

# UNDERSTANDING ETHICAL CHALLENGES AND THE DYNAMICS OF INTERGENERATIONAL INTERACTION IN FOUR PUBLIC ACCOUNTING FIRMS INDONESIA

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## Abstract

The massive development of digital technology and the disruption of the business environment are driving global regulatory changes and challenges for professional accounting practices, particularly within accounting firms. This study aims to understand the dynamics between different generations, namely Gen X, Gen Y, and Gen Z, in interacting with the challenges of technological transformation and work ethics. This qualitative study uses four public accounting firms in Indonesia as case studies. Data collection methods were obtained through interviews with 10 respondents from different generations across the four accounting firms, along with document analysis and non-participant observation. This study reveals that differences in personal values, communication styles, and preferences for digital technology create challenges for intergenerational collaboration and opportunities to increase productivity. These variations, although often triggering gaps in work expectations, can become a collective strength when facilitated through an inclusive organizational approach that is responsive to cross-generational needs. On the other hand, digitalization strengthens the need for technological literacy but also demands a definition of professional accountability in the era of automation. This study highlights the importance of organizational strategies, such as reverse mentoring, cross-generational training, and value-based work design, for maintaining professional cohesion. The success of PAF in maintaining professionalism and accountability depends on the ability to manage generational differentiation as strategic social capital.

**Keywords:** Generational Differences, Work Ethic, Accountability, Digitalization, Organizational Culture

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## 1. INTRODUCTION

The public accounting profession in Indonesia is currently experiencing profound structural and cultural transformation. Accelerated digitalization, tighter regulatory oversight, and increasing ethical scrutiny have fundamentally reshaped how audit work is performed and evaluated. These pressures coincide with significant demographic shifts in the workforce, marked by the gradual retirement of senior auditors and the growing dominance of Generations Y and Z within public accounting firms. The World Economic Forum (2023) highlights that such convergence between technological disruption and demographic change requires organizations to rethink competency frameworks, work arrangements, and ethical governance mechanisms, particularly in professions that rely heavily on professional judgment and public trust.

Within Indonesian public accounting firms, these challenges are amplified by the coexistence of multiple generations with distinct work orientations, value systems, and communication styles. Generation X, often occupying senior and managerial roles, tends to prioritize procedural compliance, hierarchical authority, and long-term

organizational loyalty. In contrast, Generation Y emphasizes collaboration, meaningful work, and work–life balance, while Generation Z demonstrates strong digital fluency, expectations of flexibility, and heightened sensitivity toward transparency and ethical consistency (Rudolph et al., 2020; PAF Alfa, 2023). These generational differences are not merely attitudinal but are shaped by divergent socialization processes, technological exposure, and institutional experiences.

The Theory of Planned Behavior (Ajzen, 1991) provides a useful lens for understanding how such differences translate into workplace behavior. According to this framework, individual actions are influenced by attitudes, subjective norms, and perceived behavioral control. Applied to a multi-generational audit environment, generational cohorts may differ in how they interpret ethical norms, perceive professional expectations, and assess their autonomy in decision-making. As a result, similar professional standards may be enacted differently across generations, creating tensions but also opportunities for organizational learning.

One of the most salient manifestations of generational diversity in public accounting firms lies in differences in work style and communication. Senior auditors often rely on formal, structured communication channels, while younger auditors prefer rapid, informal, and technology-mediated interactions. Prior research suggests that such misalignment may lead to misinterpretation, reduced team effectiveness, and weakened coordination, particularly in high-stakes audit tasks that require precision, documentation, and ethical consistency (Srisathan et al., 2022). In audit settings, where professional skepticism and clear accountability are essential, communication gaps may pose risks not only to efficiency but also to audit quality and integrity.

