

AUDIT RESPONSIBILITY COMPETENCY AND AUDIT SURVIVAL: EVIDENCE FROM TAX AUDITORS (TAs) IN THAILAND

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Abstract: *In the present of audit markets, there is great attention to auditors' responsibility about survival and sustainability of the audit. This research studies the relationship between audit responsibility competency and audit survival. Especially, the effects are investigated regarding the responsibility of tax auditors (TAs) in Thailand. The stakeholder theory and social cognitive theory are used to explain the relationship of the variables in this research. Tax auditors in Thailand were selected as the sample and the key informants. The questionnaire is used as an instrument for data collection from 363 key informants. The Ordinary Least Squares (OLS) regression analysis is a method for testing the hypotheses. The results show that audit responsibility competency has a significant positive effect on audit performance, audit reputation and audit image. Moreover, audit performance has positive relationships with audit reputation, audit image, stakeholder involvement, and audit survival. Whereas, audit reputation positively affects only audit survival, it has no relationship with stakeholder involvement. On the other hand, audit image has a positive effect on both stakeholder involvement and audit survival. Finally, stakeholder involvement also has positive relationships with audit survival. This research provides a unique theoretical contribution in expanding on the previous knowledge and literature of a model of audit responsibility competency in Thailand.*

Keywords: *Audit Responsibility Competency, Audit Performance, Audit Reputation, Audit Image, Stakeholder Involvement, Audit Survival*

1. Introduction

From an uncertain environment, the numerous global financial globally led to the work of the audit firm. These linked to allegations of professional negligence and violation of the duty of auditors. It demonstrates that the seriousness and responsibility for the audit profession are a contribution from third parties, and the cost of coverage increases (Nguyen, 2008). Due to the auditor lack of integrity and transparency in the operation, thus

resulting in a great damage, the auditor has a responsibility to plan and perform the audit to obtain the confidence of reasonable investors that these financial statements show the truth free of error or fraud. Therefore, it is imperative that there should be clear development of monitoring or strategy with an increased focus on fraud detection, coupled with expanded responsibility (Alleyne, 2010; Guan, Kaminski, & Wetzel, 2008).

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The responsibility structure is seen more in the field of the application of a variety of business ethics as to development, supervision, and administration in the state of the management of resources and society (Newman, Patterson and Reed, 2005). Consistent with Makkawi and Schick (2003), it is suggested that the auditor's responsibility is to carefully protect and preserve the reputation of professionalism, integrity, and credibility.

This research focuses on audit responsibility competency which refers to the duties of auditors to be done with integrity, transparency and the ability to audit professional, including the decision to perform without any influence to performance, quality and efficiency. Eilifsen (1998) showed that one of the responsibilities of the auditor is to achieve the performance of the audit. Also, the auditor must be knowledge, have professional expertise and implement the moral ethics, including regarding the stakeholders involved. Likewise, Miller (1999) indicated that the deterioration of ethics of the investigator is because of the asymmetry between private interests and the public interest. These make the responsibility of the auditor decline. Hence, the principle of responsibility is the main element of good governance and enhances the efficiency of the audit.

In Thailand, fraud has occurred for a long time and tends to be more and more severe. For example, the failure of the government's rice mortgage scheme stems from the absurdity of the loan amount which exceeds the market price set as high as 40 percent. There is a lack of integrity and transparency in the operation, which is a serious problem affecting the economy and the capital markets, and adversely affected development (Salem, 2012). From fraud, the financial institutions of Thailand had reduced confidence by international financial investment. It will be more difficult because there is no credibility in the financial information, giving investor

confidence. Therefore, various organizations try to build confidence among investors or other stakeholders associated with the financial reporting, which reliable and qualified information is helpful in making business decisions. The auditors have a duty and responsibility to investigate, review financial information of the company, as well as give an opinion on the audit report to insure the accuracy and reliability of financial information before disclosure to the public. They used financial information for decision-making on business investments.

Nowadays, small and medium-sized enterprises (SMEs) are important to the economic development of the country for which stakeholders need accurate financial information. This research emphasizes the auditor's responsibilities for auditing financial statements of small and medium-sized enterprises. According to the Accounting Act of 2006^u it is required that the financial statements of small and medium enterprises need to audited by tax auditors, who are responsible for both internal and external stakeholders. Hence, the auditor who has developed competence in the science is involved in the audit through education and work experience. The auditor will develop skill and expertise (Brocheler, Maijoor & Witteloostuijn, 2004). The audit professional increases confidence in the reliability of financial statements in reports to the public. The reliability of the auditor includes the responsibility to meet stakeholders, and provides audit image (Solomon, Reckers & Lowe, 2005). For the above reason, auditors can survive in the profession and remain sustainable. The purpose of this research is to investigate the impact of audit responsibility competency on audit survival. Also, the main research question in the current study is: How does audit responsibility competency affect audit survival?

The remainder of this research is as follows. The second section discusses the previous literature and reviews significant literature in areas that are the streams of audit responsibility competency. Moreover, audit survival links the concepts of the aforementioned variables, and develops the main research hypotheses of those relationships. The third section provides a nature of the sample and collection data and the variables in the empirical investigation. The fourth section reports the results of this research. The fifth and sixth sections present a contribution, limitations, and future research. Finally, the study presents an overall conclusion in the seventh section.

2. Literature Review

This research implements the stakeholder theory as the main theory to clearly explain audit responsibility competency as to outcome. Likewise, the social cognitive theory is employed to explain the association between audit responsibility competency and the antecedents. Each of the applied theories is detailed as follows.

Stakeholder theory is linked to legitimacy by focusing on the firm's policy and stakeholders. It presents that auditors are responsible not only to their clients, but also to all stakeholders. The stakeholders include customers, employees, shareholders, suppliers, competitors, government and community (Clarkson, 1995). This theory explains why auditors should recognize the focus on audit responsibility. The auditors are expected to be responsible for stakeholder interests and acknowledge a duty of care towards traditional interest groups such as shareholders and clients, as well as other stakeholders such as communities, society, and the public (Simmons, 2004).

