Generations Y and Z in Auditing—Solutions for Enthusing the Young Generations about a Job in the Audit Sector

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The audit sector has a problem in recruiting junior staff, which is exacerbated by the changing desires of the youngest generations entering employment, Generations Y and Z, and supposedly by the growth of digitalization. Members of these generations apparently do not find working conditions in the audit sector attractive. This article therefore compares the audit sector’s requirements for potential employees with the expectations of Generations Y and Z of an employer, using the example of the German market. The sector’s requirements are determined with a content structuring qualitative content analysis of selected job advertisements. The expectations of the generations were elicited from the relevant literature, and especially from empirical studies. The analysis reveals the gap between the expectations of members of the youngest generations entering employment and the requirements of the audit sector. Subsequently, potential strategies for attracting sufficiently qualified young staff in the future are outlined.

Keywords: audit, Generation Y, Generation Z, recruiting, digitalization

Introduction

Digitalization is changing both the business activities of clients and the work of auditors. Business processes and transactions are becoming ever more complex. Auditors face the challenge of understanding, analyzing, and auditing complex information technology (IT) systems as well as huge amounts of data (known as big data). Changing business processes, new issues (e.g., crypto currencies) and innovative testing methods and techniques (e.g., data analytics and artificial intelligence) now require auditors to have a sizable and profound knowledge of IT.

In addition, the sector faces the problem that the young generations often have no precise knowledge of the profession and the work of an auditor (Haußer, 2014). The problem of low popularity is aggravated by the fact that Generations Y and Z seem to assume the audit sector will not offer an attractive working environment. Especially during the busy season, a job in an audit firm offer little prospect of maintaining a balanced private life. Furthermore, if the career commitments required to become a successful auditor are examined, the entrant first becomes an assistant and then works to pass accountancy examinations, and progresses through the ranks to perhaps eventually become a partner. Therefore, the lengthy career path requires a long-term commitment to the sector of minimum seven to 11 years until becoming a partner (Braunsdorf, 2018) and loyalty to the employer. Moreover, the audit sector is characterized by having to adhere to a huge volume of regulations...
(Hossenfelder, 2009), and working within strict regulations rarely appears among the stated desires of the young generations. Furthermore, auditors must accept the risk of personal liability (Brösel, Freichel, Toll & Buchner 2015; Marten, Quick, & Ruhnke, 2020), which may be an unattractive proposition to many.

In the following section, the attitudes of these later generations are compared with those of the previous generations, in order to show the gap between the perceptions and expectations of Generations Y and Z and audit sector employers’ requirements of employees. The analysis is based on the German audit sector and generates some potential solutions to the issue of the sector appearing unattractive. The German market can be seen as representative because the working conditions (e.g., long working hours during the busy season) are comparable to those in other countries. In addition, the expectations and perceptions of Generations Y and Z in Germany are similar to those in other industrialized countries, as demonstrated by the study by Deloitte Touche Tohmatsu Limited, surveying Generations Y and Z on their desires in private and professional life, and expectations of an employer, among other issues. The results from the German cohort (Deloitte Touche Tohmatsu Limited, 2019a) were almost the same as those from all other participating countries (Deloitte Touche Tohmatsu Limited, 2019b). Therefore, it can be assumed that the working conditions and the expectations of the young generations collide not only in Germany but globally.

Attitudes and Desires of Different Generations

Preview

The term “generation” is interpreted differently depending on the scientific branch referencing it. According to the historical-social interpretation (Jaeger, 1977; Höpflinger, 1999), a generation represents all persons who were born at about the same time and who have a largely similar attitude to life and behavior (Oertel, 2007). This concept was affected by the work of Mannheim, for whom a similar attitude to life and similar behavior did not result primarily from being born at the same time but from the possibility of experiencing the same key events at a particularly formative age (Mannheim, 1928). The youthful period is considered to be particularly formative, because young people are receptive and influenceable to a great extent. These imprints usually persist throughout life (Mannheim, 1928).

Despite its great relevance, it should be noted that this concept is controversial. In particular, the restriction of the formative years to the period of youth attracts criticism on several grounds: There are questions about the temporal limits of this phase and also about the restriction of the formative years to the period of youth in general (Rosenthal, 2000). At the same time, it is questionable whether the relevant key events can always have the same imprinting power (Zinnecker, 2002). Furthermore and most importantly, generations are never completely homogeneous, and individuals are influenced by their family structures, social, and geographical origins, gender, etc. (Klaffke & Parment, 2011). A concept of generations can therefore never be the sole explanation for the emergence of attitudes and values. However, the generational concept can help reduce complexity and generate statements about trends.

The Older Generations

Baby Boomers. The Baby Boomer generation is said to encompass those born anywhere between about 1950 and 1964 (Scholz, 2014). The term “Baby Boomer” originated from the rise in birth rate that followed the end of the Second World War (Dahlmanns, 2014). In Germany, that period is characterized by events, such as the building of the Berlin Wall, the economic downturn in the 1960s, and the oil crisis (Oertel, 2007). This
economic downturn and the large number of Baby Boomers created great competition on the labor market, which encouraged characteristics, such as strong motivation and loyalty to the employer (Berkup, 2014). The Baby Boomers are also said to have a materialistic attitude to life, meaning their focus is on their professional life (Berkup, 2014) and they are said to particularly value high salaries and status symbols (Mangelsdorf, 2017).

