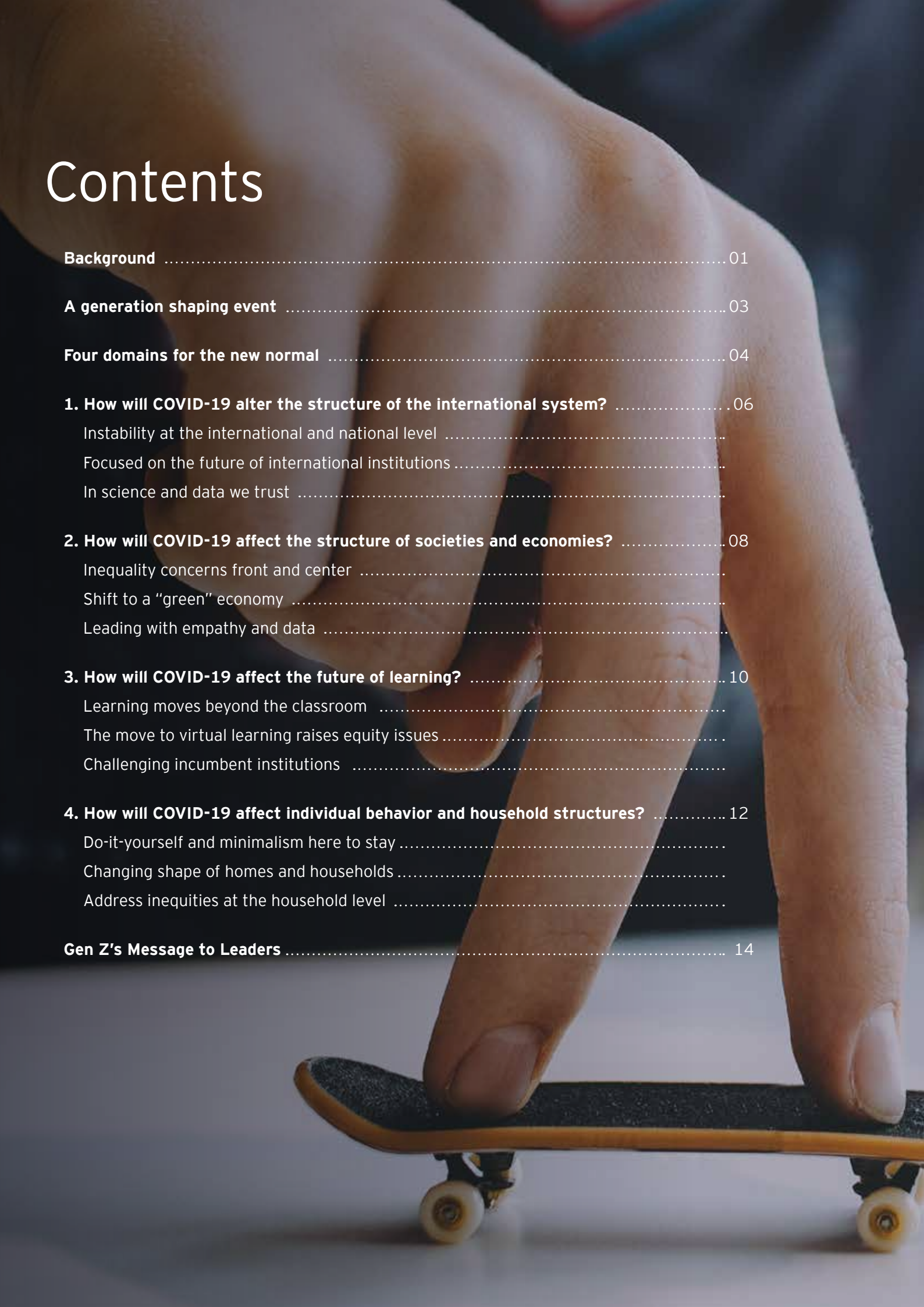


Beyond COVID-19: The Gen Z Perspective



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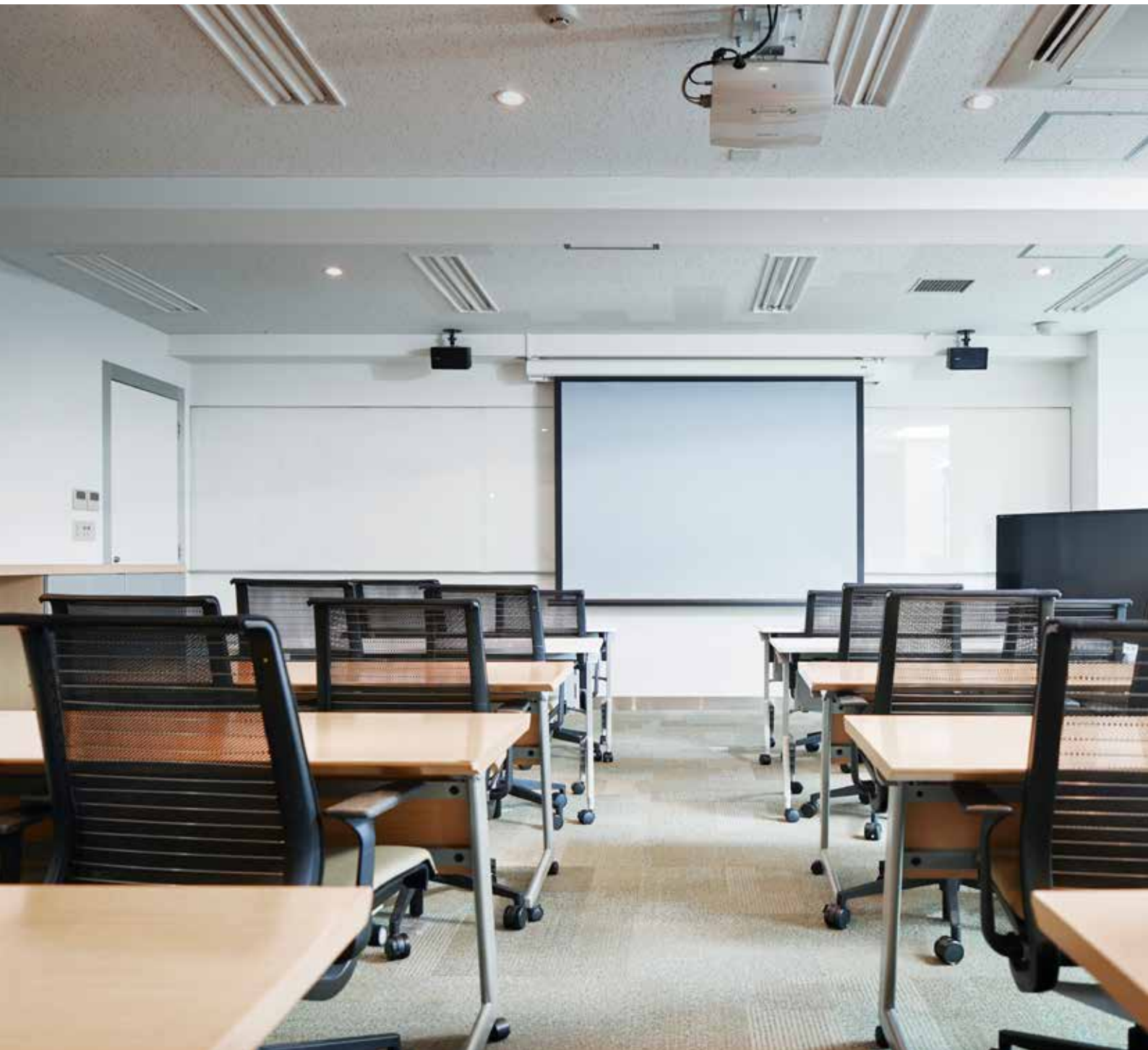
Background

Since the outbreak of COVID-19, EYQ, EY global think tank, has been exploring the long-term impacts of the pandemic throughout 2020. As we move into the latter part of this landmark year, we once again revisited the topic but this time through the lens of Generation Z (Gen Z) – specifically the oldest Gen Z cohort, those between the ages of 18 and 23.

Certainly, COVID-19 has not spared any age group, ethnicity or gender; however, the nature of the impact varies across demographic groups. Each group has faced different challenges during the pandemic, which will likely shape their perspectives and expectations of the “new normal” that will emerge.

In the prior report, published in June 2020, we convened around 100 senior professionals from more than 15 countries to hear their opinions on how the COVID-19 pandemic will reshape the world. In this report, EY goal is to explore Gen Z’s ideas on the world that lies on the other side of this pandemic and what they might do differently, as well as to compare and contrast with the views expressed by participants in our prior study. In addition, since our participants come from multiple countries, we can follow cross-regional differences in views as the pandemic goes on.

We wish to thank our participants for generously sharing their time and insights.





A generation-shaping event

Generational cohorts are defined by epochal events in their formative years. For Gen Z, especially those between the ages of 18 and 23, the COVID-19 pandemic is poised to be a generation-shaping event, just as the 2008 financial crisis and Great Recession were for Millennials. From school shutdowns and quarantines to social distancing and high unemployment rates, Gen Z is coming of age in the midst of a dramatic socioeconomic tumult. For more on this generation, see “Gen Z rising” in The EY Megatrends 2020 report.