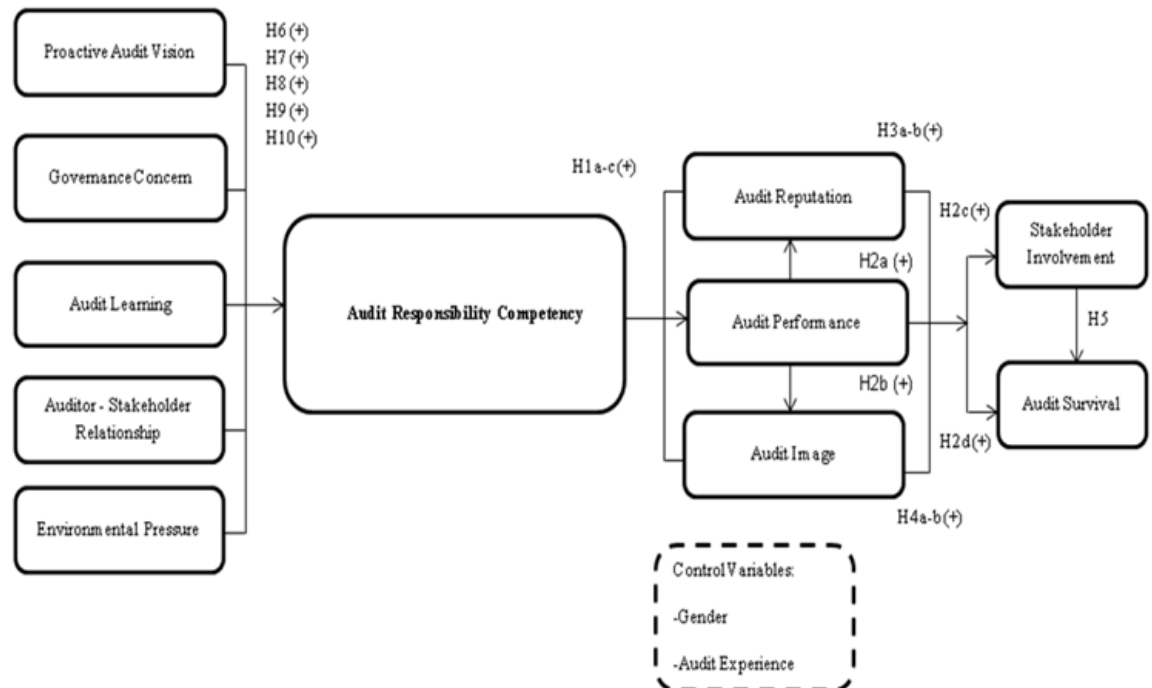
In this research, the auditor's relationship with the various stakeholders, both internal and external, is affected by

the performance of the external auditors. At the same time, it is causing a negative impact on the performance of the external auditor. Also, the auditor must pay attention to the results of the audit to the customer or stakeholder satisfaction adoption portfolio, leading to success in the profession. Therefore, this theory explains audit responsibility competency, including integrity, transparency and the quality conduct of the auditor.

Social cognitive theory has emerged as a focus on understanding and explaining human behavior in the theoretical perspective. It explains results of the interrelationships between social environmental factors and personal factors involving cognition. Prior research applies social cognitive theory to explain why high status organization members engage in unethical. Beside, Indartono and Chen (2010) apply social cognitive theory to explain the associations among task characteristics and significant performance. This theory is comprised of three divisions; namely, personal, environment and interdependent behavior. Hence, this theory explains human behavior as a consequence of the relationship between the social environment and personal factors related to emotional concepts and biological events (Bandura, 1997). Prior research indicates that efficiency and prior experience failures stimulate learning and adaptation.

In this research, the auditor is responsible for good behavior which can be caused by many factors both inside and outside the organization, such as proactive monitoring vision, regulatory awareness, audit learning, relationships between investigators and stakeholders, as well as useful pressure from the environment. Hence, this theory explains the relationship between audit responsibility competency and antecedence.

Figure 1
Conceptual Model of Audit Responsibility Competency and Audit Survival



- Audit Responsibility Competency

Audit responsibility competency refers to the ability of auditors to practice their duties and functions with integrity and transparency, and the conduct of audit professional concerning decision to perform without any influence on the performance, quality and efficiency. "The core audit principles which must be implemented are: responsibility, independence, capability, transparency, accountability, independence and competence, objectivity, confidentiality, and cooperation" (International Forum of Independent Audit Regulators: IFIAR, 2008). Hence, responsibility needs an auditor who has more integrity, honesty and competence. To be sure that the financial information is a fair representation of the financial situation of the firm, it is emphasized that the integrity and honesty of the auditor not be threatened by improper influence and conflicts of benefit. However, the auditor

must be independent from the influence of others (Duska, 2005). The auditor's independence means to ensure that they will be able to prevent and maintain the public interest. Also, Marchesi (2000) presented that a strong responsibility will have effect on the importance of the audit and the auditor's independence. The auditors must also build reasonable confidence about financial reports free of misstatements, whether due to errors or fraud (AICPA, 2006). They must be deliberate about ethics under the existing framework.

Nevertheless, the transparent public report is audit firm governance that anticipates revealing the audit quality. Also, it is an important influence on audit quality which is expected to motivate audit firms to create audit quality (The International Organization of Securities Commissions: IOSCO, 2009). In addition, the auditor's competence is evidence of the reality of the audit work. The increased

competency of the auditor leads to find errors and irregularities in the financial statements. According to Holm and Zaman (2012), it is indicated that the regulatory and professional bodies involved in image creation and support of audit quality have tried to improve bad image and increase legitimacy. Thus, auditors should have the knowledge, skills, and other abilities to conduct their individual responsibility to perform the audit. Whereas, the auditor must possess or gain knowledge, skills, and other abilities needed to carry out the responsibilities.

Therefore, the auditors are working to determine that the reliability of opinion on the report meets reality. The investor's useful information to decision-making is socially acceptable in performance, leading to the perception of the reputation. Nevertheless, audit reputation causes the conduct of the auditor which is good and would affect the image of the audit. Likewise, Barich and Kotler (1991) suggested the image means that the overall image impression in the hearts of people is from the satisfaction of an action or activity. According to Wartick (1992) corporate reputation is "an aggregation of a single stakeholder's perceptions of how well organizational responses are meeting the demands and expectations of many organizational stakeholders."

Hence, they recognize that responsibility to a third party has a positive relationship with audit reputation. The successful auditor can build a reputation from audit performance because the client chooses the auditor of higher reputation. At the same time, the auditor wants to create a working reputation by achieving a successful audit (MacCracken, 2003).

