

Generation Z and sustainability

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ARTICLE INFO	ABSTRACT
Published Online: 18 October 2024	A survey of 652 Generation Z students shows that there is great interest in the topic of sustainability but that there is less willingness to delve deeper into the topic of sustainable companies or sustainable product labels or to get involved in the area of sustainability themselves.
Corresponding Author: Dr. Marcel Mock	Incentives therefore need to be created to increase this willingness. These incentives should cover several levels.
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BACKGROUND TO THE INVESTIGATION

In September 2022 and March 2023, two surveys were conducted at the School of Economics and Management on awareness of a number of topics relating to sustainability and corporate social responsibility. 652 students took part in the survey. Just under 80% of respondents could be assigned to Generation Z, which was born between 1996 and 2009.¹ Generation Z continues the individualization begun by previous generations, suffers from the fear of a loss of prosperity and is well aware of the effects of climate change. Generation Z is also very tech-savvy.² According to a study by PwC, which surveyed around 2,000 young people from Generation Z, Generation Z has a strong environmental awareness.³ Generation Z also attaches great importance to a good work-life balance. For the first time, they are imposing conditions on employers regarding a four-day week, sabbaticals, working from home and no overtime.⁴

Theoretical foundations and conceptual delimitation Sustainability

This survey deals with a key megatrend of our time: sustainability. However, both the definitions and the general understanding of this topic diverge, as the results of the survey once again clearly show. For example, terms that have different meanings in the narrower sense are sometimes used synonymously and are not clearly differentiated from one another. Against this background, this section aims to outline

the basic definitions and establish a working definition so that a common basis of understanding can be established.

The first step is to define the term *sustainability* and create the normative framework necessary for this study. It should first be noted that the term as such has a multifaceted history, but in this study it refers in particular to the meaning of current usage. A first, and still valid, definition of *sustainability* can be found in the *Our Common Future* report, or the so-called Brundtland Report, from 1987. It defines sustainable development as "Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs."⁵ Loosely translated, this means: "Sustainable development is economic activity that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Sustainability can therefore be understood as a normative-ethical principle that calls for holistic consideration of social challenges. It places the responsibility of the present generation in direct relation to the people of future generations and appeals to consume only as much as is absolutely necessary and can be provided again in the future.⁶ The German Bundestag's Enquete Commission "Protection of People and the Environment" defined sustainability in a similar way, interpreting it as a model or concept that enables

¹ Cf. Statista GmbH, Überblick (2020) n. p.

² See March, Oliver, Generation XYZ (2022) n. p.

³ Cf. Wulff, Christian, Generation Z (2020) n. p.

⁴ Cf. Hölter, Katharine, Kullmann, Kerstin, Quecke, Franca, et. al, Jobwelt (2023), p. 9

⁵ United Nations, Report (1987) p. 37

⁶ Cf. Deutscher Bundestag (n.d.) n. p.

the lasting and future development of economic, ecological and social dimensions of human existence.⁷

In this context, it is important that individual areas of social responsibility can no longer be viewed in isolation and detached from one another, but rather that the interdependencies and interrelationships must be taken into account. In this respect, sustainability - viewed as a concept - should be interpreted as a triad of economy, ecology and social issues. This three-dimensional definition of the term ensures that the needs of all interest groups in the target and ideal state are incorporated equally and on an equal footing into the corporate decision-making process.⁸

Corporate Social Responsibility

There is also no generally accepted definition of corporate social responsibility (CSR). In this case, however, there is a common understanding of the European Commission. This describes CSR as "the responsibility of enterprises for their impacts on society"⁹. There is therefore a view that CSR can be interpreted as a holistic corporate concept that integrates all sustainability dimensions (economic, social and ecological).

CSR is directly and indirectly responsible for a company's business success. Even if the triad - economic, social and ecological - may initially appear to be a contradiction in terms, modern management theories sometimes assume that companies that operate sustainably and align their business model accordingly are often more successful in the long term than corresponding competitors that do not take these considerations into account. Reputation, efficiency, risk minimization and innovation can be cited as key reasons in this context.¹⁰

In terms of reputation, it can be stated that dealing with CSR-induced issues can have a positive effect on positioning as an attractive employer. The increasing shortage of skilled workers in particular can lead to CSR establishing itself as a significant competitive factor on the labor market. In addition, new customer groups can be developed and acquired and existing customer relationships can be successively expanded and established. Furthermore, taking CSR effects into account can lead directly to not only reducing the ecological impact of business activities, but also to lowering associated and additional costs. This is due to the fact that increased resource efficiency is sensitized, which can have an effect on processes on the one hand and on the consumption of materials, energy and general resources on the other. Similarly, taking corporate social responsibility into account can lead to a reduction in risks within the

company. In addition to any monetary risks, procedural risks should also be understood in this context.¹¹

