



Client-Auditor Relationship: Challenges and Ethical Dilemmas in Vietnam

Nguyen Ngoc Minh

Phenikaa University, Hanoi, Vietnam

ABSTRACT: This study examines the challenges and ethical dilemmas that auditors face in maintaining independence in Vietnam, addressing a gap in previous research, which has primarily focused on quantitative studies. The study aims to explore how client pressure, conflicts of interest, and cultural norms influence the integrity of audits and to identify the strategies auditors use to navigate these challenges. Using a qualitative research approach, based on 36 semi-structured interviews and two focus group discussions, the findings reveal significant challenges and ethical dilemmas in the client-auditor relationship in Vietnam, including client pressure to modify audit opinions, conflicts of interest, and ethical concerns related to gifts and hospitality. These issues threaten auditor independence, particularly for smaller audit firms. The results highlight the need for stricter regulatory oversight, enhanced ethical education, and firm-level policies to safeguard audit quality and professional integrity in Vietnam's evolving financial landscape.

KEYWORDS: Auditor independence, Client pressure, Ethical dilemmas, Regulatory compliance.

1. INTRODUCTION

Auditors act as independent professionals who assess the accuracy and reliability of financial statements, providing assurance to stakeholders such as investors, regulators, and the public by maintaining high-quality audits. However, many factors influence the quality of an audit, with the client-auditor relationship being one of the primary ones. This relationship is inherently complex as auditors must balance maintaining professional independence with fostering a collaborative working relationship with their clients. An effective client-auditor relationship enhances audit quality by ensuring open communication, access to relevant financial information, and a mutual understanding of expectations (Aamir & Farooq, 2011; Rennie et al., 2010). However, challenges often arise from conflicts of interest between auditors and their clients, leading to ethical dilemmas that can compromise the integrity of the audit. According to Hung (2022), one of the most challenging aspects of auditing in Vietnam is the pressure clients exert on auditors to issue favorable reports, despite financial irrationalities. A 2022 survey by the Vietnam Chamber of Commerce and Industry revealed that 37% of auditors reported having experienced pressure from clients to alter financial statements.

Ethical concerns in the audit industry include client pressure to manipulate financial statements, conflicts of interest, and compromised auditor independence due to long-term contractual commitments or financial dependence. Additionally, cultural factors, such as business norms that emphasize personal relationships and loyalty, can affect an auditor's ability to maintain objectivity (Hung, 2023). Vietnam's business environment, which places a strong emphasis on personal relationships, can create informal obligations between auditors and their clients. A study by Ha (2022) found that nearly 40% of auditors working for small and medium-sized audit firms admitted to facing conflicts of interest due to close relationships with clients. Given these challenges, understanding the dynamics of the client-auditor relationship and the ethical dilemmas that arise within Vietnam's business environment is essential for enhancing audit quality and financial transparency.

Existing research in Vietnam has predominantly focused on broader topics, such as Pham's (2022) study on audit quality, which examines factors affecting audit quality in Vietnamese listed companies, emphasizing audit firm size, auditor rotation, and compliance with International Standards on Auditing. Another major focus has been on how auditors contribute to the valuation process during corporate restructuring in Vietnam, as seen in the study by Do et al. (2025). Additionally, some studies have examined which pricing strategies are most effective in retaining clients, aiming to provide practical guidance for audit firms in Vietnam to enhance their competitiveness and sustainability (Phung et al., 2025). There is limited research specifically focusing on the auditor-client relationship, particularly the challenges and ethical dilemmas faced by auditors in Vietnam. Although audit quality, corporate governance, and regulatory compliance are crucial, they do not fully capture the ethical and interpersonal complexities of auditor-client interactions that play a significant role in shaping audit outcomes. On the other hand, existing studies in Vietnam are primarily quantitative, such as Hung (2022) and Pham (2022), which use survey-based statistical analysis to assess auditor independence and

audit performance. While these studies provide valuable insights into the measurable factors affecting audit practice, the predominance of quantitative studies has limited the understanding of the deeper, context-specific experiences of auditors when dealing with ethical dilemmas and client pressure. The lack of qualitative research reduces the ability to understand how auditors perceive and respond to ethical challenges, the nuances of client negotiations, and the practical implications of regulatory constraints on their decision-making.

Therefore, this study was conducted based on semi-structured interviews with experienced auditors from various audit firms (Big Four, medium-sized, and small firms) to explore the dynamics of the auditor-client relationship, the ethical dilemmas auditors face, and the strategies they use to maintain professional integrity. By adopting a qualitative approach, this study aims to provide a deeper and more detailed understanding of the ethical and professional challenges encountered by auditors, which are often overlooked in quantitative research.