As members of this generation mature and become future leaders, consumers, employees and voters, what effect will COVID-19 have on their views and expectations of society, governments and businesses? What enduring changes do they foresee? And what would Gen Zers do differently if they were in charge?

To explore these questions, EYQ held a virtual “ideation jam” in September 2020 with 35 members of this generation, hailing from every continent except Antarctica.

A critical contextual element to keep in mind when reading the report is its timing. The previous ideation jam occurred in early May when most people were still locked down. The health implications of the virus were poorly understood, constrained by inadequate data, just as the social consequences of lockdowns were ambiguous. By September, the public’s understanding of both was far better, as the world turned its attention to COVID-19. Over the summer, countries slowly began reopening and easing restrictions, allowing for some semblance of normalcy.



Four domains for the new normal

We structured our discussion of the world beyond COVID-19 across four domains:

01

The global order.

How will COVID-19 alter the structure of the international system?

02

Societies and economies.

How will COVID-19 affect the structure of societies and economies, at the national, provincial and/or city level?



03

Future of learning.

How will COVID-19 affect education and learning as well as how educational institutions and platforms operate?

04

Households and individuals.

How will COVID-19 affect individual behavior and household structures?

How will COVID-19 alter the structure of the international system?

Instability at the international and national level

Similar to the conversation in the previous ideation jam, much of the discussion centered around the declining influence of the US and continuing tensions with China. Participants expect smaller countries – particularly in Asia and Africa – to rise in prominence, especially if they handle the pandemic well. Which countries will emerge as “winners” is not yet clear as many are now facing rising infection rates.

Beyond implications for the global order, participants were more focused on the potential for instability within countries. They see high unemployment rates and deep recessions fueling nationalistic sentiments and bolstering

authoritarianism. Further, many expect a sharp decline in immigration grants, with worrying implications for refugees and labor mobility.

Some participants were more optimistic in their expectations. Given the global nature of the pandemic, countries may become more collaborative on science and research, working together on sharing lessons learned from vaccine development and in distributing a viable vaccine.



Focused on the future of international institutions

Gen Z participants were divided in their views on the future role of international institutions like the WHO and the UN. While some expect the influence of these institutions to grow because of their role in addressing the pandemic, others feel that the disinformation created in the last few years has permanently undermined trust in these institutions. Interestingly, this topic did not feature as prominently in the previous ideation jam. A potential explanation is that our research participants representing this cohort were comprised mainly of college students, who tend to be more idealistic and vested in the role of international institutions.

Indeed, the consensus among Gen Z participants was that a mammoth and complex global crisis requires global cooperation and greater participation of international institutions. So far, policy responses and measures have been led by national governments and have varied greatly. As we approach a new wave of infections during the Northern Hemisphere's winter, it seems unlikely that this will change.

In science and data we trust

Gen Z participants uniformly expressed disappointment in leaders' actions to safeguard public health. They were critical of the lack of data-driven, science-based decision-making with most leaders focused on their political agendas instead.

Almost unanimously, Gen Z participants said that, if they were in charge, they would prioritize science and technology to tackle the pandemic. They would be more proactive, issuing mandatory mask wearing and driving global cooperation on vaccine development and distribution. Given that this generation has grown up entirely in the internet age, it is perhaps expected that they lean so heavily on data, science and technology as the main tools for combating the pandemic.

How will COVID-19 affect the structure of societies and economies?

Inequality concerns – front and center

Echoing participants in the previous ideation jam, Gen Zers expect the pandemic to worsen inequality. Participants emphasized the growing digital divide and inequitable access to education and health care as key concerns. However, while participants in our earlier ideation jam expect significant reforms to address these inequalities, Gen Zers were more pessimistic. Many participants cited politics, corruption, interest groups and lobbyists as impediments to enacting meaningful change in bridging these gaps.

As these fissures deepen, participants see diminishing social cohesion leading to heightened social unrest.

Another vector of inequity discussed by the participants is the success of large companies and monopolies while small- and medium-sized businesses struggle during the pandemic. The wholesale shift to digital and online everything has given significant power to tech companies, especially. Gen Zers felt today's leaders have failed to enact adequate measures to safeguard local businesses and regulate tech companies. Most participants want to see governments take bolder measures to hold companies responsible for social well-being.

Gen Zers also brought up concerns over workforce automation, which could be accelerated by the pandemic, particularly for jobs that cannot be done remotely. From disinfectant robots at hospitals and airports to food delivery robots, the pandemic is accelerating the pace of automation. While this is beneficial for safeguarding the lives and health of workers, it is also likely to exacerbate existing social inequalities. This theme did not appear in the previous ideation jam and likely reflects the outsize impact that emerging technologies will have on this younger generation.