Hence, audit responsibility competency is an audit capability derived from the implementation of relevant audit responsibility to diligently perform audit tasks. To confirm this theoretical framework, a great amount of previous research is empirically investigated. The

result shows that auditors with higher audit responsibility can enhance their audit outcome ability, such as effectiveness in audit performance, audit reputation, and audit image. Based on this rationale, the auditor with higher responsibility will gain superior audit outcomes. This research implies the following hypothesis:

Hypothesis 1: *The higher the audit responsibility competency is, the more likely that auditors will gain greater (a) audit performance, (b) audit reputation, and (c) audit image.*

- Audit Performance

Audit performance is defined as the results of audit performances that are according to professional standards, including comments on the audit report that are accurate and appropriate, and the use of time and resources to determine whether implementation decreases (Blokdijs, 2004; Lin & Hwang, 2010). The audit performance as an outcome of audit work is received from audit responsibility. There are many objectives such as the evaluation of effectiveness, efficiency, compliance, internal control, and expectation analyses (Pincus, Bernardi & Ludwig, 1999). Besides, MacCracken (2003) shows that audit outcomes can create a reputation for an auditor because the client selects the auditor with a better reputation over other auditors. A good reputation may help a firm in creating image in the industry (Porter, 1985). Prior study shows that audit success leading to the clients' satisfaction are on-time, and that the auditor's conduct of audit work is made up of low cost (Nicolaou, 2000).

Thus, auditors with increased audit performance are likely to gain a higher, sustainable reputation, including adding image to the audit. Moreover, the audit performance in government illustrates an emphasis on the roles and responsibilities that effectively improve the management ability of the audited units for social and economic benefits (Ma & Ma, 2011).

However, most of the literature indicates that audit performance with responsibility may enhance the effectiveness of reputation, the image of stakeholders and the survival of profession. Consequently, the hypothesis is postulated as follows:

Hypothesis 2: *The higher the audit performance is, the more likely that auditors will gain greater (a) audit reputation, (b) audit image, (c) stakeholder involvement, and (d) audit survival.*

- Audit Reputation

Audit reputation is defined as the auditor who admits publicly that he can determine efficiently and reliably regarding by the colleagues to consider the quality of the audit (Baotham & Ussahawanitchakit, 2009; Skinner & Srinivasan, 2012). Reputation may have a great impact on other potential such as the signals about quality of product, attracting investors and supporting access to capital markets (Beatty & Ritter, 1986; Milgrom & Roberts, 1986). Furthermore, there is a signal effect to the behavior of a firm's stakeholders. Consistently, Krishnamurthy, Zhou and Ahou (2006) showed that an auditor's reputation is important since it is the widespread opinion among firms. The auditors who have a reputation for a high quality inspection process are reliably certified for information presented in the financial statements. Furthermore, a code of ethics has been the professional assurance that a society's customers have responsibility and maintain integrity and reputation as a code of ethics to give quality assurance for all stakeholders (Velayutham, 2003).

Moreover, Fombrun and Shanley (1990); Hall (1993) presented that the researchers' investigation reputation as a social identity, depicts it as an important and intangible resource which may significantly create a corporation's performance, and even its survival. Thus, indices show the auditors' efforts to

prevent audit reputation for sustained audit survival is associated with the creditability of the client. Consequently, the following hypothesis is postulated:

Hypothesis 3: *The higher the audit reputation is, the more likely that auditors will gain greater (a) stakeholder involvement and (b) audit survival.*

- Audit Image

Audit image is defined as the overall impressions produced in the minds of the people trusting specialized examination, control of the performance, a code of ethics, and the responsibility sense of the auditor (Crompton, 1979; Flavian, Tores and Guuilaniu, 2004). Under the circumstances, the image of a vital part is encouraging clients to participate in products or services that the organization offers (Poiesz, 1989). Image has two components; the first component that is functional is associated with the features that are tangible and can be easily measured; while emotional elements are related to the psychological view of dealing with their feelings and attitudes. These are derived from personal experience with the organization and get the information to the organization (Kennedy, 1977). Also, the auditors will be conducted to determine to success, to create, and to develop a positive image to be accepted by society and stakeholders. Besides, Stuart (1999) indicates that corporate image is each person's immediate appeal to a company while corporate reputation results from stakeholders holding corresponding corporate images. In this view, the image is important in the eyes of stakeholders.

Therefore, the auditors who are responsible for the comments in the audit report for those stakeholders can show reliable financial information to use in decision-making. They must conduct the audit practices and provide the audit quality in order to maintain and develop the image in the audit profession. For

audit profession perspectives, auditors could build both reliability and credibility of their professions through image (Solomon, Philip, & Jordan L.J., 2005). Then, auditors with greater image tend to explicitly have more stakeholder involvement and encourage higher audit survival in their current and future profession. As discussed above, this research hypothesizes that audit image will have a positive relationship with stakeholder involvement and audit survival. Consequently, the following hypothesis is postulated.

Hypothesis 4: *The higher the audit image is, the more likely that auditors will gain greater (a) stakeholder involvement and (b) audit survival.*

- Stakeholder Involvement

Stakeholder involvement refers to the engagement and recognition of stakeholders in the operation of the audit, with awareness of benefit in anticipation of damage from performance auditing, and it occurs with the stakeholders. Thus, the firms meet the needs of stakeholders for that firm creates a quality product or service which for stakeholder satisfaction (Freeman, 1984; Foster & Jonker, 2005). The stakeholders are “any group or individual who can affect or is affected by the achievement of the organization's objectives,” (Freeman, 1984, p. 46). The decisions made about the credibility of financial reports are based on a variety of internal and external information of the firm. The investors rely on various amounts of information in many accounting decision making contexts (Solomon, Reckers & Lowe, 2005). Moreover, stakeholder engagement is the focus on auditors to create social legitimacy. Moreover, prior research presents that customer satisfaction leads to marketing outcomes (Saekoo & Ussahawanitchakit, 2010) and market performance (Sansook & Ussahawanitchakit, 2008). In this view,

when the investors need information to make decisions, so the auditors must increase more trust in data to reporting and leading to stakeholders ensure acceptance of performance, achieving the success of the audit. Thus, stakeholder involvement via audit activities, duties, and functions, seems to present that stakeholders have had the reliability and credibility with audit professions that help audit work run smooth and well. The greater stakeholder involvement is likely to provide more audit survival.

Hence, these policies and practices offer the solution for audit success that may impact perceived audit performance, audit image, audit reputation, and acceptance of stakeholders. Consequently, the following hypothesis is postulated.