**Generation X.** Members of Generation X are those born from about 1965 to 1979 (Berkup, 2014; Scholz, 2014). This generation is influenced by the nuclear power debate, the fall of the Berlin Wall, and the ongoing competition in the labor market (Oertel, 2014). The labor market competition in particular is said to influence Generation X’s materialistic attitude to life, loyalty to their employer, and performance orientation (Hesse, Mayer, Rose & Fellinger, 2015; Mangelsdorf, 2017). Although the focus of this generation continues to be on working life (Mangelsdorf, 2017), the work-life balance has become increasingly important to them (Oertel, 2007).

**The Younger Generations**

**Generation Y.** Those born between 1980 and 1994 are known as Generation Y. The terrorist attack of September 9, 2001 (Berkup, 2014; Scholz, 2014), a society with endless options (Klaffke, 2014), the emergence of the Internet (Klaffke & Parment, 2011), and the lack of specialists in the labor market are considered to be their key influential events (Goebel, 2011).

In contrast to the former generations, the focus of this generation is on their private life. Generation Y is said to favor work-life blending: They do not want to strictly separate work and leisure time, but to mix them. This results in the desire for flexible working hours and locations (Klaffke & Parment, 2011). Generation Y is considered to be willing to perform (Scholz, 2014) but only if the work is both meaningful and offers possibilities for self-fulfillment (Klaffke & Parment, 2011; Berkup, 2014). Accordingly, it is possible to describe the younger generations as conditionally willing to perform which must, however, be distinguished from efficient performance. Of course, the perception of what is considered meaningful and self-fulfilling can vary from one person to another. In the following, “meaningful” shall characterize the altruistic and ethical motives of the Generations Y and Z regarding their profession. These generations prefer jobs that offer possibilities for making a contribution to the community and/or the environment. In contrast, “self-fulfillment” is described as making a contribution to oneself (Hesse et al., 2015).

In addition, Generation Y is said to be flexible, which is perhaps attributable to the lack of skilled workers and the seemingly endless options in private and professional life (Kultalahti & Viitala, 2014; Ozkan & Solmaz, 2015) and not to be particularly loyal to a single employer (Parment, 2013). That is why an authentic picture of the employer is also important for this generation (Parment, 2013), because if the employer does not deliver the conditions it has suggested will be available, this generation is not unwilling to change employer. Also, the perception of what is considered authentic is subjective. Nevertheless, regarding the Generations Y and Z, the wish for authenticity can be described in the following way: The young generations do not want to be allured with empty promises. Those promises can be revealed easily because in the Internet information is available at first hand, e.g., from former employees. Hence, employers need to use communication measures not to make promises but to give evidences and simultaneously prove authenticity (Hesse et al., 2015).

In addition, Generation Y wants to develop constantly and learn something new (Terjesen, Vinnicombe, & Freeman, 2007; Montana & Petit, 2008; Kultalahti & Viitale, 2014), which is also reflected in the desire for
direct and immediate feedback as part of everyday work (Parment, 2013; Kultalahti & Viitale, 2014; Winter & Jackson, 2016). It can therefore be assumed that both Generation Y and Generation Z have career ambitions, but in contrast to previous generations, no longer prioritize a career at any price. Generation Y is considered to have an affinity for technology (Klaffke, 2014), although it is questionable whether there is actually an affinity for technology or a dependence on technology (Bund, 2016).

**Generation Z.** Generation Z encompasses those born since around 1995 (Scholz, 2014). This generation is experiencing a society with endless options (Hesse et al., 2015) and a shortage of skilled workers (Hesse et al., 2015). Moreover, this generation has not known a world without the Internet and digital media. The results of a study of the Medien Pädagogischer Forschungsverbund Südwest (MPFS-study; study of the Pedagogical Media Research Centre Southwest) confirms this assertion: In 2018, 99% of all young people between the ages of 12 and 19 years in Germany had a smartphone, 98% had a laptop or computer, and 98% had access to the Internet (Mpfs, 2018). Furthermore, Generation Z is affected by the global economic and financial crisis, which was followed by the euro crisis.

The focus of Generation Z is also on their private life (Scholz, 2014). In contrast to Generation Y, however, they prefer to maintain a work-life separation in the form of a strict separation of work and leisure time (Scholz, 2014), which would seem to involve a desire for regular working hours and fixed structures, such as having one’s own office and desk (Scholz, 2014) Generation Z also appreciates an authentic employer (Mangelsdorf, 2017) as well as a profession that is meaningful and offers opportunities for self-fulfillment (Hesse et al., 2015). If the expectations for authenticity, self-fulfillment, and a meaningful job are not met, this generation can appear disloyal and erratic, although they certainly do report striving for a secure and stable job (Klaffke, 2014). This generation also prefers direct and immediate feedback on their performance (Hesse et al.,

| Baby Boomer | Generation X | Generation Y | Generation Z |
|-------------|--------------|--------------|--------------|
| **Characteristics** | | | |
| Performance orientation | Technical affinity (?) | Conditional willingness to perform | |
| Loyalty | Disloyalty | | |
| Materialism | Flexibility | Flexibility, at the same time safety awareness | |
| Focus: professional life | Focus: professional life, but growing importance of work-life balance | | Focus: private life |
| | | | |
| **Expectations and desires to an employer** | | | |
| High salary | Feedback | Work-life blending | Work-life separation |
| | (Personal) development | Flexible working time and workplace | Regulated working hours/defined structures |

*Figure 1. Characteristics and the expectations of an employer of the different generations.*
2015) and expects opportunities for further development in their profession (Hesse et al., 2015). The different characteristics and the expectations of an employer applicable to the four generations are summarized and compared in Figure 1.