2. RESEARCH METHODOLOGY

This study employs a qualitative research methodology to explore the ethical dilemmas and challenges in the auditor-client relationship in Vietnam. An exploratory research design was adopted to gain deep insights into auditors' experiences, ethical conflicts, and decision-making processes. Data were collected through semi-structured interviews, focus group discussions, and document analysis to ensure a comprehensive examination of the research problem.

A total of 36 semi-structured interviews were conducted with auditors, audit firm directors, and management professionals. Participants were selected from Big Four firms (10 participants), medium-sized audit firms (12 participants), and small audit firms (14 participants) to ensure a diverse representation of perspectives. A purposive sampling strategy was used to ensure that participants had a minimum of 5 years of experience and had encountered ethical dilemmas in auditing.

The interviews were conducted between December 2024 and March 2025, with each interview lasting 45 to 60 minutes. They were conducted in person (28 interviews) and via the online platform Google Meet (8 interviews). The interview structure covered the following key topics: (i) Challenges in maintaining auditor independence; (ii) Ethical issues encountered in audits; (iii) Client pressure and strategies for handling conflicts of interest.

Two focus group discussion sessions were conducted, each lasting 90 minutes and comprising 8 participants (a total of 16 participants) from 16 different audit firms. The discussions aimed to validate and expand upon the themes identified in the interviews, encouraging participants to share real-life cases and perspectives in a group setting.

To supplement the interview and focus group data, research documents and enforcement reports from the Ministry of Finance, the State Securities Commission, and the Vietnam Association of Certified Public Accountants (VACPA) were reviewed in this study.

All interviews and focus group discussions were audio-recorded with the participants' consent and transcribed for analysis. This study used thematic analysis to identify key patterns and recurring themes in the responses.

3. RESEARCH FINDINGS

3.1. Key Challenges in the Client-Auditor Relationship

The findings from the 36 semi-structured interviews and two focus group discussions reveal several significant challenges in the client-auditor relationship in Vietnam, providing a qualitative perspective that offers detailed insights into how these issues manifest in practice.

Client Pressure: The Influence of Clients on Auditor Decisions

A majority of the interviewees (24 out of 36 auditors) admitted to experiencing direct or indirect pressure from clients to modify audit opinions, adjust financial figures, or provide a more favorable assessment for the client. This pressure was particularly evident when clients were facing financial difficulties, were in the process of obtaining loans, or were concerned about stock market performance.

Several auditors described instances where clients explicitly requested modifications to financial reports. A senior auditor from one firm revealed:

"We were auditing a manufacturing company that was applying for a bank loan. Their CFO called me directly and said, 'If you could reconsider some of the opinions in the audit report, it would really help us get better loan terms.' When I refused, they hinted that they might switch to another audit firm next year."



A Big Four audit manager shared a similar experience:

"Clients sometimes say things like, 'Other companies in the industry don't require this level of documentation—why are you being so strict?' They try to make us feel unreasonable, even when we are just complying with auditing standards."

While some pressure was overt, many auditors described more subtle forms of influence, especially in Vietnam's business culture, where personal relationships play a significant role. A partner at a small audit firm explained:

"Some long-term clients expect a certain level of flexibility. They invite us to dinner, give us gifts, and then casually mention issues in their financial statements, hoping we will make modifications."

In the focus group discussions, participants agreed that the greatest pressure was on smaller firms, where losing a major client could significantly impact revenue. One participant noted:

"For the Big Four firms, losing one client isn't a big deal. But for local firms, losing a major client can mean laying off staff or facing financial hardship. That's why smaller firms sometimes yield to pressure."

These findings are consistent with previous research by Hung (2022), which highlighted that smaller audit firms in Vietnam are more susceptible to client influence due to their economic dependence on a few key clients.

Negotiating Audit Fees: The Impact of Fees on Auditor Independence

Another significant challenge identified was the impact of audit fee negotiations on auditor independence. Clients often negotiate audit fees aggressively, sometimes using fee reductions as leverage to obtain a more favorable audit opinion.

Many auditors expressed frustration with how clients prioritize cost over audit quality. An auditor from a medium-sized audit firm described:

"Clients often say, 'Company X offered to do the audit for 20% less than your quote. Can you lower your price?' If we reduce our fees too much, we have fewer resources for the audit, which affects the quality of the service provided."

A senior Big Four auditor noted that even large firms face challenges with traditional clients:

"Some long-term clients expect their fees to decrease annually, citing that we already understand their business well. But lower fees mean fewer audit hours, increasing the risk of missing critical issues."

Clients Expecting "Additional Services" for the Fee

Another concern raised in the focus group discussions was that some clients expect additional services beyond the scope of a traditional audit when negotiating fees. One participant shared:

"A client once told me, 'Since we're paying so much, can you help us with our tax planning and internal controls?' They don't understand that these are separate services."

This issue aligns with the findings of Pham et al. (2025), who noted that Vietnamese audit firms are struggling to balance competitive pricing with maintaining audit quality and independence.

