

PRESS RELEASE

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The Invisible Rift in Boardrooms: How Latent Generational Conflicts Hinder Sustainable Change

Tensions Over the Climate Crisis Divide Generations of Leaders

Nuremberg/St. Gallen, May 3, 2023 – Companies are faced with the immense challenge of reconciling entrepreneurial action and sustainability with the growing expectations of policymakers and society. Diverging generational points of view often collide within companies: Young talents push vehemently for rapid, fundamental changes with regard to sustainability, while older leaders act cautiously and want to change existing systems gradually. This is illustrated by this year’s “Voices of the Leaders of Tomorrow 2023” study by the Nuremberg Institute for Market Decisions (NIM) and the St. Gallen Symposium.

Do latent tensions between young and older leaders undermine changes in corporate strategy – and thus ultimately corporate success? There are profound differences of opinion and thus value conflicts between the groups, especially with regard to the measures needed to address the climate crisis. The remarkable thing is that a majority of decision-makers in companies today are not even aware of these conflicts and are therefore unable to address them. This is just one insight from this year’s “Voices of the Leaders of Tomorrow” study that can promote the constructive collaboration needed for sustainable transformation to succeed.

Key Insights

- From the point of view of the Leaders of Tomorrow, the dissent between generations begins with the lack of a common understanding of the problem: It’s clear to them that the older generation does not share their assessment of the urgency and severity of the climate crisis.
- Young leaders accuse their older counterparts of a lack of *willingness* to tackle the climate crisis – though many do trust that they have the *ways and means* to do so.
- Leaders of Tomorrow demand fast, radical change. Many of them even support breaking with the economic and political system entirely. In stark contrast, older leaders advocate restraint and do not want to endanger the existing systems and current prosperity.
- Yet, the Leaders of Tomorrow are not always in agreement: In response to questions regarding the necessity of taking radical action to accomplish sustainable transformations to the point of potentially breaking the law, the group was divided 50/50. Nearly half of those surveyed believe that, if necessary, it is acceptable to disregard existing rules and laws in the name of sustainable transformation.
- The generations agree on one point: Nearly all (90 percent) of the Leaders of Today and more than one-third (69 percent) of the Leaders of Tomorrow believe that rules and market regulations, rather than the free market and voluntary behavioral change, are likely to drive forward the transformation transition to sustainability in business.

To reveal the tensions between generations, this year's "Voices of the Leaders of Tomorrow" study surveyed more than 750 Leaders of Tomorrow from the St. Gallen symposium network, as well as 300 top managers from the 3,000 global companies with the highest sales.

The study identifies a number of fundamental conflicts between leadership generations:

Generational Conflict #1: How urgent is the climate crisis really?

Sustainable business transformation requires leaders to be pulling in the same direction. However, the results of the study show that the generations don't even agree on whether they agree. Only 26 percent of young up-and-coming talents believe that the two generations share the same assessment of the severity and consequences of the climate crisis or of the urgency of undertaking measures to mitigate it. In contrast, 77 percent of the Leaders of Today think that they are in agreement with the young generation and have shared goals. A particularly disturbing fact: 20 percent of established managers who were surveyed doubt that climate change is caused by human action (compared with 4 percent of the Leaders of Tomorrow). The overwhelming majority of these climate skeptics come from North America.

Generational Conflict #2: Lack of action, convenience, and many accusations by young people toward older people

Young top talents hardly question the fact that the older generation of leaders recognizes global challenges and has the capability to lead the sustainable transformation of their organizations. But they accuse them of being unwilling to change their companies to be more sustainable. Accordingly, the Leaders of Tomorrow are also concerned about fair representation of the perspectives of both generations and the distribution of power among them. Two-thirds of those surveyed say that the power to make decisions about important issues that affect the future is not fairly distributed between generations. For today's leaders, on the other side, no such dissent between the generations exists: The vast majority of them believe that power and responsibility are distributed fairly and that the perspectives of both generations are fairly represented – in both business and political decisions.

Generational Conflict #3: Sustainability at the cost of business and the rule of law

In dubio pro reo sustainability? Generational opinions diverge, especially when it comes to balancing the environment against economic interests. Whereas 80 percent of the Leaders of Today believe that the necessary steps for sustainable transformation can be implemented within the current economic and political system, the younger leaders demand a profound change in the system itself – quickly and, if necessary, without regard for individual property and personal freedoms. Thus, the moderate establishment is in opposition to increasingly radical young talents who no longer shy away from drastic measures.