Requirements of the Audit Sector Versus Expectations of the Young Generations

Requirements of the Audit Sector

In order to determine the sector’s requirements, job advertisements were analyzed because they explicitly state the requirements that an applicant or employee should meet. The evaluation of the job advertisements was carried out using Kuckartz’s content structuring (qualitative) content analysis. The following steps were taken:

Definition of the sample. The job advertisements of the 25 audit companies with the highest turnover in Germany that appeared on the companies’ websites on April 23, 2019 were analyzed (Lünendonk & Hossenfelder GmbH, 2018). The merger of the Trinavis Group and Warth & Klein Grant Thorton AG in March 2019 to form Warth & Klein Grant Thorton AG means the Trinavis Group is no longer included, so a sample of 24 forms the basis of the analysis. A representative job advertisement for the position of an assistant in the audit field was analyzed for each company. In the so-called Big 4, 80% of all new hires are young professionals (Braunsdorf, 2018). Therefore, due to the age of Generations Y and Z and the fact that there is a particular need for staff for the lower career levels, the selection of the position of an assistant seemed to be reasonable. The term “assistant” is not unequivocally defined. Some companies use different denominations or offer combined positions for tax and audit assistants. In these cases, the job advertisement corresponding to the position of an audit assistant was selected.

Development of the category system and quantification. A category system is the result of the coding of text units. In academic literature, the distinction between categorizing and coding is not always precise, and the terms may even be used synonymously. In this article, categorize should be taken to mean forming categories and coding to mean assigning to categories. According to Kuckartz (2020), the smallest possible codable text unit is a single word. In this analysis, both single words and phrases are coded. In the literature on human resources, the requirements for applicants/employees are divided into competences and qualifications. Competences are defined as the ability and willingness to act in open, complex, and dynamic situations in a self-organized, task-based, goal-oriented, situation-specific, and responsible manner (Moser & Negri, 2010). Qualifications are described as the conglomerate of knowledge, skills, and abilities that are used to meet a previously defined training objective (Weinberg, 1996). To further subdivide the competences, the use of competence models is widespread in personnel management and thus in personnel selection. In particular, the so-called atlas of competences by Heyse and Erpenbeck (2009) provides a solid basis for structuring competences, which explains why it was used as the basis for the category system of the present analysis. This atlas of competences assigns 64 individual subcompetences to four key competences: (a) technical and methodological competence; (b) activity and action competence; (c) social-communicative competence; and (d) personal competence, here used as main categories, supplemented by the main category qualifications. Thus, the formation of categories was independent of the data material and, as such, was deductive (Kuckartz, 2020).

Then the coding involved assigning the textual parts of the job advertisements to a main category. For a more precise subdivision, the (also deductive) formation of subcategories (Subcategory 1) was carried out using Heyse’s atlas of synonyms (Heyse, 2007). Finally, the deductively derived subcategories were further differentiated in the material through a process of inductive formation of categories, which led to the formation
of Subcategory 2. The individual parts of the text from the job advertisements were assigned to these categories. Thus, Subcategory 2 includes requirements from job advertisements that are identical or similar in meaning (see Figure 2, Column 1). Since not all of the competences/qualifications required in the job advertisements were sufficiently precise as to appear equally in the atlas of competencies or synonyms, the most appropriate classification in terms of content was chosen. According to Kuckartz (2020), this hermeneutic-interpretive approach is permissible and a certain competence of interpretation on the part of the coder is even necessary. Because of this there is no objection to the overlapping of content of the coded elements (Kuckartz, 2020).

| Technical and methodological competence                                      | Number of references | Changeable |
|--------------------------------------------------------------------------------|----------------------|------------|
| Cross-disciplinary knowledge                                                  |                      |            |
| Entrepreneurial understanding/understanding of business economic interrelationships | 4                    | No         |
| German language skills                                                         | 5                    | No         |
| English language skills (at least good/solid)                                  | 16                   | No         |
| Analytical skills                                                              |                      |            |
| Analytical thinking                                                            | 9                    | No         |
| IT competence                                                                  | 1                    | No         |
| Numerical competence                                                           | 2                    | No         |
| Conceptual strength                                                            |                      |            |
| Conceptual competences                                                         | 1                    | No         |
| Expertise                                                                      |                      |            |
| Knowledge of national/international accounting, audit, consulting, etc.         | 6                    | Yes        |
| MS Office skills/IT skills/confident handling of IT applications, etc.          | 14                   | No         |
| Activity and action competence                                                 |                      |            |
| Results-based action                                                           |                      |            |
| Solution-oriented/goal-oriented working                                        | 4                    | No         |
| Ability and determination to familiarize oneself with various topics            | 1                    | No         |
| Mobility                                                                       |                      |            |
| Flexibility                                                                    | 4                    | Yes        |
| Mobility/willingness to travel                                                 | 3                    | Yes        |
| Resilience                                                                     |                      |            |
| Ability to withstand stress                                                    | 1                    | Yes        |
| Persistence                                                                    |                      |            |
| Ambition                                                                       | 1                    | No         |
| Initiative                                                                     |                      |            |
| Commitment                                                                     | 4                    | No         |
| Self-initiative                                                                | 7                    | No         |
| Quick-wittedness                                                               |                      |            |
| Self-confident/confident appearance/self-assurance                             | 5                    | No         |
| Social-communicative competence                                                |                      |            |
| Conscientiousness                                                              | 1                    | No         |
| Conscientious work                                                             | 1                    | No         |
| High quality standards                                                         | 1                    | No         |
| Structured workflow                                                            | 5                    | No         |
| Care                                                                           | 1                    | No         |
| Sense of duty                                                                  |                      |            |
| Sense of responsibility/working responsibly                                    | 4                    | No         |
Consultancy competence