Expectation Gap: The Difference Between Client Expectations and Auditor Responsibilities

The expectation gap between what clients believe auditors should do and what auditors are actually responsible for was another recurring theme. Many clients expect auditors to detect fraud, provide business advice, or guarantee financial success, whereas the auditor's primary role is to express an opinion on the fairness of the financial statements.

A senior auditor from a medium-sized firm described how this misunderstanding leads to conflict:

"Clients sometimes say, 'Why didn't you tell us about this fraud sooner?' They don't realize that an audit is not a forensic investigation."

Another auditor from a small firm noted that some clients expect auditors to help them improve their financial statements rather than just verifying them:

"Some clients think we should 'help' them adjust their financials to look better. When we explain that our job is to provide an independent opinion, they get frustrated."

Expectation Gap in Family-Owned Businesses

The focus group discussions revealed that mismatched expectations are particularly common in small and family-owned businesses, where financial literacy may be lower. One participant explained:

"Family businesses sometimes see us as advisors rather than auditors. They say things like, 'How can we structure this to pay less tax?' But that's beyond our role."

These findings are consistent with the research of Do et al. (2025), who highlighted that the expectation gap significantly affects the auditor-client relationship in Vietnam.

3.2. Ethical Issues Faced by Auditors

The interview and focus group results show that auditors in Vietnam face significant ethical dilemmas in their professional practice, as detailed below:

Pressure to Modify Audit Opinions: Client Influence on Audit Reports

One of the most frequently reported ethical dilemmas was pressure from clients to modify audit opinions or overlook financial misstatements. Among the 36 auditors, 32 reported experiencing client pressure at various levels, with 24 of these cases admitting that this pressure was directly related to modifying the audit opinion.

A senior auditor from a medium-sized firm reported a case where the company's management explicitly requested a modified audit opinion to avoid violating loan covenants:

"The CFO told us, 'If you issue a qualified opinion, the bank might freeze our credit line. Can't we find another way to report this?' It was a clear attempt to influence our opinion."

Similarly, a Big Four audit manager described a situation where a publicly listed company was facing negative investor sentiment:

"The CEO called me and said, 'We can't afford any bad news this quarter. Our stock price is already down. Can we adjust the wording in the audit report to make it sound less severe?' It was a difficult conversation, but we had to stand firm."

Many auditors noted that the pressure was often indirect, involving negotiation or implied consequences rather than explicit demands. A partner at a medium-sized audit firm explained:

"Clients don't always ask us to change the report directly. Sometimes, they say things like, 'We're considering different audit firms for next year.' It's an implicit threat—comply or lose the contract."

In the focus group discussions, participants agreed that the pressure is greater on smaller firms, where client retention is critical.

Conflicts of Interest: Challenges in Maintaining Objectivity

Another major ethical issue faced by auditors is conflicts of interest, especially when auditing long-term clients or companies with whom they have professional or personal relationships. 25 out of 36 interviewees identified conflicts of interest as a significant challenge.

Several auditors expressed concern about becoming too familiar with clients, which can reduce professional skepticism. An auditor from a Big Four firm admitted:

"After auditing the same client for five years, it's hard not to develop a relationship with them. You start to trust them more, which can make you less critical of their financials."

A representative from a medium-sized audit firm described the difficulty of maintaining objectivity when auditing a long-term client:

"One of our biggest clients has been with us for nearly ten years. They see us as part of their business. When we raised concerns about their revenue recognition, they said, 'Come on, we've been working together for a decade. You know we don't do anything wrong.' That's when independence becomes difficult."

Conflicts of interest are even more problematic in Vietnam's business culture, as an auditor at a medium-sized firm shared:

"I once had to audit a company owned by a former colleague. He reminded me, 'Hey, we used to work together, help me out with this.' I had to be very clear about my professional responsibilities, but it was uncomfortable."

These findings are consistent with Pham (2022), who found that close personal and professional relationships in Vietnam can create ethical challenges for auditors, making it difficult to maintain independence.

Gifts and Hospitality: Ethical Boundaries in Auditor-Client Interactions

A common ethical dilemma reported by auditors is the acceptance of gifts, meals, and entertainment from clients. While some gifts are considered cultural norms, accepting them can create ethical concerns related to auditor independence.

Several interviewed auditors admitted that clients frequently offer gifts, especially during holidays or after the completion of an audit. An auditor from a Big Four firm explained:



"During Tet (Lunar New Year), clients often send gift baskets or even luxury items. Although we have a strict policy on accepting gifts, outright refusal can sometimes damage the client relationship."

Some auditors reported that certain clients offer lavish hospitality, including expensive dinners and entertainment. A senior auditor from a medium-sized firm described a situation where a client invited the audit team to an expensive resort:

"The client offered an all-expenses-paid weekend trip to a resort after we completed their audit. The trip wasn't explicitly tied to our audit opinion, but it felt like they were trying to build goodwill for future engagements."