Shift to a “green” economy

Climate change will become exponentially worse as Gen Z matures. Since this generation will bear the brunt of climate change, this issue emerged as a central concern during the discussion.

Gen Z participants expect the pandemic to increase awareness of climate change, triggering governments and businesses to take more decisive action. Many anticipate local- and city-level vs. national and international cooperation to tackle this challenge. However, some participants felt the pandemic and resulting economic fallout would lead governments to de-prioritize climate change initiatives. The pandemic hasn't halted the progress of climate change, even though in the initial months, significantly lower air travel and road traffic helped reduce pollution in some of the most densely populated cities. Many parts of the world had to deal with devastating climate events along with the pandemic, revealing the need for better planning and urgent action as we face multiple monumental threats simultaneously.

Leading with empathy and data

Gen Zers perceive a lack of empathy on the part of leaders for the most vulnerable in our communities and societies. If in charge, Gen Zers said they would address this by providing more resources and support for small, local businesses, prioritizing equitable access to treatments and vaccines, and emphasizing cooperation rather than individualism. While these goals may be challenging to achieve in practice, the responses of participants are, nonetheless, indicative of this generation's priorities and preferences.

Participants also expressed a need for data-driven science-based policies that balance economic stability and public health. Investing in making the economy “green” and adapting to climate change was also high on Gen Z's agenda.

Underlying all their responses, Gen Z displays a profound disillusionment with today's status quo. They seem eager to take the reins and lead the transformational reforms necessary to achieve inclusiveness, equal economic opportunity and social justice.

How will COVID-19 affect the future of learning?

The ideation jam asked participants to share their viewpoints about the future of learning. This domain was unique to the Gen Z exercise, reflecting the unique insights this cohort – largely comprised of students – was likely to have on this topic. The previous ideation jam, held in June 2020, did not feature such a focus. As such, it was not possible to make comparisons between the two ideation jams on this topic.

Learning moves beyond the classroom

Distance and virtual learning were a major focus of the discussion – not surprising, given that this has been one of the biggest shifts coming out of the pandemic. Gen Z participants are fairly critical of the form distance learning has taken during the pandemic. They point to the uninspired application of platforms to existing educational models, the resultant high levels of teacher burnout, and the confusion created by oscillating between online and in-person models.

Beyond the pandemic, participants expect the move to virtual learning to continue, albeit with much-needed reforms.

This includes improvements in virtual teaching methods and the institution of mandatory certifications and training programs for online learning. They expect to see online platforms improving security features, platform companies fighting for valued educational contracts, and educational institutions developing their own learning platforms which are better suited for the task. With such improvements, virtual learning could become mainstream and subjects once considered unavoidably hands-on (e.g., anatomy and dissection) could go virtual. Ultimately, the use of augmented and virtual reality could take online learning to a whole new level.

This move online could have implications on social skills. On one hand, some participants expressed concern that online-only models could hurt the development of social skills by depriving students of interaction with their peers. Meanwhile, others felt that distance learning could benefit introverts and shy students, who might have more confidence to participate in a virtual setting.



The move to virtual learning raises equity issues

Most participants also expressed concerns about the distributional impacts of the move to online learning. This is a significant issue, since educational inequities can set the course for the rest of one's life and undermine social mobility.

As technology becomes more important, this simultaneously makes education more accessible (thanks to digital platforms) and more exclusive (because the technology required to access these platforms is expensive). As in-person instruction becomes more elusive, some posited that it may become an exclusive experience, accessible only to the elite. Tackling this new digital divide and managing social inequities will need to be a key focus for policymakers and educators.

COVID-19 is also affecting access to education in more fundamental ways. Some participants pointed out that economic hardship created by the crisis is causing many to forgo education, resulting in a decrease in the quality of education in developing countries.

Still, some participants were optimistic that these challenges could be overcome. They argued for schools providing laptops to all students to bridge the access gap and envisioned a future in which the school one goes to is no longer determined by one's postal code.

Challenging incumbent institutions

Gen Z participants also expect the pandemic to challenge incumbent educational institutions – challenging both their market power and their entrenched methods and assumptions. As online learning gains traction, Gen Z participants see less emphasis on the “college experience” and less value attached to degrees. Accompanying these shifts would be a decrease in the cost of education, which has become exorbitant in many markets. The Ivy League and other elite institutions may be particularly threatened by these developments.

Ultimately, these could be positive developments, shaking up a sector that has been largely impervious to change and creating the opportunity to redefine the concept of learning itself.