| Service-/service-/customer-/client-orientation | 5 | No |
| Team spirit | | |
| Ability to work in a team/team orientation | 13 | No |
| Enjoys project work | 1 | No |

Communication skills

| Communication strength/capability | 9 | No |
| Objective argumentation skill | 1 | No |
| Friendly character | 1 | No |
| Open, friendly appearance | 1 | No |

Personal competence

| Individual responsibility | |
| Independent/autonomous way of working | 6 | No |
| Openness to change | |
| Open-mindedness | 1 | No |
| Openness to new things/willingness to learn new things | 2 | No |
| Willingness | |
| Willingness/motivation | 5 | No |
| Reliability | |
| Reliability | 1 | No |
| Discretion | 1 | No |

Creative ability

| Ability to think one step ahead | 1 | No |

Qualifications

| Degree (grade & degree program) | 23 | Yes |
| Relevant specialization (accounting, taxes, audit, controlling, finance, etc.) | 17 | Yes |
| Prior work experience (internships, training, etc.) | 22 | Yes |

*Main category
*Subcategory 1
*Subcategory 2

Figure 2. Category system.

Note. * The classification is based on Heyse’s synonym atlas from 2007, but the question arises as to whether knowledge of MS Office should be classified as cross-disciplinary knowledge today.

In addition to determining the general requirements of the sector, which of these requirements are particularly relevant is also of interest. This was quantified by analyzing the number of job advertisements the respective competency/qualification was listed in as a requirement (see Figure 2, Column 2). It should be noted that the number of references is not necessarily an indicator of the importance of the individual competence/qualification for the selection of an employee. Which competences/qualifications are of particular relevance for the respective company may vary individually and may also be independent of the number of references. Nevertheless, a large number of references suggests that the respective competence or qualification is considered important across companies.

Assessment of changeability. Finally, an assessment was made of whether Subcategory 2 can be changed by the audit sector (see Figure 2, Column 3). The reason for this step is that a competence/qualification only offers potential for reducing the gap between the sector’s requirements and the expectations of the generations
if it is not absolutely necessary to maintain it in its present form. The requirements classified as modifiable (summarized in Figure 3) are used to develop strategies in Chapter 4 and are denoted as “criteria for selecting employees”. It remains to be discussed whether the competences and qualifications required in job advertisements cover all the characteristics of an employee that are necessary in today’s world, or whether they need to be expanded.

| Technical and methodological competence | Changeable |
|----------------------------------------|------------|
| Expertise                              |            |
| National/international knowledge of accounting, audit, consulting, etc. | Yes |
| Activity and action competence         |            |
| Mobility                               |            |
| Flexibility                            | Yes        |
| Mobility/willingness to travel         | Yes        |
| Resilience                             |            |
| Ability to withstand stress            | Yes        |
| Social-communicative competence        |            |
| N/a                                    |            |
| Personal competence                    |            |
| N/a                                    |            |
| Qualifications                         |            |
| Degree (grade & degree program)        | Yes        |
| Relevant specialization (accounting, taxes, audit, controlling, finance, etc.) | Yes |
| First work experience (internships, training, etc.) | Yes |

**Figure 3. Criteria for selecting employees.**

The assessment of the changeability aspect can be explained through an example: The applicants’ accounting knowledge should be considered changeable because for many tasks, such as data analysis, accounting knowledge is not a primary requirement. Although such knowledge is necessary for the interpretation of the results, the tasks of analysis and interpretation could be split, thus allowing the recruitment of candidates lacking extensive accounting knowledge. In addition, there would be the possibility of expanding existing knowledge via internal training, which meets the desire of the young generations for further development. This would also make it possible to disengage from the requirement for a specific degree, major field of study, and initial professional experience, which are the most referenced main requirements of the sector. Therefore, those educational requirements are also considered modifiable.