Hypothesis 5: *The higher the stakeholder involvement is, the more likely that auditors will gain greater audit survival.*

- Audit Survival

Audit survival is defined as the auditors with the opportunity to get a job and the opportunity to be appointed as the auditor of new and existing customers, which are factors that lead to its sustainable improvement in audit and audit reputation (Chanruang & Ussahawanitchakit, 2010; Iwasaki, 2014). Nowadays, the structures of the audit industry are the result of the processes of successful auditors and survival in the profession. Moreover, audit survival is the auditors who have been entrusted to continuously audit customers, constantly generate new clients, and have services other than the audit. It is based on legitimacy as a consequence of performance audit efficiency (Mano, 2003). Prior research presents that there is an emphasis causing auditors to show an approach about their survival in the profession under rigorous regulation, morals, and ethics within the audit industry. Hence, the auditors must continuously conduct these activities to attain audit survival.

- *Antecedents of Audit Responsibility Competency*

- *Proactive Audit Vision*

Proactive audit vision refers to the decisive policy direction, implied goal for the responsibility to comply with duty and responsibility to society, achievement of audits appropriate for the current environment distinct among competitors, and use of modern technology in practice to assist with the development of methods of examination that are continuously abreast of the current situation (Johnson & Scholes, 1999). According to Price (2001) and Salem (2012), the vision is related to the actual operation of the organization in the future, such as goals, objectives, and motivation, as well as innovative technology. Also, the policy brings modern technology to use in the audit. The auditor has a responsibility to prevent fraud and decrease corruption. Also, a proactive vision can predict the objective job performance of businesses with policies and targets to succeed in the future under the current situation. For auditing perspectives, auditors have applied their proactive visions for current and future work in order to successfully set audit planning and outstandingly provide the information and strategy to support their excellent practices for achieving audit success and survival.

Based on the literature, that vision of the audit can promote audit responsibility competency for moving from the current state to a future desirable state in response to rapid environmental change. Hence, this research proposes that proactive audit vision is associated with audit responsibility competency. Thus, the hypothesis is proposed as follows:

Hypothesis 6: *The higher the proactive audit vision is, the more likely that auditors will gain greater audit responsibility competency.*

- *Governance Concern*

Governance concern is defined as the commitment to the practice of audit, to achieve the goals under the principles of good governance, to protect and preserve the interests of shareholders and stakeholders involved, and to create competitive advantage (Barker & Mueller, 2002; Malmi & Ikaheimo, 2003). Currently, corporate governance is the principle of the ongoing operation of any company. Corporate governance systems are designed to give assurance which the investors get in return for their investments (Shleifer & Vishny, 1997). Thus, more attention has been given to the procedures of governance because corporate governance relays social responsibility and sustainability (Aras & Crowther, 2008). With governance concern, auditors have perceived that the work climate is interested in accuracy, transparency, ethics, and morality. Hence, they tend to do their audit work efficiently and effectively via audit responsibility competency by being aware of the effects on regulations, communities, and societies.

Building upon these similarities, governance concern deals with audit responsibility competency, and then argues that governance concern is potentially possible as an antecedent of audit responsibility competency. At this point, governance concern has the potential possibility of affecting audit responsibility competency. Thus, the hypothesis is proposed as follows:

Hypothesis 7: *The higher the governance concern is, the more likely that auditors will gain greater audit responsibility competency.*

- *Audit Learning*

Audit Learning refers to the capacity in seeking and collecting knowledge and experience through education, training in knowledge, training in audit and related areas, and is used as a guide for

practitioners, including the development of knowledge and skills within the ongoing profession (Beck & Wu, 2006; IAESB, 2008; Laohamethanee & Ussahawanitchakit, 2012). Prior research shows types of knowledge that may also develop indirect decision performance with assisting in learning from experience. Prior research presents that the inexperience of auditors is a lack of knowledge in basic auditing types, and seeks to improve this knowledge over time. According to Beckett and Murray (2000), audit learning is the development of obtaining knowledge, and the distribution of benefits in the audit conduct. Moreover, Libby and Luft (1993) and Libby (1995) present that the model of the antecedent and consequence of knowledge is the ability and experience that impacts in the obtaining of knowledge, ability, responsibility, and knowledge that affect performance. This research believes that audit learning is more likely to gain a higher level of audit responsibility competency. Therefore, the hypothesis is posited as follows:

Hypothesis 8: *The higher the proactive audit vision is, the more likely that auditors will gain greater audit responsibility competency.*

- Auditor-Stakeholder Relationship

Auditor-stakeholder relationship refers to good communication of auditors and stakeholders, focuses on management, and responds to the needs of the stakeholders, including the provision of information for performance audit quality (Carcello, Hermanson & McGrath, 1992). Evidence from Geiger and Raghunandan (2002) indicates that when auditors have offered to clients long-term tenures, it may result in audit reporting failures, which are important for the auditor-client relationship. This is because of the lack of audit independence. However, the close relationship between auditor and client tend to link non-audit services that can

affect auditors' independence and impact on quality and transparency, depending on the non-audit fee. If the auditor offers a client both types of services, it is an approach to loss audit quality (Mironiuc, Chersan & Robu, 2013). Nevertheless, the associated audit stakeholder has developed in view of increased regulation and responsibility, globalization, the convenience of communication worldwide, and the rapid progress of technology in which audit firms face new challenges to savvy clients' conduct and financial sophistication (Joshi Ajmi, & Bremser 2009). Hence, based on substantial audit literature, the above rationale is applied to the audit responsibility context, which has similar objectives and practices. These auditor-stakeholder relationships should be enforced to improve audit responsibility. Based on these rationales, the following hypothesis is postulated:

Hypothesis 9: *The higher the auditor-stakeholder relationship is, the more likely that auditors will gain greater audit responsibility competency.*

- Environmental Pressure

Environmental Pressure refers to external factors, including changes in technology and professional standards, and legal obligations and responsibilities of the auditor which influence the operations and audit practices (Arens, Elder & Beasley, 2005; Laohamethanee & Ussahawanitchakit, 2012). Many differences are caused by requiring the auditor's competency, the awareness of requirements to conduct statutory audits, and reporting responsibility. Some research was done to modify the legal environment with the application of national and legal regulations corresponding to international standards of auditing that result in regular audit quality (Marchesi, 2000). Besides, Jeonga and Rhob (2004) found new evidence in audit-quality literature by showing that audited financial reports may not result in higher

quality in the situation of uncertain economic environments. Environmental pressure (globalization and stakeholder demands) encourages the audit to create timely, accurate, and confident financial and performance information (Brown, Wong, & Baldwin, 2007; Gonzalez, Sharma & Galletta, 2012). Therefore, diversity of the business environment can impact the responsibility of audit. So, this research expects that auditors with high pressure from the audit environment will have more audit responsibility competency. Thus, the hypothesis is proposed as follows:

Hypothesis 10: *The higher the auditor-stakeholder relationship is, the more likely that auditors will gain greater audit responsibility competency.*

3. Research Methods

- Sample and Data Collection Procedure

TAs is interesting to investigate such as in audit responsibility competency research in Thailand that has been rarely, specifically investigated in the auditing field. Under these situations, audit responsibility is the ability to perform effectively and efficiently by tax auditors. Hence, the audit's task of TAs is considered as an appropriate unit of analysis. The key informant chosen was the tax auditors (TAs) in Thailand. They were chosen because this research investigated the relationships between audit responsibility competency and audit survival, in which the external auditor department defines the scope of the audit work that is practical; thus, they have knowledge and experience to give actual information, have a true understanding of its practices, and can also give more relevant information or comments (Fowler, 2002).

The population of this research is tax auditors (TAs) in Thailand. The population and sample are 2,803 TAs as chosen from the database of the Revenue Department, Ministry of Finance which is displayed on

the website: www.rd.go.th. This database is a good source that provides all complete addresses, which can confirm and assert that the data of whether or not the numbers of tax auditors are eligible to sign.

According to Yamane (1973), the sample size is 351 TAs in Thailand. However, in sending the questionnaires by mail without following up, the returned questionnaire is not over 20% (Aaker et al., 2001). In this research, the questionnaires are directly distributed to 1,755 TAs in Thailand because the sample size is divided by 20% which is equal to 1,755. Here, undelivered mail was comprised 21 questionnaires because of address changes and business closures. Only 363 questionnaires are returned and completed. A response rate of this research is 20.93% as being acceptable via the recommendation of Nunnally and Bernstein (1977). The questionnaire is employed as the core instrument for collecting data. It includes the demography of TAs, audit responsibility competency, audit performance, the factors of audit responsibility competency, and audit environments. The choices in the questionnaire used closed-ended questions because they are easier and quicker for respondents to answer, and easier to code and statistically analyze (Neuman, 2006).

The maximization of response rates can avoid the non-response bias (Larson & Chow, 2003). It is a way to prevent possible response bias problems between respondents and non-respondents. Therefore, a t-test comparison of the responses from the first group mailing is used to compare with the responses received from the second group mailing. If it shows no significant difference between early and late respondents, it expresses a non-response bias between respondents and non-respondents. It implies that these returned questionnaires have no non-response bias problem (Armstrong & Overton, 1977; Berg, Lindeboom, & Dalton, 2006).

- *Variable Measurement*

- *Dependent Variable*

Audit survival is the final dependent variable in this research affected by the audit outcomes. It is measured by the perceptions of survival in the profession, continuous customers, and constant increase of new clients. This construct is measured using a four-item scale modified from Chanruang and Ussahawanitchakit (2010), and Iwasaki (2014).

- *Independent Variables*

This research considers ten independent variables: five antecedents and audit responsibility competency which refers to an ability to perform the duties of auditors with integrity, transparency, and the conduct of audit professionals, including the decision to perform without any influence in the performance, quality and efficiency.

Other independent variables are audit performance, audit reputation, audit image, and stakeholder involvement as the consequences of audit responsibility competency in this research. The measure of each feature conforms to its definition to be discussed as follows.

Audit performance is the result of audits performed that are according to professional standards, including comments on the audit report that are accurate and appropriate, and the use of time and resources to implement and determine whether it decreases. This construct is measured using a five-item scale modified from Blokdiik (2004) and Lin and Hwang (2010).

Audit reputation is the performance of the audit publicly that can be determined efficiently and reliably, receiving regard by his colleagues to consider the quality of the audit. This construct is measured using a four-item scale modified from Baotham and Ussahawanitchakit (2009), Riahi-Belkaoui and Pavlik (1992), and Skinner et al. (2012).

Audit image is defined as the overall impressions produced in the minds of people who trust specialized examination, control of the performance, a code of ethics, and the responsibility sense of the auditor. This construct is measured using a three-item scale modified from Flavian, Tores and Guuilaniu (2004).

Stakeholder involvement is referred to as the engaging and recognition of stakeholders in the operation of the audit, with awareness of benefits in anticipation of damage from performance auditing, and it occurs with the stakeholders. This construct is measured using a four-item new scale adapted from prior investigation.

Other independent variables are proactive audit vision, governance concern, audit learning, auditor-stakeholder relationship, and environment pressure as the antecedents of audit responsibility competency in this research. All antecedents depend on their definitions.

Proactive audit vision is defined as the decisive policy direction, implied goals for the responsibility to comply with duty and responsibility to society, achievement of audits appropriate for the current environment of distinct competitors, and use of modern technology in practice to assist with the development of methods of examination that are continuously abreast of the current situation. This construct is measured using a new four-item scale modified from previous research.

Governance concern is defined as the commitment to the practice of audit, to achieve the goals under the principles of good governance, to protect and preserve the interests of shareholders and stakeholders involved, and to create competitive advantage. This construct is measured using a four-item new scale modified from previous research.

Audit learning refers to seeking and gathering knowledge and experience through education, training in knowledge, training in audit and related areas. This

construct is measured using a four-item scale modified from Beck and Wu (2006), IAESB (2008), and Laohamethanee and Ussahawanitchakit (2012).

Auditor-stakeholder relationship refers to a good communication of auditors and stakeholders. It is focus on the management and responds to the needs of the stakeholders, including the provision of information on performance audit quality. This construct is measured using a four-item new scale adapted from prior investigation to measure the response of management to stakeholders.

Environment pressure refers to external factors, including changes in technology and professional standards, and legal obligations and responsibilities of the auditor which influence the operations and audit practices. This construct is measured using a four-item scale modified from Arens, Elder and Beasley (2005), and Laohamethanee and Ussahawanitchakit (2012).