In the focus group discussions, participants debated whether accepting small gifts—such as company-branded items or holiday gift baskets—was acceptable. One auditor noted:

"There is a fine line between professional courtesy and an ethical compromise. Receiving a pen or a notebook is one thing, but when gifts become too valuable, they can influence the professional process."

These findings are consistent with previous research by Phung et al. (2025) and Hung (2023), who found that gift-giving is a common practice in Vietnamese business culture, but it poses ethical risks for auditors who must maintain independence.

3.3. Strategies for Maintaining Auditor Independence and Integrity

The interview and focus group results show that auditors in Vietnam use several strategies to maintain independence and integrity when faced with ethical challenges.

Enhancing Professional Skepticism

Most auditors emphasized the importance of professional skepticism in maintaining independence, especially when facing pressure to modify audit opinions. A senior auditor from a Big Four firm described how maintaining an inquisitive mindset helps:

"Clients sometimes present overly optimistic revenue forecasts. We always ask, 'What evidence supports this?' If we don't challenge assumptions, we risk issuing misleading reports."

Similarly, an auditor from a medium-sized firm shared a case where resisting pressure required firm-level support:

"A client's CFO tried to convince me to be 'flexible' with certain expenses. I immediately informed my audit partner, and we stood by our decision. Having strong internal support is crucial."

Focus group participants agreed that documenting all discussions with clients serves as a safeguard. One auditor explained:

"We make sure to document every client request and our response. This transparency prevents undue influence."

Regulatory Compliance and Enforcement

Many auditors emphasized that stricter regulatory enforcement would enhance independence. An auditor at a small firm noted:

"Some clients expect auditors to overlook misstatements because the penalties for non-compliance are weak. If regulations were stricter, auditors would be under less pressure."

A Big Four manager highlighted the need for more frequent regulatory inspections:

"If audit firms knew they could be randomly inspected, they would be more cautious. Currently, enforcement is inconsistent."

The focus group discussions suggested that mandatory auditor rotation could reduce the risk of long-term familiarity. One participant stated:

"When an auditor works with the same client for ten years, independence becomes more difficult. Rotation would help."

Encouraging Ethical Decision-Making within Audit Firms

Several interviewees highlighted the role of ethics training and a strong corporate culture in maintaining integrity. A senior auditor from a medium-sized firm described how ethics training helped them handle a difficult situation:

"We had a workshop on ethical dilemmas last year. When faced with a questionable client request, I remembered those discussions and knew how to respond professionally."

Another auditor emphasized the importance of leadership in setting ethical standards:

"If senior management prioritizes ethics over profit, it sets the tone for everyone. Unfortunately, some firms are still too focused on client retention."

Focus group participants agreed that peer discussions about ethical cases provide practical lessons. One auditor shared:

"We regularly discuss past ethical challenges in our team meetings. Learning from real cases helps us be better prepared."

4. CONCLUSION AND CONTRIBUTIONS

The findings of this study reveal significant challenges and ethical dilemmas in the client-auditor relationship in Vietnam, including client pressure to modify audit opinions, conflicts of interest, and ethical concerns related to gifts and hospitality. These issues threaten auditor independence, particularly for smaller audit firms that are heavily dependent on a few key clients. Despite facing significant challenges, auditors employ various strategies to address ethical conflicts, such as enhancing professional skepticism, adhering to regulatory requirements, and fostering a strong ethical culture within their firms. Many auditors emphasized the importance of documenting client interactions, seeking internal support, and participating in ethics training to reinforce their integrity. However, inconsistent regulatory enforcement and cultural expectations continue to pose obstacles. To enhance auditor independence in Vietnam, stricter regulatory oversight, mandatory auditor rotation, and ethical leadership at the firm level are needed.

Theoretically, this study demonstrates the complex ethical dilemmas that auditors face in maintaining independence, especially in an environment where client pressure, conflicts of interest, and cultural expectations influence professional judgment. By integrating insights from interviews, focus group discussions, and existing literature, this study reveals the critical role of professional skepticism, regulatory enforcement, and ethics training in safeguarding audit integrity. These findings highlight the need for more effective institutional frameworks and ethical guidelines to mitigate the risks associated with long-term client relationships and financial dependence.

Practically, the results of this study will assist managers at audit firms in Vietnam in recognizing the importance of establishing firm-level ethical policies, enforcing auditor independence, and providing regular ethics education for their staff. By promoting a corporate culture that prioritizes integrity over client retention, audit firms can strengthen their reputation, reduce regulatory risks, and improve audit quality. Additionally, regulatory bodies can use these insights to design stricter enforcement mechanisms and promote mandatory auditor rotation, ensuring greater transparency and objectivity in the auditing profession.

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