Beyond communication, digital transformation introduces additional layers of complexity. The increasing use of artificial intelligence, big data analytics, and automated audit tools offers significant efficiency gains and enhanced anomaly detection capabilities. However, these technological advances also raise ethical concerns related to overreliance on automated systems, erosion of professional judgment, and accountability in decision-making. While younger generations tend to adapt more readily to digital tools, senior auditors often emphasize caution, emphasizing the importance of experience, judgment, and adherence to ethical standards. This divergence underscores the need for balanced human–technology integration, particularly in a profession governed by strict ethical codes.

Previous studies have explored generational differences across various organizational contexts. Tjahjono and Magdalena (2023) document generational disparities in ethical perceptions related to taxation, while Maida and Setyanto (2023) highlight communication challenges between Generations X and Z in Indonesian manufacturing firms. Hasanah and Badria (2025) further reveal that although Generation Z demonstrates strong moral awareness, inconsistencies persist in their understanding and application of formal ethical frameworks within accounting practices. Despite these contributions, empirical research focusing on the interaction

of three generations within Indonesian public accounting firms particularly using qualitative approaches remains limited.

Moreover, existing studies on generational differences in Indonesian public accounting firms tend to adopt a descriptive and universalistic approach, treating generational categories as homogeneous across contexts. International literature, however, emphasizes that generational characteristics are deeply embedded in national, cultural, and institutional environments. Meyer et al. (2010) and Hofstede et al. (2010) argue that work values and professional behaviors are shaped by education systems, regulatory intensity, organizational structures, and cultural norms. Consequently, individuals belonging to the same generational cohort may exhibit markedly different behaviors across countries.

Cross-national studies illustrate this contextual variation clearly. Research on Generation Z in China shows that hierarchical norms, collectivist values, and intense competition shape attitudes toward authority, working hours, and organizational loyalty (Chung et al., 2020; Jiang & Kleiner, 2021). In contrast, the Indonesian context remains strongly influenced by collectivism, seniority, and social harmony, particularly within professional service firms that emphasize compliance with ethical and professional standards. These contextual distinctions suggest that findings from other national settings cannot be directly generalized to Indonesian public accounting firms.

Accordingly, despite extensive research on generational work patterns within large public accounting firms in Indonesia, a significant research gap remains regarding how generational interactions rather than generational differences alone shape the interpretation and practice of work ethics, professionalism, and accountability. This study addresses this gap by conceptualizing generations not merely as age-based categories but as socially constructed actors shaped by national context and organizational dynamics.

This research seeks to answer the following question: *How do interactions among Generations X, Y, and Z within four Indonesian public accounting firms shape the practice of work ethics in a professional environment?* Using a qualitative explanatory approach, the study draws on in-depth interviews with participants ranging from interns and junior staff to senior partners. Data analysis follows the Miles, Huberman, and Saldaña (2014) framework to ensure credibility, transferability, dependability, and confirmability of findings.

In an era marked by economic uncertainty and heightened post-pandemic work pressures, public accounting firms must design generational management strategies that foster trust, psychological safety, and ethical coherence (Moore & Krause, 2021). Integrating the stability and experience of Generation X, the collaborative orientation of Generation Y, and the agility and innovation of Generation Z is essential to sustaining ethical, accountable, and high-quality audit practices.

The contribution of this study is twofold. Theoretically, it extends generational theory by situating it within the context of the public accounting profession in a

developing country, an area that remains underexplored in the literature. Practically, the findings provide insights for firm leaders, human resource managers, and regulators in designing inclusive policies related to onboarding, mentoring, leadership development, and ethical governance. By offering a contextualized understanding of intergenerational dynamics, this study contributes to strengthening professionalism and ethical resilience within the Indonesian public accounting profession amid ongoing digital and institutional transformation.