In practice, it can be observed that many companies use the terms sustainability and CSR interchangeably. In theory, however, as can be seen from the previous explanations, the term CSR is much more narrowly defined than sustainability. Roughly outlined and presented very schematically, CSR refers to the specific contribution that a company makes to sustainable management, to sustainability. As generally valid as this may seem, the more different the form, interpretation, implementation and finally the realization of CSR is in the individual companies. In this context, a link to the company's business strategy is essential.¹²

All in all, it can be said that CSR can be seen as a cross-cutting corporate task that helps to secure the company's long-term existence and competitiveness. In the context, it must be taken into account that such topics and aspects cannot be identified and dealt with only partially within the company, but must be considered in an overarching and interdisciplinary manner. Only if it is ensured that a front-to-end process view exists can the cross interface task also act and develop as such.

RESULTS

Awareness of sustainability issues

When asked about awareness of the German Sustainability Code and the Common Good Matrix, two instruments for presenting non-financial information as part of the annual report reporting, it emerged that the majority of respondents were generally unfamiliar with both instruments, and that the Common Good Matrix was largely unknown even in comparison to the Sustainability Code.

For the vast majority of respondents (just under 70%), the topic of sustainability and the economy for the common good is of particular importance. However, the concept of the economy for the common good is not as present and familiar to many participants as the concept of sustainability, which is a recurring theme in the media.

On the subject of green investment, respondents were first asked about awareness of the term itself and then about companies that use it. More than half of all participants were familiar with the term "green investment". However, only a quarter of respondents were actually familiar with a green investment company. It is astonishing that most respondents had no more trust in these green investment companies than in companies that are not considered green investments.

In this context, it seems surprising that trust is predominantly absent here, but that the students surveyed apparently did not

⁷ Cf. Deutscher Bundestag, Schutz des Menschen und der Umwelt (1989) p. 218

⁸ See Dreßler, Marc, Unternehmertum (2021) p. 20

⁹ European Commission, EU strategy (2021) p. 6

¹⁰ Cf. Bundesministerium für Arbeit und Soziales (n.d. (a)) n. p.

¹¹ Cf. Bundesministerium für Arbeit und Soziales (n.d. (a)) n. p.

¹² Bundesministerium für Arbeit und Soziales (n. d. (b)) n. p.

check any company information on the subject of green investment. A plausibility check of their trust account balance therefore does not seem to take place rationally. So how could trust be created here if not through the information provided by the companies, which could be critically scrutinized by the students in the survey and checked for plausibility via ?

Surprisingly, in contrast to the term "green investment", the term "green washing" appears to be well known among students according to their partial or overwhelming assessment of a large proportion or the vast majority of respondents.

Awareness of corporate social responsibility

The respondents are much more familiar with the terms CSR and sustainability, at least in terms of the public relations work carried out by the respective companies. Around half of the respondents were reluctant to give a positive assessment of the credibility of the public relations work of the companies they know or did not provide any information on this.

In contrast, the corresponding labels surprisingly have a clear influence on the purchase decision of products for significantly more than half of the respondents. In contrast, the statement on these labels in relation to a possible financial and capital investment is less clear than for the decision to buy products.

Surprisingly, however, just under 70% of respondents generally trust these labels to a high or even very high degree, although only around half of respondents found the differences between the labels sufficiently transparent and understandable and 85% wanted more information in this area.

Measures for work-life balance

For 73% of respondents, employers offered part-time work, working from home and similar measures to help employees achieve a better work-life balance. In this area, companies appear to have adapted to the expectations of members of Generation Z from 2020 in terms of work-life balance over the last three years.¹³

Selected results from Recruiting Trends 2020, an empirical company study of the top 1,000 companies in Germany and the top 300 companies in the IT sector and application practices in 2020, as well as the results of an empirical candidate study with responses from over 3,500 candidates, show that 70% of the Generation Z candidates surveyed two to three years ago already attached great importance to work-life balance.¹⁴ Even if reference is made to the results of the TOP 1,000 companies and IT companies in particular, this expectation of employees seems to be confirmed across the board in all companies.

This is also confirmed by the Randstad Workmonitor, one of the largest surveys of employees with a total of 35,000 participants in 34 countries worldwide. According to the survey, as many as 58% of Generation Z respondents would quit their job if it prevented them from enjoying their lives.¹⁵ More than half of those surveyed think that an improved work-life balance leads to an improvement in the financial results of the company in question.

Perspectives

Although the topic of sustainability is very important to the respondents, only a few could imagine working as a sustainability coach, for example. The willingness to get personally involved in this area is therefore rather low. Similarly, interest in a sustainability network or exchange is not very pronounced.