- Control Variables

This research uses gender and audit experience as the control variables, which have an effect on the proposed relationships following the study of Emerson, Conroy, and Stanley (2007), Karacaer et al. (2009), and Umar and Anandarajan (2004). Gender is significant to the performance of the external auditors in which the prior research shows women have more ethical perspective and responsibility to duty than males. Moreover, Dalton et al. (1997) and Lawrence and Shaub (1997) also noted that gender affects the audit work and ethics in an audit. Thus, gender is important for the determination of the features of audit responsibility competency on audit survival.

Audit experience impacts on audit responsibility competency. Job experience

is related to their commitment to work, and their quality including unethical behavior in practice. Furthermore, Umar and Anandarajan (2004) found that auditors with less work experience will have much concern about the independence of the audit more than auditor who has more experience. This research emphasizes that audit experience may influence audit performance, audit reputation, audit image, stakeholder involvement, and audit survival. Therefore, interest in gender and audit experience as control variables also probably affects model.

- Method

In this research, testing the validity and reliability of a questionnaire as qualities of a good instrument were conducted from the pre-test of thirty TAs that were tested by factor analysis and Cronbach's alpha, respectively, in order to improve the questionnaire so as to ensure validity and reliability. The research employs internal consistency for evaluating the reliability of the measurement, and measures internal consistency reliability by using Cronbach's alpha. Cronbach's alpha coefficient recommends that its value should be equal to or greater than 0.70 as widely-accepted (Hair et al., 2010). This research used the Exploratory Factor Analysis (EFA) to examine the construct validity of the data in the questionnaire. It is employed to investigate the underlying relationships of a large number of items and considers whether they can be reduced to a smaller set of factors. The factor loadings are greater than the 0.4 cutoffs, are statistically significant according to the accepted rule-of-thumb, and were considered acceptable (Nunnally & Bernstein, 1994). The results are presented as factor loadings and alpha coefficients in Table 1.

Table 1
Measure Validation of Pretest Sample

Constructs	Factor loading	Alpha Coefficient
Audit Survival (ASU)	0.906-0.939	0.938
Audit Responsibility Competency (ARC)	0.776-0.909	0.863
Audit Performance (APE)	0.635-0.877	0.785
Audit Reputation (ARE)	0.730-0.955	0.922
Audit Image (AIM)	0.826-0.942	0.866
Stakeholder Involvement (SIN)	0.747-0.934	0.876
Proactive Audit Vision (PAV)	0.844-0.927	0.917
Governance Concern (GCO)	0.803-0.920	0.857
Audit Learning (ALE)	0.594-0.893	0.828
Auditor-Stakeholder Relationship (ASR)	0.811-0.930	0.896
Environmental Pressure (EPR)	0.724-0.786	0.756

- Statistical Techniques

The ordinary least squares regression (OLS) is used to test all postulated hypotheses. OLS is appropriate to examine the relationship between the dependent variables and the independent variables in which all variables are categorical and interval data (Hair et al., 2010). As a result, all proposed hypotheses in this research are transformed to eight statistical equations.

$$\text{Equation1: } APE = \alpha_{01} + \beta_1 ARC + \beta_2 GEN + \beta_3 EXP + \varepsilon_1$$

$$\text{Equation2: } ARE = \alpha_{02} + \beta_4 ARC + \beta_5 GEN + \beta_6 EXP + \varepsilon_2$$

$$\text{Equation3: } AIM = \alpha_{03} + \beta_7 ARC + \beta_8 GEN + \beta_9 EXP + \varepsilon_3$$

$$\text{Equation4: } ARE = \alpha_{04} + \beta_{10} APE + \beta_{11} GEN + \beta_{12} EXP + \varepsilon_4$$

$$\text{Equation5: } AIM = \alpha_{05} + \beta_{13} APE + \beta_{14} GEN + \beta_{15} EXP + \varepsilon_5$$

$$\text{Equation6: } SIN = \alpha_{06} + \beta_{16} APE + \beta_{17} ARE + \beta_{18} AIM + \beta_{19} GEN + \beta_{20} EXP + \varepsilon_6$$

$$\text{Equation7: } ASU = \alpha_{07} + \beta_{21} APE + \beta_{22} ARE + \beta_{23} AIM + \beta_{24} SIN + \beta_{25} GEN + \beta_{26} EXP + \varepsilon_7$$

$$\text{Equation8: } ARC = \alpha_8 + \beta_{27} PAV + \beta_{28} GCO + \beta_{29} ALE + \beta_{30} ASR + \beta_{31} EPR + \beta_{32} GEN + \beta_{33} EXP + \varepsilon_8$$

4. Results and Discussion

Table 2 presents the Pearson correlation for bivariate analysis of each variable pair that is conducted in this research. The correlation analysis results show a multicollinearity problem and explore the relationships among the variables. Likewise, with regard to potential problems relating to multicollinearity, variance inflation factors (VIF) are used to test the correlation among the independent variables. In this case, the maximum value of VIF is 1.741, which is well below the cut-off value of 10 (Kutner, Nachtsheim & Neter, 2008). Therefore, there are no significant multicollinearity problems confronted in this research.

Table 2
Descriptive Statistics and Correlation Matrix

Variables	ARC	APE	ARE	AIM	SIN	ASU	PAV	GCO	ALE	ASR	EPR	GEN	EXP
MEAN	.089	.028	.944	.984	.907	.995	.942	.040	.059	.067	.059	n/a	n/a
S.D.	368	506	523	565	599	584	536	554	542	487	495	n/a	n/a
ARC	1												
APE	.394***	1											
ARE	.462***	.426***	1										
AIM	.440***	.462***	.455***	1									
SIN	.259***	.586***	.352***	.451***	1								
ASU	.332***	.472***	.453***	.485***	.537***	1							
PAV	.443***	.457***	.258***	.460***	.436***	.422**	1						
GCO	.496***	.437***	.345***	.398***	.327***	.343**	.483***	1					
ALE	.454***	.249***	.304***	.307***	.235***	.309**	.139***	.290***	1				
ASR	.399***	.364***	.279***	.360***	.391***	.350**	.372***	.308***	.271***	1			
EPR	.375***	.330***	.284***	.382***	.356***	.383**	.355***	.243***	.320***	.427***	1		
GEN	.044	.103	.066	.005	.155***	.043	.089	.060	.034	.047	.062	1	
EXP	.034	.121**	.124**	.064	.065	.094	.069	.037	.089	.075	.035	.008	1