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## 2. METHODOLOGY

This study employs a qualitative research approach with an interpretive perspective to examine intergenerational interactions and work ethics within public accounting firms. A qualitative design is appropriate as the research aims to explore perceptions, experiences, and meaning-making processes related to ethical practices and digital adaptation across generations. The research was conducted public accounting firms in Indonesia, anonymized as PAF Alfa, Beta, Gamma, and Delta. Participants consisted of auditors from Generation X, Generation Y, and Generation Z occupying different hierarchical levels. Generational classification was primarily based on birth cohort and complemented by professional experience and career stage to avoid age-based determinism. Data were collected through semi-structured in-depth interviews, supported by secondary sources such as professional ethical standards, firm publications, and prior academic studies. This combination enabled data triangulation and strengthened analytical validity. Data analysis followed a thematic analysis approach, involving iterative coding and constant comparison to identify recurring patterns related to generational values, ethical interpretations, and responses to digital change. To ensure trustworthiness, this study applied credibility and confirmability principles through triangulation and transparent analytical procedures. Participant anonymity and ethical research standards were maintained throughout the study.

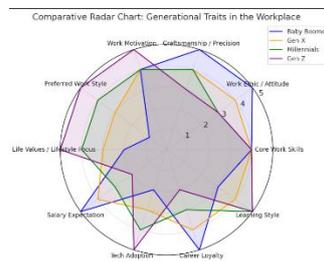
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## 3. FINDINGS AND DISCUSSION

### 3.1 Differences in Work Patterns Between Generations

Research findings indicate that differences in work patterns between generations at public accounting firms Alfa, Beta, Gamma, and Delta cannot be understood solely on the basis of biological age. Although respondents categorized as Generations X, Y, and Z by birth date, daily work practices indicate that work patterns are largely shaped by the interaction of generational values, organizational structures, and the demands of the audit profession itself. This aligns with Mannheim's (1952) view, which emphasizes that generations are social constructs shaped by historical and institutional contexts, not simply age groups.

**Figure 1. Characteristics of Generations in the Workplace**



Source: Author Modification

In Generation X, the dominant work pattern is characterized by an orientation toward stability, adherence to procedures, and respect for hierarchy and professional authority. At public accounting firms Alfa and Delta, where the proportion of senior auditors is relatively higher, these values are manifested in highly formal, layered, and careful work practices. Professionalism is defined as adherence to auditing standards, comprehensive documentation, and strict quality control. This finding is consistent with the literature stating that generations raised in a secure economic environment tend to develop a work ethic based on security and organizational loyalty (Smola & Sutton, 2002)

In contrast, Generation Y exhibits more flexible and relational work patterns. At PAF Beta, this generation acts as a bridge between traditional approaches and more adaptive work needs. Generation Y defines professionalism not only as adherence to rules, but also as the ability to collaborate, manage time effectively, and utilize technology to increase efficiency. This pattern supports previous findings that suggest Generation Y prefers a participatory work environment oriented toward continuous learning (Xiong, 2019).

Meanwhile, Generation Z exhibits the most dynamic work patterns, particularly at PAF Gamma, which is dominated by a younger workforce. This generation demonstrates a high level of digital adaptability, an expectation of rapid feedback, and a tendency to value conventional work methods. Professionalism for Generation Z is often defined as the ability to efficiently produce quality output using digital technology. However, these findings also suggest that without a robust system of oversight and mentoring, a focus on speed could potentially conflict with the principle of professional due diligence. These findings reinforce the argument that Generation Z is not a “less ethical” generation, but rather has a different way of expressing professional values (Seemiller & Grace, 2016).

### 3.2 Intergenerational Conflict and Challenges in Maintaining Professionalism

The intergenerational conflict identified in this study did not stem from fundamental differences in ethical values, but rather emerged in the form of differences in how they interpret professionalism, work ethic, and responses to change, particularly digitalization. These findings indicate that intergenerational conflict in public accounting firms is situational and contextual, rather than inherent or “innate” to each generation. At PAF Alfa, open intergenerational conflict is relatively rare. This

is due to the strong culture of compliance and control that shapes auditor behavior across generations. Junior auditors tend to internalize existing norms and conform to senior expectations. While this approach is effective in maintaining stability and consistency in audit quality, research findings indicate the potential for latent conflict in the form of limited space for dialogue and minimal exploration of new ideas.