**Expectations of an Attractive Workplace/Employer on the Part of Generations Y and Z**

The evaluation of the attractiveness of a job from the point of view of potential employees should be based on working conditions categorized according to the work of Kirchner (1993). The (general) expectations of Generations Y and Z, which were taken from relevant literature, were assigned to the four different categories (psychosocial, material-financial, organizational, and technical working conditions) (see Figure 4). To offer an effective overview, those expectations were divided into three parts: expectations that both Generations Y and Z have of an employer, the expectations specifically of Generation Y, and those specifically of Generation Z.
| Psychosocial conditions          | Material-financial Conditions                | Organizational conditions                | Technical conditions                |
|---------------------------------|---------------------------------------------|------------------------------------------|------------------------------------|
| Condition                       | Changeable Condition                       | Changeable Condition                      | Changeable Condition               |
| **Generations Y and Z**         |                                             |                                          |                                    |
| Social Engagement/ Sustainability| Yes, Indirectly                            | No                                       | Personal Development               |
|                                 |                                             |                                          | Yes, Indirectly                    |
|                                 |                                             |                                          | Endowment of meaning               |
|                                 |                                             |                                          | Yes, Indirectly                    |
| Authenticity                    | Yes, Indirectly                            | Appropriate/ High salary                 | Self-fulfillment                   |
|                                 |                                             |                                          | Yes, Indirectly                    |
|                                 |                                             |                                          | Feedback                           |
|                                 |                                             |                                          | Yes, Directly                      |
| Teamwork                        | No                                          | No                                       | No managerial responsibility       |
|                                 |                                             |                                          | No                                 |
|                                 |                                             |                                          | Fulfilling work                    |
|                                 |                                             |                                          | Yes, Indirectly                    |

**Generation Y**

| Work-life blending              | Yes, Directly                               | N/a                                      | N/a                                |
| Identification with the employer| Yes, Indirectly                             | N/a                                      | N/a                                |
| Flexible working hours          | Yes, Directly                               | N/a                                      | N/a                                |

**Generation Z**

| Work-life separation            | Yes, Directly                               | Anti-authoritarian leadership            | Fixed Structures (own desk and office) |
| Fixed working hours             | Yes, Directly                               | Yes, Indirectly                         | Yes, Directly                      |
| Recognition                     | Yes, Indirectly                             |                                          |                                    |

Figure 4. Working conditions desired by Generations Y and Z.

Subsequently, a differentiation was made of whether the respective condition is directly or indirectly changeable by the audit sector (see Figure 4, Column: Changeable). This assessment is also necessary because only a variable condition offers opportunities to close or reduce the gap between generational expectations and the sector’s requirements. Since the sector cannot (directly) influence the demands of generations, the issue is whether there is a (direct or indirect) opportunity for employers/sector representatives to change working conditions. The assessment was based on the following criteria: Conditions that can be perceived differently (e.g., authenticity and meaning) were assumed to be indirectly changeable because they are based on individual views. Hard conditions, such as salary or fixed working hours, can be considered either directly changeable or not changeable. Here, the assessment was made depending on the respective effects on the company. In principle, a condition must be organizationally and financially feasible for a company to be considered changeable. The assessment of this changeability is set out below.

**Organizational conditions.** Both generations are particularly interested in opportunities for further development (Deloitte Touche Tohmatsu Limited, 2019b) and meaningful work that offers opportunities for self-realization (see for Generation Y: Enactus e. V./SVI-Stiftungslehrstuhl für Marketing der HHL Leipzig Graduate School of Management, 2014; for Generation Z: Kast, 2014). Furthermore, both groups prefer a fulfilling job (see for Generation Y: McDonald’s Deutschland Inc., 2013; for Generation Z: McDonald’s
Owing particularly to digitalization, allocation of tasks by an individual’s line manager offers opportunities to meet these desires. However, as mentioned before, the perception of what is considered meaningful, fulfilling, and self-realizing can vary from one person to another. Those three conditions are therefore classified as indirectly modifiable.

- Opportunities for further development arise through new tasks, further training, etc. and are regarded as directly changeable due to the direct influence of the employer.
- The desire not to take leadership responsibility (Hesse et al., 2015) is judged to be unchangeable because a successful company in the long term cannot exist without managers.
- Generation Z members also prefer a non-authoritarian management style (Hesse et al., 2015) and both generations want regular, constructive feedback (see for Generation Y: Parment, 2013; for Generation Z: Walther, 2014). These expectations refer to elements of the corporate culture, which can be directly influenced by the employer, and the management style of superiors, which can only be indirectly changed, for example, through internal guidelines on management behavior.

**Psychosocial conditions.** The desire for feedback is associated with recognition (Hesse et al., 2015). Recognition is part of the organizational feedback culture of a company and is also reliant on the leadership behavior of its line managers. The way in which feedback should be provided, whether that be criticism or recognition or neither, can be regulated by the organization but the actual implementation can only be indirectly influenced because it is strongly dependent on the personality of the supervisor.

Furthermore, social commitment and the sustainability of corporate activities are becoming increasingly important (Deloitte Touche Tohmatsu Limited, 2019b). Activities in these areas can be driven by companies, but what is meant by sustainability can vary individually, hence this condition being considered indirectly changeable.

Members of Generation Y want to identify with their employer (Mangelsdorf, 2014). This aspect should also be regarded as indirectly changeable, because such identification varies from individual to individual and depends on other factors (e.g., the social commitment of the company).