***p<0.01, **p<0.05

- Influence of audit responsibility competency and its consequences

Table 3 presents the results of multiple regression analysis that affect audit responsibility competency on audit performance, audit reputation and audit image. The hypotheses predicted have positive relationships. The results present that audit responsibility competency has a significant positive impact on all consequences ($\beta_1 = 0.404$, $p < .01$; $\beta_4 = 0.456$, $p < .01$; $\beta_7 = 0.448$, $p < .01$, respectively). According to previous research, auditors must also create rational assurance about financial reports free of misstatements, whether due to errors or fraud (AICPA, 2006). Also, they should be careful in ethics within the framework, independence, integrity, and community attention for retaining a capacity to complete the auditors' accurate and

truthful explanations that build the value of audit reports which raise audit reputation (Martin, 2007; Throne, 2000). Moreover, independence provides the professional for enhancing the image of the audit and reputation (Mautz and Sharaf, 1961; Martin, 2007). Thus, Hypotheses 1a-1c is supported. For the control variable, the results indicate that gender has positive influences on audit performance ($\beta_2 = .283$, $p < .05$), meaning that women have a higher audit performance than men. Whereas, the results indicate that audit experience has a statistically significant influence on audit performance and audit reputation ($\beta_3 = .268$, $p < .01$; $\beta_6 = .281$, $p < .01$, respectively), meaning that an auditor who has more experience tends to gain greater audit performance and audit reputation.

Table 3
Results of the Effects of Audit Responsibility Competency on Its Consequences

Independent Variables	Dependent Variables		
	Audit Performance Eq.1	Audit Reputation Eq.2	Audit Image Eq.3
Audit Responsibility Competency (ARC : H1a-c)	.404*** (.046)	.456*** (.045)	.448*** (.046)
Control Variables:			
Gender (GEN)	.283** (.110)	-.110 (.107)	.056 (.109)
Audit Experience (EXP)	.268*** (.093)	.281*** (.090)	.157 (.092)
Adjusted R ²	.181	.229	.194
Maximum VIF	1.003	1.003	1.003
***p<0.01, **p<0.05 , Beta coefficients with standard errors in parenthesis			

- *Influence of audit performance, audit reputation, audit image, stakeholder involvement, and audit survival*

Table 4 shows the results of multiple regression analysis in the audit performance, audit reputation, audit image, and stakeholder involvement that has an effect on audit survival. The results found audit performance has significant and positive relationships to audit reputation ($\beta_{10} = .429$, $p < .01$), audit image ($\beta_{13} = .465$, $p < .01$), stakeholder involvement ($\beta_{16} = .446$, $p < .01$), and audit survival ($\beta_{21} = .108$, $p < .05$). Prior studies suggested that successful auditors can build a reputation from audit performance because the client chooses the auditor of higher reputation; at the same time, the auditor wants to create a working reputation by achieving a successful audit (MacCracken, 2003). Moreover, audit performance leads to the clients' satisfaction and is the main factor to improve the profession's image (Nicolaou, 2000; Harold et al., 2009). Thus, Hypotheses 2a-2c are supported.

The audit reputation is significantly and positively related to audit survival ($\beta_{22} = .202$, $p < .01$), but it does not significantly

affect stakeholder involvement ($\beta_{17} = .075$, $p > .10$). In accordance with previous research, when the client has credibility in the audit reputation, it leads to the client's retention decision. Moreover, audit survival emerged from audit quality with audit reputation because audit conduct has a concern for the benefit the client (Peecher, Schwartz and Solomon, 2007; Chang et al., 2008). Then, it is more likely for auditors with high audit reputation to gain audit survival. Surprisingly, audit reputation has no relationship with stakeholder involvement, while previous research has pointed out that audit reputation is likely to have a positive impact on stakeholder involvement. There is some possibility that auditors could have several ways to build their reputations, such as joining foundations or associations; but they may not concentrate their professionalism on their audit work. Thus, the auditors' reputation could not link to the reliability and credibility of their audit practices for stakeholders. Hence, audit reputation does not have any effect on stakeholder involvement. Thus,

Hypothesis 3b is supported but Hypothesis H3a is not supported.

For Hypothesis 4, audit image has a significant and positive relationship to stakeholder involvement ($\beta_{30} = .211$, $p < .01$) and audit survival ($\beta_{35} = .201$, $p < .01$). Gray and Balmer (1998) suggested that the firm's survival depends on development, maintaining a perception image, and reputation from clients. *Hence, Hypotheses 4a-4b are supported.*

Finally, the evidence from testing Hypothesis 5 demonstrates that stakeholder involvement has significant and positive effects on audit survival ($\beta_{36} = .311$, $p < .01$). If a stakeholder believes in financial report reliability, that is a

response more trustworthy of an auditor who is assured that the audit leads to build a reputation for credibility and survival to the profession (Alles et al., 2004; Willson Apostolou, & Apostolou, 1997). Hence, Hypothesis 5 is supported. For the control variables, the results indicate that gender has a positive influence on stakeholder involvement ($\beta_{19} = .266$, $p < .01$), meaning that women have more effect on stakeholder involvement than men. Furthermore, gender has negative relationships with audit reputation ($\beta_{11} = -.261$, $p < .05$) meaning that men have more audit reputation than women.

Table 4
Results of the Relationships among Audit Reputation, Audit Image, Stakeholder Involvement and Audit Survival

Independent Variables	Dependent Variables			
	Audit Reputation Eq.4	Audit Image Eq.5	Stakeholder Involvement Eq.6	Audit Survival Eq.7
Audit Performance (APE : H2a-d)	.429*** (.048)	.465*** (.047)	.446*** (.049)	.108** (.054)
Audit Reputation (ARE : H3a-b)			.075 (.048)	.202*** (.048)
Audit Image (AIM : H4a-b)			.211*** (.049)	.201*** (.050)
Stakeholder Involvement (SIN : H5)				.311*** (.053)
Control Variables :				
Gender (GEN)	-.261** (.112)	-.101 (.111)	.266*** (.098)	-.010 (.099)
Audit Experience (EXP)	.146 (.095)	.016 (.095)	-.025 (.083)	.047 (.083)
Adjusted R ²	.192	.209	.391	.400
Maximum VIF	1.026	1.026	1.419	1.741
*** p<0.01, ** p<0.05 , Beta coefficients with standard errors in parenthesis				