In contrast, PAF Beta exhibits more explicit but functional intergenerational conflict. Differences in communication styles, technology preferences, and expectations for work flexibility are the main sources of disagreement. However, this conflict is generally managed through team discussions, two-way mentoring, and relatively open leadership. In this context, conflict is not perceived as a threat to professionalism, but rather as part of the organization's adaptation process to change. At PAF Gamma, intergenerational conflict is more often related to the tension between demands for speed and the need for professional prudence. The younger generation tends to push for efficiency and maximum utilization of technology, while limited audit experience poses risks in professional judgment. The conflicts that arise are not value-based, but rather technical and operational. This finding emphasizes the importance of a strong supervision and mentoring system to ensure that innovation does not compromise audit integrity.

At PAF Delta, intergenerational conflict often manifests itself in differing work expectations and resistance to change perceived as too rapid. The older generation views professionalism as adherence to procedures and prudence, while the younger generation emphasizes efficiency and the use of technology. This conflict is managed through a strong leadership structure and formal mechanisms, preventing it from escalating into open conflict that undermines team cohesion. These findings suggest that intergenerational conflict is not simply a generational issue, but rather a reflection of the imbalance between demands for efficiency, regulatory pressures, and high ethical expectations within the accounting profession. Conflicts become increasingly complex in the context of rapid digitalization, where differences in technological literacy levels widen the gap in perception between generations.

### **3.3 Strategies Implemented by Companies in Bridging Cross-Generation Differences**

#### **3.3.1 PAF Alfa's Strategies**

PAF Alfa positions generational diversity as a strategic foundation for organizational sustainability. In dealing with a multigenerational workforce, the firm views age differences not as a risk but as social capital that needs to be systematically managed through diversity, equity, and inclusion (DE&I) policies. This approach is reflected in PAF Alfa's ongoing efforts to review internal policies to ensure that the needs and aspirations of each generation are equitably accommodated while aligning with the organization's long-term goals. One of PAF Alfa's key strategies is the implementation of a hybrid work model linked to the company's social and sustainability goals. Work flexibility is understood not only as a response to the

demands of the younger generation but also as a means of maintaining cross-generational collaboration without sacrificing professional accountability. By integrating the ESG agenda into the organization's strategy, PAF Alfa seeks to bridge the idealistic values of the younger generation with the stability and prudence orientation more inherent in the older generation.

In terms of human resource development, PAF Alfa emphasizes ongoing training as a means of building meaningful work across generations. Inclusive upskilling and leadership training programs are designed not only to improve technical competency but also to foster a sense of recognition and empowerment in the workplace. This training helps minimize generational stereotypes by encouraging managers to understand differences in career expectations, communication styles, and work motivations across generations.

### **3.3.2 PAF Beta's Strategies**

PAF Beta views generational diversity as a source of collective energy that enriches the organization's perspective. With a workforce that encompasses multiple generations, the firm emphasizes the importance of shared experiences as a glue across age groups. The differences in values between the older generation, who prioritize stability, and the younger generation, who seek flexibility and meaning in their work, are not seen as gaps, but rather as spaces for dialogue that need to be actively managed. The role of managers is a central element of PAF Beta's strategy. The firm identifies that leadership quality has a significant impact on the success of cross-generational collaboration. Through inclusive leadership training, managers are equipped with the skills to recognize generational biases, encourage two-way communication, and facilitate reciprocal mentoring. The two-way mentorship approach allows for the transfer of experience from the older generation while opening up space for fresh ideas from the younger generation.

A culture of continuous learning is also a key pillar of PAF Beta's strategy. By providing an on-demand learning system and digital learning resources, the firm encourages all generations to continuously develop their competencies, particularly in the face of digitalization and the use of GenAI. Technology is positioned as a tool for inclusive empowerment, not as a factor that widens the generation gap. Furthermore, PAF Beta's commitment to DE&I is demonstrated through strengthening Employee Resource Groups (ERGs) and digital accessibility policies. These initiatives create a safe space for employees from diverse backgrounds to actively participate in organizational dialogue. Transparency and consistency between communicated values and actual practices are key to building trust across generations. Through this strategy, PAF Beta demonstrates that organizational authenticity and participatory leadership can mitigate generational conflict.