Private life is particularly important to both generations. The increasing importance of leisure time from generation to generation is also confirmed by a study by Twenge, Campbell, Hoffman, and Lance (2010). The importance of private life for the young generations is expressed through the desire for work-life blending and for flexible working hours (Generation Y) (Klaffke & Parment, 2011) and also in the desire for work-life separation and fixed working hours (Generation Z) (McDonald’s Deutschland LLC, 2017). As digitalization offers extensive opportunities to meet both expectations, these are considered to be directly changeable.

A company that introduces flexible working hours and locations can indirectly meet the desire of its younger workers of Generation Y for an attractive working environment (Parment, 2013).

**Material and financial conditions.** Although the younger workers of Generations Y are not described as having the almost exclusively materialistic attitude to life of their predecessors, they do care about having an adequate or high salary, despite the increasing relevance of meaningfulness, leisure time, etc. A study by Deloitte Touche Tohmatsu Limited (2019b) confirms the relevance of both soft factors and salary. The level of remuneration, as reflected in the desire for a reasonable/high salary, should be considered unchangeable. Although an increase in salary or a new, attractive offer of an improved remuneration package is generally conceivable, this is associated with an additional financial outlay for the company, which is very difficult to estimate and it is difficult to predict whether that additional expense would be acceptable to an employer.
especially one in the audit sector that operates on low margins. In addition, the assessment of a salary as being appropriate or high is a subjective one that will vary from one individual to another. Therefore, the level of remuneration should not be considered in Section 4: “Strategies to resolve the issue of recruiting young professionals”.

**Technical conditions.** The desire among members of Generation Z to have their own desk and office (Scholz, 2014) should also be considered directly changeable. Although concepts, like desk sharing and the open office, continue to be popular, the use of traditional offices should, despite the financial outlay involved, not be dismissed.

Acknowledging the role of variable conditions stated above as summarized in Figure 5 under *Criteria for choosing an employer* combined with the changeable competences and qualifications (see Figure 3) makes it possible to address how the audit sector could make itself attractive for Generations Y and Z. Those suggestions are detailed in Section 4: “Strategies to resolve the issue of recruiting young professionals”.

| Psychosocial conditions | Organizational conditions | Technical conditions |
|-------------------------|--------------------------|----------------------|
| **Generations Y and Z** |                         |                      |
| Social engagement/sustainability | Personal development | N/a                  |
| Authenticity            | Endowment of meaning    |                      |
|                         | Self-fulfillment        |                      |
|                         | Feedback                |                      |
|                         | Fulfilling work         |                      |
| **Generation Y**        |                         |                      |
| Work-life blending      | N/a                     |                      |
| Identification with the employer | N/a            |                      |
| Flexible working hours  |                         |                      |
| Attractive working environment for maintaining social contacts | Fixed structures (own desk and office) |
| **Generation Z**        |                         |                      |
| Work-life separation    | Fixed working hours     |                      |
| Fixed working hours     | Anti-authoritarian leadership |                |
| Recognition             |                         |                      |

*Figure 5. Criteria for choosing an employer with potential for change.*

**Limitations of the Analysis**

The analysis of job advertisements is subject to various limitations. The most important of which are described below.

**Question of opportunities.** In particular, the question of existing opportunities arises. The question of opportunities can be stated from the perspective of both the employer and that of the employee or prospective employee.

The analysis of job advertisements does not permit drawing any conclusions which applicants with which skills and qualifications will actually be hired (an employer-perspective issue). Accordingly, it is not possible to say whether the qualifications and skills mentioned in the job advertisements are actually relevant to the final hiring decision.

In addition, it is possible that Generations Y and Z are more attracted by other occupations because they better fulfill their expectations (an employee-perspective aspect). The job security and, above all, regular working hours offered for example by public sector jobs, are becoming increasingly popular for these
generations (Scholz, 2016). This trend could be intensified because of the economic fallout from the current COVID-19 crisis, when many people are experiencing the effects of short-time work, furlough, and compulsory redundancy. However, it remains to be seen how the audit sector will react to the crisis, whether large-scale job cuts will be necessary or whether the obligation to fulfill the duties required by law will make drastic labor law measures inevitable. Should the latter occur, the sector would have the advantage of being able to offer the secure jobs that the younger generations prefer.

**Objectification.** Furthermore, the analysis does not take into account subjective and personal elements that for the employer affect the hiring decision and for an applicant affect the choice of employer. For example, both parties might feel a liking for each other, or indeed animosity, during the interview and where the employer is located in relation to where the applicant resides can also affect the decision of either party.

In addition, coincidences should not be underestimated. Applicants who are very risk averse might choose to accept the first offer received that meets their minimum requirements, so the prospective employer with the swiftest personnel selection process benefits. Many applicants looking for their first job have not decided upon which specific field or sector they prefer, meaning their potential employer is not only competing with other audit firms, but also with industrial companies and the public sector. An employer might also be in a position of having to choose the first applicant that meets its most basic criteria owing to critical personnel shortages, even if the applicant does not possess all the required skills and qualifications. It is not possible to take these elements into account in a job advertisement analysis.