- *Influence of audit responsibility competency and its antecedents*

Table 5 expresses the effects of the relationships among proactive audit vision, governance concern, audit learning, auditor-stakeholder relationships, environmental pressure, and audit responsibility competency. The results present that all antecedents have a significant positive effect on audit responsibility competency ($\beta_{27} = .211$, $p < .01$, $\beta_{28} = .255$, $p < .01$, $\beta_{29} = .291$, $p < .01$, $\beta_{30} = .124$, $p < .01$, $\beta_{31} = .099$, $p < .05$, respectively), meaning that proactive audit

vision, governance concern, audit learning, auditor-stakeholder relationship and environmental pressure impact audit responsibility competency (Price, 2001; Aras & Crowther, 2008; Joshi, Ajmi, & Bremser, 2009; Sharma, & Galletta, 2012). Hence, Hypotheses 6-10 are supported. For the control variable the results indicate that audit experience has a negative relationship with audit ethics awareness ($\beta_{33} = -.193$, $p < .01$), meaning that an auditor with less experience tends to gain greater audit quality concentration.

Table 5
Results of the Relationships between Audit Responsibility Competency and Its Antecedents

Independent Variables	Dependent Variables
	ARC Eq.8
Proactive audit vision (PAV : H6)	.211*** (.047)
Governance Concern (GCO : H7)	.255*** (.046)
Audit Learning (ALE : H8)	.291*** (.042)
Auditor-Stakeholder Relationship (ASR : H9)	.124*** (.045)
Environmental Pressure (EPR : H10)	.099** (.045)
Control Variables :	
Gender (GEN)	-.160 (.092)
Audit Experience (EXP)	-.193*** (.078)
Adjusted R ²	.435
Maximum VIF	1.490
*** p<0.01, ** p<0.05, Beta coefficients with standard errors in parenthesis	

5. Contributions

- *Theoretical Contribution*

This research provides a clear understanding of the relationships among audit responsibility competency and the audit survival of tax auditors (TAs) in Thailand via audit performance, audit reputation, audit image, and stakeholder involvement. Likewise, this research determines proactive audit vision, governance concern, audit learning, auditor-stakeholder relationship, and environmental pressure as the antecedents of audit responsibility competency. This research is intended to expand the theoretical contributions on the previous knowledge and literature of audit responsibility competency. Moreover, the contribution of the theoretical is the audit responsibility competency that creates and empirically tests the antecedent and consequence construct of which only a few research studies in this auditing discipline has done.

Interestingly, the results in this research are conformed to two theories, namely, the stakeholder theory and the social cognitive theory which support the overall association of variables in this model. The stakeholder theory explained the relationships among audit responsibility competency, audit performance, audit reputation, audit image, stakeholder involvement, and audit survival. Also, the relationships among the internal and external factors (i.e., proactive audit vision, governance concern, audit learning, auditor-stakeholder relationships, and environmental pressure), and audit responsibility competency, conform to the social cognitive theory.

- *Managerial contribution*

The research results have managerial implications for tax auditors (TAs) and organizations to strengthen them. This research contributes in order to audit responsibility competency. Especially, auditors which have audit responsibility

competency are likely to be successful in the audit and survival. Therefore, the tax auditors (TAs) should be concerned with audit responsibility competency implementation, especially about ethics, transparency, independence, quality and professionalism in audit. Moreover, audit responsibility beneficially provides for auditors to enhance their quality of audit performance, audit reputation and audit image that create stakeholder involvement and audit survival.

To heighten audit responsibility competency, the results reveal that the internal and external factor strengthens the greater audit responsibility. Additionally, the regulator agencies can develop professional audits through supporting audit responsibility. It can create the quality for auditor reports and reliability to users of financial reports. Thus, auditors should communicate with related stakeholders, which is the way to increase audit survival. Furthermore, the findings evidently may be a useful guideline for regulators and organizations to strengthen their audit firm or auditor by enhancing the responsibility of the auditor.

6. Limitations and Suggestions for Future Research

Although the results of the study have theoretical and managerial implications for auditing researchers and practitioners respectively, some caution should be taken due to the limitations of the study. The auditor's actual independent behavior may be affected by variables not represented in this case. For examples, in the present situation, the Thai accounting and auditing standard has changed to the international accounting and auditing standards. This may affect the opinions of auditors and the results of this research. Moreover, this research investigated the specific context of auditing only. Therefore, future research should be combining with other contexts which can lead to an increasing interest. Also, future research should collect data

from other samples, such as certified public accountants (CPAs), governmental auditors (GAs), or cooperative auditors (CAs) for verifying and expanding the generalizability of research outcomes. Likewise, future research may use other methods to confirm the research results, such as the in-depth interview, focus group interview or providing open-ended questions. Moreover, future research also should add a critical moderator in the conceptual model, such as audit ethics, audit morality, audit professionalism, or technology growth, in order to enhance more benefits and utilities of the research.

7. Conclusion

Audit responsibility competency has become a key strategy that helps auditors perform their duties and functions excellently in order to receive professional goal achievement, survival, and sustainability in the audit profession. Here, the objective of this research is to examine the effects of audit responsibility competency on the audit survival of tax auditors (TAs) in Thailand. Audit responsibility competency is an independent variable of the research and audit survival is a dependent variable of the research. Also, audit performance, audit reputation, audit image, and stakeholder involvement are the mediators of the research; and proactive audit vision, governance concern, audit learning, auditor-stakeholder relationships, and environmental pressure are the antecedents of the research. For the sample selection of this research, 363 tax auditors (TAs) in Thailand are chosen. The results of the research indicate that audit responsibility competency has a positive impact on audit performance, audit reputation, and audit image. Likewise, audit performance has positive relationships with audit reputation, audit image, stakeholder involvement and audit survival. Both audit reputation and audit image have positive effects on audit survival, but only audit

image is positively related to stakeholder involvement. Moreover, stakeholder involvement has a positive linkage with audit survival. In summary, audit responsibility competency plays a significant driver in enhancing audit survival. To verify and expand the generalizability of research outcomes, future research should collect data from other samples, such as from certified public accountants (CPAs), governmental auditors (GAs), or cooperative auditors (CAs). Also, future research may use other methods to confirm the research results, such as the in-depth interviews, focus group interviews or providing open-ended questions. For increasing the research contributions, future research also should add a critical moderator in the conceptual model, such as audit ethics, audit morality, audit professionalism, or technology growth, in order to enhance more benefits and utilities of the research.

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