truyền đạt mục tiêu và chiến lược của công ty một cách hiệu quả.</i>	1	2	3	4	5
<b>4. Work Environment – Môi trường làm việc</b>					
<input type="checkbox"/> <b>Company culture is a key factor in my decision to stay with a company.</b> <i>Văn hóa công ty là yếu tố quan trọng trong quyết định ở lại công ty của tôi.</i>	1	2	3	4	5
<input type="checkbox"/> <b>Team-building activities and social events positively impact my connection to the company.</b> <i>Các hoạt động xây dựng đội nhóm và sự kiện xã hội có tác động tích cực đến sự kết nối của tôi với công ty.</i>	1	2	3	4	5

**Section III: Desired HRM Improvements in auditing firm / Phần III: Cải tiến trong Quản trị Nguồn nhân lực tại công ty kiểm toán**

<b>1. Work Motivation – Động lực làm việc</b>					
<b>Enhanced recognition and reward systems would motivate me to remain with my current employer.</b> <i>Hệ thống công nhận và khen thưởng nâng cao sẽ thúc đẩy tôi ở lại công ty hiện tại.</i>	1	2	3	4	5
<b>Increased financial benefits (e.g., salary, bonuses) would make me more likely to stay.</b>	1	2	3	4	5

<i>Tăng cường các lợi ích tài chính (như lương, thưởng) sẽ làm tăng khả năng tôi ở lại.</i>					
<b>More frequent and constructive performance feedback would positively impact my engagement.</b> <i>Phản hồi hiệu quả và thường xuyên hơn về hiệu suất sẽ có tác động tích cực đến sự gắn kết của tôi.</i>	1	2	3	4	5
<b>2. Organizational Commitment – Cam kết tổ chức</b>					
<b>I would like my company to offer more career development opportunities.</b> <i>Tôi mong công ty cung cấp thêm các cơ hội phát triển nghề nghiệp.</i>	1	2	3	4	5
<b>I would appreciate more mentorship and guidance from senior leaders.</b> <i>Tôi mong nhận được sự hướng dẫn và cố vấn nhiều hơn từ các lãnh đạo cấp cao.</i>	1	2	3	4	5
<b>Improved communication from management regarding company direction would enhance my commitment.</b> <i>Cải thiện giao tiếp từ ban lãnh đạo về định hướng công ty sẽ tăng cường sự cam kết của tôi.</i>	1	2	3	4	5
<b>3. Job Satisfaction – Sự hài lòng công việc</b>					
<b>Additional training and development programs would increase my satisfaction.</b> <i>Các chương trình đào tạo và phát triển bổ sung sẽ làm tăng sự hài lòng của tôi.</i>	1	2	3	4	5

<b>Opportunities for cross-functional projects would enhance my job satisfaction.</b> <i>Cơ hội tham gia vào các dự án đa chức năng sẽ làm tăng sự hài lòng của tôi trong công việc.</i>	1	2	3	4	5
<b>4. Work Environment – Môi trường làm việc</b>					
<b>Better work-life balance initiatives would encourage me to stay with the company longer.</b> <i>Các sáng kiến cải thiện cân bằng công việc-cuộc sống sẽ khuyến khích tôi ở lại công ty lâu hơn.</i>	1	2	3	4	5
<b>Improving workplace culture would positively influence my decision to stay.</b> <i>Cải thiện văn hóa nơi làm việc sẽ có ảnh hưởng tích cực đến quyết định ở lại của tôi.</i>	1	2	3	4	5