**Strategies to Resolve the Issue of Recruiting Young Professionals**

**Adapted Expectation Gap**

The challenge of reconciling the requirements of the audit sector and the expectations of Generations Y and Z seems to be intractable. This difference can be visualized using the classic structural model of the expectation gap (Herkendell, 2007; Brösel, Freichel, Toll, & Buchner, 2015). Therefore, this model is adapted to the difference described in this article. Whereas in the classic model a gap between the public perception of the audit performance and the public’s expectations of the audit is established, the expectation gap in the adapted model is supposed to span the working conditions in the audit sector as perceived by Generations Y and Z and the current requirements of the sector for an applicant. This gap can ultimately be divided into an entitlement gap, a requirement gap, and a perception gap (see Figure 6):

- The entitlement gap is the difference between the working conditions desired by Generations Y and Z and the necessary requirements of the audit sector. Therefore, it arises because the expectations of these generations are not in line with the requirements of the sector.
- The requirement gap spans the current requirements of the sector on the part of an applicant or employee and the necessary requirements. This gap is the result of supposedly exceeded or outdated requirements of the sector.
- The perception gap, in terms of the young generations, is the difference between the perceived and desired working conditions in the sector. This gap therefore emerges due to faulty, insufficient, or missing communication between the two parties.

The gray-shaded area in Figure 6 represents the audit sector’s radius of action to reduce the identified gap(s).
In order to reduce the gaps and thus to address the problem of recruiting junior staff, the following steps must be taken:

**Reduction of the entitlement gap.** The options for reducing this gap are limited because the sector would either have to move away from the requirements deemed necessary, Generations Y and Z would have to change their desired working conditions, or the sector would have to respond to those desires (as far as possible).

It would be very difficult to deviate from the requirements considered necessary, because reliability is the basis of the profession and that depends to a large extent on competent and qualified personnel. The abandonment of minimum competences/qualifications would negatively affect public confidence in the work of the auditor, which would lead to an expansion of the classic expectation gap. Furthermore, the complexity of accounting and auditing on both the national and international level demands highly specialized skills of those working within the sector—skill sets that the sector cannot abandon. What is more, the possibility of being able to significantly change the desires of two generations is likely to be small.

There remains a possibility of partly closing the entitlement gap by reacting to the desired working conditions of the generations (see, the criteria for selecting employees from section Requirements of the audit sector), to the extent the requirements of the sector allow. The need to adapt working conditions arises because the young generations will only be persuaded to work in the sector if their expectations are largely fulfilled. Responding to such expectations would also make it possible to counteract their disloyalty to an employer and to improve retention rates among the young in the sector. In this context, the requirements of the sector might be presented in such a way that the younger generations feel at ease, because the requirements of the sector reflect the expectations of its younger intake.

**Reduction of the requirement gap.** There are also options to address the requirement gap. The current requirements that are no longer mandatory should be reviewed and adapted to encourage a well-qualified pool of applicants, especially to work in the new fields of activity arising from digitalization. However, any adaptation of the requirements must not diminish the quality of the audit, which largely relies on trustworthy and competent staff.

**Reduction of the perception gap.** Addressing the perception gap would depend on effectively communicating the benefits of working in the audit sector to Generations Y and Z, particularly in light of the changed working conditions resulting from the narrowing of the requirement gap. Effective communication is necessary because all efforts to close the gaps will only have the desired effect of attracting sufficient numbers of well-qualified junior staff if the relevant generations are made aware of those changes. Otherwise, any
measures taken by the sector will have no effect.

The measures to reduce the different gaps are described in detail below. The results are presented in Figure 7.

**Reduction of the Entitlement Gap: Adjustments in Working Conditions**

In order to entice Generations Y and Z to enter the sector and to meet their requirements for an attractive employer, there will be a need to adapt the working conditions they encounter. The audit sector has a busy season, when everyone involved will be expected to work many hours each week; it is a requirement that will make the sector’s working conditions seem unattractive (Braunsdorf, 2018). As illustrated in Figure 3, the sector also demands flexibility and mobility, or willingness to travel and ability to withstand stress. The focus of the young generations on their private life seems difficult to reconcile with these requirements. However, achievements of digitalization (cloud computing, data analytics, etc.) allow flexibility in working hours and location as well as the outsourcing of routine tasks. Although a location-independent audit is certainly not possible at any time, these achievements make it possible to reduce the time spent with the client and enable a person both to work in their own office at fixed times and also flexible models, like working from a home office. Such an arrangement offers the possibility to meet the requirement for a work-life separation of Generation Z as well as the requirement for work-life blending of Generation Y. At the same time, the requirement for an attractive working environment can be fulfilled, because an employee (after consultation with superiors and colleagues) can choose his or her own place of work be that home, at the client’s premises, or at the auditor’s office on a few days each week.

Generations Y and Z insist on regular and direct feedback. Many audit companies already meet this expectation and give feedback after every audit. Nevertheless, in many audit firms, the feedback process is highly formalized. It would be possible to address this expectation of Generations Y and Z more directly by making the feedback process less formal. Formality is unavoidable, especially in large audit firms, but the formal part could be completed by short individual conversations about the latest work done, for example, following a client visit. This would be a good opportunity to discuss further development based on feedback, to communicate directly with the supervisor, and also offers an opportunity to give members of Generation Z the recognition they desire.

