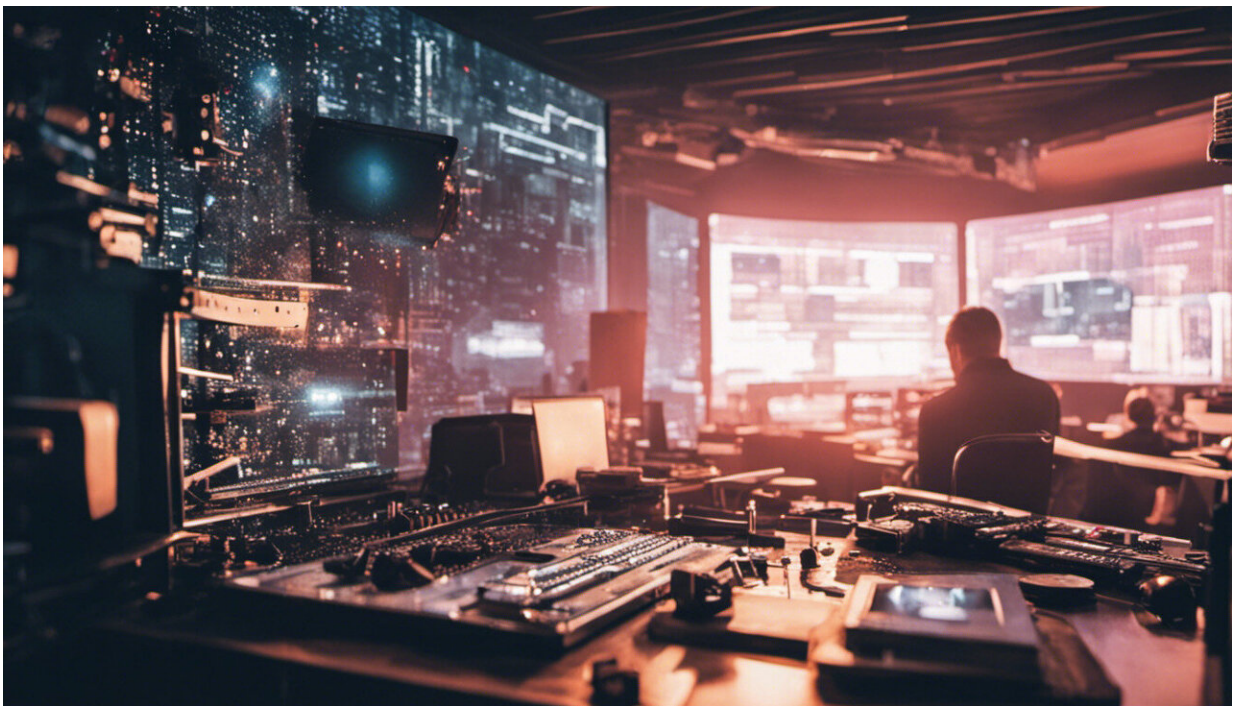


Viewpoint: Our economic future depends on young reformers, not ineffective revolutionaries

February 3 2023, by David Weitzner



Credit: AI-generated image ([disclaimer](#))

Many of our capitalist institutions [have been damaged by cronyism](#), greed and a [short-term mindset](#). But capitalism is more than its faults and the unpleasant outcomes brought on by a selfish class.

Revitalizing capitalism begins with reform, which means introducing changes within the existing structure. However, the newest cohort to enter corporate life, Gen Z, [has little confidence in the corporate system](#). They are unwilling to play a game where they don't [trust](#) the rules or referees.

While we don't have an extensive amount of research on this cohort, we do know that [Gen Z seems to be less involved](#) in civil engagement and reluctant to engage in teamwork.

And according to [a recent study from Ethisphere](#), Gen Z both embraces the strongest ethical commitments and is the least likely to report bad behavior at work. Nearly 39% of Gen Z respondents chose not to report misconduct when they witnessed it—an 11-point gap from their Gen X and Boomer colleagues.

Gen Z employees don't believe reporting corporate misbehavior is worthwhile because they fear retaliation and have no confidence corrective action will be taken. So how can Gen Z be effective agents of reform in a system they don't believe in?

Why trust matters

The Ethisphere study found that the younger the employee, the less confidence they had in corporate anti-retaliation policies. This finding is echoed by broader data showing that [Gen Z doesn't trust institutions](#) in general. Why does this matter?

Scholarly research explains that corporations are driven by [institutional logics](#)—socially constructed, historical patterns of practices, values and rules that guide day-to-day action in a corporate environment.

These institutional logics correspond to [historical imprints of past](#)

[environments](#). Imprinting goes beyond history itself—the effects of imprints vary over time, reflecting an interplay of the past and the present, as they persist despite changes in the social environment.

Organizations adhere to these imprinted logics to enhance their image and help us better understand our social environment and the parameters for how we should act.

Resistance to, and criticism of, outdated institutional logics has led to an environment amenable to change. For example, there was a time when the dominant institutional logic about the purpose of a firm [was only to increase profits](#).

But over decades of resistance and criticism, we have arrived at a new logic where the purpose of the corporation has been redefined to [include all stakeholders—not just shareholders](#).

The shift from shareholder to stakeholder logics represents a complete reversal of earlier institutional mindsets. The old ways of doing things, ingrained as they may be, are now challenged when corporate leaders get confronted with [new ways of doing and seeing things](#).

No shortcut to transformation

While taken-for-granted beliefs and habitual practices are finally being questioned, the change is slow. Institutional theory research tells us that conflict between old and new values will be [resolved through episodic change](#).

This kind of change involves periods of openness when one can affect meaningful change, interspersed with periods of stability when change doesn't occur.

It's understandable why young folks may view revolutions as more exciting than reforms. But we need our future leaders to be open to the reality that meaningful and lasting change will be incremental. Patience and commitment are required.

Change will come from millennials expecting capitalist enterprises to [prioritize high-quality products and jobs over profit](#) and all workers demanding better working conditions from their organizations.

And it will happen when those who see through the recent explosion of standards and products that have added complexity to [business ethics](#) —[without improving ethical performance](#)—refuse to buy in.

Win back the young with trust

Gen Z is right not to trust the system as it stands. Writer and political commentator David Frum [explained to me a few years back](#) that "any reform coalition needs to take very seriously the problems of the young."

Frum observed that, so long as the elite illustrates that "'capitalism' means stagnant living standards, college debt, unaffordable childcare, impending environmental catastrophe," they will seek alternatives.

And it's not just Gen Z who has lost trust. A [2022 survey from the United States found](#) that [public trust](#) in business leaders and politicians has also reached historic lows. A [Canadian survey](#) from a year earlier highlighted a similar trend.

Perhaps more worrisome is a poll finding that only [a third of Canadians believe their fellow citizens can be trusted](#), no matter what their identity.

[Trust has been defined](#) as "the mutual confidence that no party to an exchange will exploit another's vulnerabilities." In contrast,

"trustworthiness" can be understood as "the attribute of being worthy of the trust of others in not exploiting any adverse selection, moral hazard, holdup or other exchange vulnerability."

Under conventional capitalist thinking, it's worth being trustworthy if it leads to cost savings. We need to depart from this reductionist view.

When the youth don't trust the system, the highest priority of the establishment must be rebuilding that trust. Seeking to be seen as trustworthy is what will convince the next generation skeptical of our institutions to work with us on reform.

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