A majority of younger leaders advocate profound reform at the system level: 57 percent of the Leaders of Tomorrow state that the necessary steps for a sustainable transformation of the economy can only be implemented in a completely new economic and political system. Many of them support a quick transformation to sustainability, even at the cost of initially losing prosperity and growth. In view of the impending climate catastrophe, they no longer see individual rights as untouchable. Although an overwhelming 98 percent of current leaders reject any restriction of personal rights and freedoms, their younger counterparts are no longer so sure. Fifty-eight percent of the Leaders of Tomorrow would be willing to restrict property rights or freedom of contract in support of sustainable transformation.

How radically do the Leaders of Tomorrow really want to implement change?

“The Last Generation,” “Extinction Rebellion,” and people who glue themselves to roads or even occupy parliaments – are these legitimate forms of protest? Or are they taking things a step too far and are perhaps even counterproductive? The young leaders are divided. They almost completely agree that decisive action is needed to avert climate collapse. Yet, within their own generation, there is a clear divide regarding the question of how radical or moderate concrete steps may – or must – be. And at least some top young talents have quite radical views – more radical than many older top managers realize.

When asked to take a stance on the radicalism of individual acts, the young leaders appear more or less split down the middle: Are activist groups like Extinction Rebellion and The Last Generation too radical (52 percent) or not radical enough (48 percent)? Do radical protest actions hurt society’s transformation (51 percent), or are they the only way to bring about change (49 percent)? Is it acceptable to defy existing rules and laws to accelerate the transformation to sustainability (47 percent), or must the change take place strictly within a regulated framework (53 percent)?

There is agreement on one point: The market will not regulate the climate crisis on its own

Despite the differences in opinion between up-and-coming talents and older top managers, there is clear agreement on one point: Rules, laws, and market regulations are more likely to drive sustainable change in the economy than are the free market and voluntary changes in behavior. 69 percent of the Leaders of Tomorrow, and 90 percent of the Leaders of Today share this assessment.

Felix Rüdiger, Head of Content & Research at the St. Gallen Symposium, says: “In view of the tensions between the generations, these insights provide a welcome opportunity for them to work together toward sustainable transformation. The discrepancy between public (and mutual) expectations and the real views of those surveyed shows that the possibilities for dialogue are far from exhausted – especially on the company level.”

Dr. Fabian Buder, head of the NIM study, suggests that “a shared strategy only unfolds when all participants are working toward the same goal. Companies should establish cross-generational dialogue within their management teams to make the invisible rifts visible and discussable. Such an inclusive forum can define a common vision and can subsequently initiate concrete processes for sustainability transformation.”

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About the Study

The “Toward Sustainable Transformation: Rethinking the Generational Contract for a Better Future” study was carried out in February and March 2023. 762 junior executives, top talents, and start-up entrepreneurs from 79 countries from the St. Gallen Symposium “Leaders of Tomorrow” network were interviewed. Of the 300 “Leaders of Today,” more than 83 percent have more than ten years’ professional experience and hold a position of Senior Vice President or higher at one of the 3,000 global companies with the highest sales. The survey of the two groups provides a unique picture of the mood of the current and future global leadership elite (without any claim to representativeness).

The study’s report is available from today for download from the homepages of the Nuremberg Institute for Market Decisions e. V. (NIM) and the St. Gallen Symposium.

About the St. Gallen Symposium

The St. Gallen Symposium is one of the world’s leading initiatives for intergenerational dialogue on economic, political and social issues and developments. For more than 50 years, established executives and visionaries and young talents have come together in St. Gallen, other locations around the world, and in online formats. Together they address the challenges of our time and develop solutions. The Symposium is a student initiative. Under the strategic direction of the St. Gallen Foundation for International Studies, the International Students’ Committee – a team of around 30 University of St. Gallen (HSG) students – organizes numerous events of international significance to promote intergenerational dialogue. During the Symposium in May, they will be supported by 500 other HSG students.

You can find further information at www.symposium.org; Twitter: SG__Symposium / Facebook: St. Gallen Symposium / LinkedIn: St. Gallen Symposium / Instagram: stgallensymposium
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About the Nürnberg Institut für Marktentscheidungen e. V.

The Nuremberg Institute for Market Decisions (NIM) is a non-profit institute for research on consumer and market decisions. At the interface between science and practice, NIM examines how the decisions of consumers and company decision-makers change in the face of new technological and social trends – and what the resulting impacts are. From its research, NIM generates new and relevant insights into how people can make better decisions in markets.

The Nuremberg Institute for Market Decisions is the founder and anchor shareholder of GfK SE.
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