**Reduction of the Requirement Gap: Adaptation of Requirements for Prospective Employees**

Digitalization brings the need for new specialists, for example experts in statistics and mathematics, or data scientists. The pool of interesting candidates for the sector could therefore be extended to graduates of mathematics, information technology, natural sciences, and technology. In addition, internal trainings in these areas and also in the area of new or modified standards on auditing offer the opportunity to meet the desire of Generations Y and Z for further development. At the same time, there is an opportunity to expand knowledge in these areas not traditionally common in the sector by using the technical skills of the younger generations. Knowledge of accounting, auditing, and consulting is certainly necessary, so the sector cannot deviate from that requirement. To ensure that interested parties are not deterred from applying by highly specialized requirements, it would be wise for recruiters in the audit sector to make applicants aware of the significance of the auditor to the functioning of the capital markets, in other words to convey the meaningful work aspect. At the same time, the sector should try to present the highly specialized requirements as an opportunity for candidates: Employers usually offer study time for the vocational accountancy qualification and cover their candidates’ fees. Those who acquire the qualification and are entitled to call themselves auditors find their market value rises, as does
their earnings potential. Nevertheless, audit firms should be open to interviewing applicants from other academic backgrounds as there are also many tasks for people lacking extensive knowledge in the mentioned fields (e.g., this knowledge is not necessary for the analysis of data but only for the interpretation of the results). The final degree grade should not play a major role either, as it does not always reflect practical work behavior. Greater importance should be given to the results of challenging recruitment tests and the employment probation period.

**Reduction of the Perception Gap: Communication of the Changes to Generations Y and Z**

To change the public perception of the sector, it is appropriate to communicate the adjustments made, especially those to reduce the perception gap, via social media. Both generations have grown up with the Internet and digital media. Social media, such as YouTube and Instagram are used frequently by these generations (Mpf, 2018). The use of these channels for the purposes of employer branding and for advertising a career in the sector offers a great opportunity to gear communication to the target group through a multimedia approach. In this context, it is relevant to pay attention to the requirement by members of Generation Y and Z for authenticity. Internal influencers, that is, employees who credibly demonstrate the advantages of a career in the audit sector, could offer a particularly suitable channel. Former employees could also act as influencers by reporting on their experiences and the advantages of entering the sector for their future career. A good example is Swisscom’s YouTube channel, which features relaxed interviews with young employees about their work and the company.

In order to achieve the necessary authenticity, it is important that both the companies and the organizations of the sector (like the sector’s standard-setting bodies and the Chamber of Public Accountants, a public corporation every auditor and audit firm in Germany is a member of) are aware of their strengths. For this purpose, direct surveys of employees are recommended to elicit firms’ strengths and weaknesses from the employee perspective. While the strengths should be consolidated internally, the weaknesses should be worked on in the best possible way in order to ensure a satisfied workforce, because the workforce often convey their positive experiences to their friends and acquaintances (Schahinian, 2019). In addition, it is easier to motivate satisfied employees to commit to become internal influencers for the company’s social media channels.

Here, an authentic concept based on the model of the companies Wortmann and Westfalen, is suitable. In these companies, a group of trainees runs an Instagram channel or a blog, where they share their experiences. The content is not always just about experiences during a normal working day. Issues, such as participation in demonstrations for environmental protection supported by the company are also addressed, which should appeal to the younger generations who value sustainability and social commitment. At the same time, the desire for self-fulfillment is met.

The meaningfulness of the work in the sector can also be communicated through these channels. Many members of the young generations have no precise knowledge of the work of an auditor (Haußer, 2014). Here it is still necessary to counter the image of a bean counter and to emphasize the relevance of the work for the economy. Insights into the daily work routine of junior staff, perhaps conveyed via Instagram posts, could help to present the engaging daily work routine to Generations Y and Z. The insights into everyday working life could also serve as a vehicle to convey how working conditions for auditors have changed in the sense of the increased flexibility around working locations and times while continuing to respect auditors’ professional standards, thus emphasizing the compatibility of professional and private life.
Conclusion

The audit sector has a problem recruiting junior staff, which may be exacerbated in the future especially because of the expectations of Generations Y and Z of an attractive employer. However, if the sector is aware of the expectations of the generations and at the same time is willing to open up to them, there are opportunities to reduce the gap between those expectations and the requirements of the sector. Cloud computing and data analytics support both flexible and fixed working hours and locations, depending on the needs of the respective generation, and could therefore improve the balance between work and private life. At the same time, digitalization is changing the profile of the auditor. Accordingly, the target group for new hires could be significantly expanded. It is important to address the young generations in a way that is target group specific and authentic through the channels they prefer.

The sector must certainly change if it is to be attractive to the members of Generations Y and Z. At the same time, it is important to retain established employees and also to respond to their needs. Therefore, another important topic that might be addressed in future research is how to ensure internal cooperation among employees of different generations. The balance between holding on to established structures and opening up to new trends is a challenge that also offers avenues for further research.

Furthermore, it is uncertain if and how the economic effects of the COVID-19 pandemic crisis will influence Generation Z and other generations in the future, as neither the exact effects nor their duration are foreseeable. It is even conceivable that a new post-Z generation, Generation Alpha, will be affected by the aftermath of the COVID-19 crisis, which might extend to affect cohorts born from 2010 onwards. It also remains unclear how the crisis will influence the labor market. It is possible that the balance of power will move from the employee to the employer. In the case of mass unemployment caused by the COVID-19 crisis, the applicants would eventually be forced to reduce their requirements of an employer. The actual consequences remain to be seen.

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