### **3.3.3 PAF Gamma's Strategies**

PAF Gamma represents a firm dominated by a young generation and experiencing rapid turnover. PAF Gamma's cross-generational strategy focuses on

creating a meaningful, adaptive, and well-being-oriented work environment. Internal company findings indicate that the younger generation no longer defines success narrowly as job attainment, but rather as a balance between learning, mental health, and life stability. Responding to this shift in orientation, PAF Gamma places continuous learning at the core of its strategy. Employee development programs are designed to be personalized and flexible, enabling individuals to develop technical and non-technical competencies according to their career needs. The role of managers has shifted from supervisors to coaches and mentors, supporting professional growth while helping employees establish healthy work boundaries. The use of GenAI and digital technology at PAF Gamma also demonstrates a collaborative, cross-generational approach. The younger generation is driving technology adoption, while the company ensures mentoring and training to ensure that digital transformation does not compromise professional prudence. Furthermore, PAF Gamma recognizes the financial and emotional pressures faced by the younger generation, thus focusing its retention strategy not only on performance but also on holistic well-being.

#### **3.3.4 PAF Delta's Strategies**

Delta Public Accounting Firm adopts a cross-generational strategy that emphasizes a balance between stability and adaptability. Facing digital and demographic changes, the firm prioritizes work flexibility as a key tool to address the needs of diverse generations. An adaptive work model allows employees to adjust their work rhythm without sacrificing productivity or accountability. Open communication and cross-generational mentoring are crucial mechanisms for managing differences in values and work styles. Delta Public Accounting Firm actively encourages dialogue to reduce stereotypes and ageism, and builds an understanding that contributions are valued based on competence, not age. A two-way mentoring program allows for the exchange of technical knowledge and strategic experience, creating an environment of continuous learning. Delta Public Accounting Firm's strategy is also underpinned by a commitment to lifelong learning and leadership by example. Leaders are expected to demonstrate empathy, curiosity, and openness to change, thereby fostering a sense of psychological safety for all generations. With a holistic approach that integrates flexibility, learning, and empathetic leadership, Delta Public Accounting Firm has successfully transformed generational diversity into a source of sustainable competitive advantage.

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## **4. CONCLUSION**

This research shows that differences in work patterns between Generations X, Y, and Z within Public Accounting Firms (PAF) are not merely a source of conflict, but rather create complementary professional dynamics in maintaining audit quality, accountability, and professionalism. Each generation has distinct perspectives on work ethic, communication, motivation, technology utilization, and leadership preferences.

Generation X emphasizes stability, procedural excellence, and moral responsibility, Generation Y prioritizes a balance between performance and well-being, while Generation Z exhibits a strong orientation toward efficiency, digital adaptation, and work scripts.

The key findings of this research indicate that PAFs respond to these differences through adaptive strategic management practices, such as intergenerational mentoring, structured feedback, the use of digital collaboration tools, and the formation of cross-generational audit teams. This strategy has proven effective in bridging knowledge gaps, increasing empathy across age groups, and ensuring that digitalization does not add to, but rather strengthens, collective accountability. By combining the experience of senior auditors with the technological capabilities of the younger generation, audit quality can be maintained amidst regulatory changes and increasingly complex professional demands.

Theoretically, this study enriches the study of generations in the context of the accounting profession by emphasizing that generational work behavior is contextual and mediated by organizational culture and policies. Accountability and professionalism are shaped not only by age or hierarchy, but also by cross-generational interactions facilitated through human resource management systems. Therefore, the main conclusion of this study confirms that inclusive and strategic management of generational diversity is key to maintaining professionalism, work ethics, and audit quality in public accounting firms in the era of digital transformation.

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