Recommendations for action

The survey shows that the topic of sustainability is very important to Generation Z. For companies, this means actively addressing the issue and not just complying with legal regulations such as ESG reporting or implementing the Supply Chain Sustainability Act. In order to further advance the topic of sustainability, the following recommendations for action could provide some suggestions for interested companies.

CSR projects

It could make sense for companies to run concrete CSR projects, not only for their own external image, but also for employee recruitment and retention. In particular, if employees are actively involved in the selection and implementation, this could increase employee satisfaction and the company's success. However, it is not only these aspects that could be incentivized; employees could also make a positive contribution to society. For example, volunteering or charitable activities could be mentioned in this context. In addition to the potential benefits already mentioned, this can also strengthen the company's embedding in the regional context, for example by supporting regional projects in particular. Furthermore, environmental protection activities not only promote awareness of environmental issues, but also offer opportunities for teamwork and community involvement. The provision of health programs such as fitness classes, stress management workshops and nutritional advice can also help to increase employee satisfaction and thus raise awareness of CSR. The implementation of mentoring programs can also make a positive contribution. Experienced employees can support younger colleagues and help them to develop their skills. This not only ensures adequate training, but also creates a feeling of appreciation and solidarity.

¹³ Cf. Weitzel, Tim, Maier, Christian, et al, Generation Z (2020) p. 8.

¹⁴ Cf. *ibid.* p. 8.

¹⁵ Cf. Randstad, Workmonitor (2023) n. p.

Organizational integration

Employees may find it interesting if there is a CSR staff position on an equal footing with the management. In addition to salary, the hierarchical position within the company is also an important extrinsic motivating factor for employees. Such a staff position could perhaps increase the moderate interest in working as a sustainability coach somewhat. Organizational integration also has other advantages.

The organizational integration of CSR can also serve to ensure sustainability goals in the long term. In this respect, a direct hierarchical position allows topics to be placed more efficiently and implemented more quickly with the help of top management. However, it is essential that top management is behind the organizational establishment of CSR and supports such initiatives.

In addition, it is possible that this kind of integration will increase awareness of the triad of economic, social and ecological issues. In this way, business activities can be designed in such a way that several dimensions can be incorporated into the decision-making process. This in turn can lead to a reduction in risks, as the multi-layered effects on a company's domestic and environmental impact are taken into account. In the long term, this can help to improve the stability and resilience of the organization.

Furthermore, taking CSR into account can also open up better access to new markets and customers in a number of ways. In this respect, customers who attach importance to corporate responsibility can be acquired and new market segments opened up. This could act as a cornerstone for a company's further growth initiatives, such as . Finally, the appropriate consideration of CSR can lead to an improved stakeholder relationship.

Overall, these considerations mean that Generation Z can recognize that CSR offers companies the opportunity to create long-term(e) value, enhance their reputation, increase employer attractiveness vity and ultimately make a positive contribution to society without neglecting the company's mentary business objectives.

Sustainable business ethics

Fundamentally, a rethink of a friendly economic strategy is necessary in this day and age of skills shortages. As the unfriendly system that has prevailed up to now has brought many grievances for employees and has led to internal emigration, a "work to rule" attitude or a frustrated departure from the workplace.¹⁶

According to a study by the World Economic Forum in 2023, over 50% of the employees surveyed would not want to work for an employer that does not strive for more sustainability and corresponding employee management ¹⁷ Generation Z attaches importance to their work having meaning and making a positive contribution to society. By integrating CSR

into the corporate strategy, employees can identify a sense of purpose in their activities. It is therefore no longer a question of the company purely maximizing profits, but of making a value-creating and, above all, meaningful contribution. The company should therefore not only operate on an economic level, but also on a social and ecological level. Through this effort, it is possible to increase employees' identification with their company. People of Generation Z thus have points of connection and identification that fill them with pride because the company has a holistic approach.

CONCLUSION

The following conclusions can be drawn from the survey, despite criticism of the existing selection of a sample that can only be described as representative to a very limited extent:

The terms "Economy for the Common Good" and "Sustainability Code" are only rudimentarily known, the term "Economy for the Common Good" even more so than the term "Sustainability Code".

The trust sought by labels is only achieved in some areas among the target group addressed in the survey and must be considered differently depending on the purchase of a product or also in the case of financial and capital investments . In addition, trust is achieved without actually being able to prove this through rational parameters.

If the company is not anonymous, but is close to the interviewees as an employer, terms such as work-life balance and financial success are definitely seen in relation to each other. However, when the professionals involved are asked to make a specific personal commitment in the form of concrete activities or as part of a network commitment, the willingness of the players to do so is still very limited.

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¹⁶ Cf. Horx Strathern, Oona, Kapitalismus(2024) p. 10

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