How will COVID-19 affect individual behavior and household structures?

Do-it-yourself and minimalism – here to stay

Participants in both ideation jams say the pandemic's simplified household consumption patterns will continue, with a permanent reduction in spending on luxuries and travel. Older idea jam participants viewed this as part of an embrace of a simpler, more sustainable lifestyle, while some of the Gen Z group believe it is motivated by a desire to increase household savings.

Both sets of participants say that the do-it-yourself ethos will outlast the pandemic, causing people to produce their own bread, make their own furniture, give themselves haircuts and more.

Changing shape of homes and households

Gen Z participants bring a greater focus on household structures and relationships. The experience of lockdown will strengthen familial bonds, they say. Quality family time has increased while entertainment options outside the home have dwindled. They also expect gender roles and burdens in the home to be rebalanced as men play a bigger part in domestic life. The household will expand as long-term unemployment causes family members to remain at home longer or to return to family homes. There will also be an increase in multifamily households and co-living arrangements in Western societies.

As with older idea jam participants, Gen Zers see permanent changes to the shape and location of the home itself. Homes will be remodeled to accommodate working from home, home schooling and swelling households. People with means, especially in Western societies, will continue to trade small city dwellings for larger suburban homes.

Gen Z participants, like their counterparts in the other ideation jam, foresee long-term mental health impacts from the pandemic. This will require more home-based and affordable mental health care, the Gen Zers said.



Address inequities at the household level

Gen Zers pointed to a number of ways in which leaders globally are failing individuals and households. Foremost they criticize policies based on the apparent belief that “every household has the ability to support their family through COVID-19,” in the words of one participant. Governments should provide more support to those who lost their jobs, greater rent and mortgage subsidies and resources for families with small children.

Gen Z participants would also change the health care response to the pandemic, providing more consistent information and messaging, greater access to free testing and personal protective equipment (PPE), and a more robust public health response that builds trust with local communities.

Leaders should recognize that home does not provide a livable or safe lockdown environment for many people, several Gen Z participants noted, whether due to overcrowding or family dynamics. Many households lack the technology and access for remote learning, and the stresses and continuous proximity of lockdown increase the potential for spousal and child abuse. Helplines should be set up to help people access resources and help, especially for women.

Gen Z's message to leaders

The older Gen Zers who participated in this crowdsourcing exercise will soon enter the workforce en masse and grow in consumer power. Given that, collectively, they will be the largest generational cohort in history, they are poised to have a sizeable impact especially on businesses.

So, we asked Gen Z participants what message they would deliver to the CEOs of the largest companies. Their responses resoundingly urged

business leaders to be more people- and planet-centric, putting the well-being of their customers, employees and the environment above profit.

As companies look for ways to sustain their businesses and strategize for growth in the post-pandemic world, they will need to factor in Gen Z's expectations.

“

Be kind.
Think
Human

“

Stop making it about profit. It's about people. If you don't act responsibly, there will not be any people left to purchase your products. Steward, don't sell

“

Although companies exist to make money, they should also balance that by giving access to the poor for their products and services

“

Encourage and uplift minorities and youth. They are the future and including them in your decisions is powerful

“

Find more eco-friendly ways to do things and increase access for everyone

“

Your actions should be based on the people that run your companies first and foremost. Ensuring that you are doing right by your consumers and employees will ensure you have a happy workforce and consumers will want to buy from an ethical company

To resonate with this generation, business leaders will need to demonstrate their commitment toward social justice, social well-being and climate change. Transparency, accountability and trust will be key to winning with this generation. Indeed, it seems that while shareholder capitalism was rewarded in the past, it could well be stakeholder capitalism that brings success in the “new normal.”





Generation Transformation

Marcie A Merriman

EY Cultural Insights and Customer Strategy Leader

The COVID-19 pandemic has re-shaped the way we live, work and do business. Yet, for Gen Z, many of the changes we have seen accelerate during the pandemic are nothing new. Issues like digitalization, sustainability, and equality have long been on their radar – both individually and collectively.

Yet while the rest of us were catching up, Gen Z leapt forward again, strengthening their belief in a better, fairer, greener future and increasingly holding themselves, society and businesses to account when it comes to building it. As they enter the workforce and grow in importance as consumers, finding ways to meet their high standards will therefore be vital to any organization's success.

Here are three ways to change today in order to thrive in a Gen Z-led tomorrow:

Treat sustainability as a competitive edge and not a compliance exercise

To build and sustain relationships with a new generation of environmentally conscious consumers, employees and investors, organizations must act now to adopt sustainable operating practices and authentically showcase their positive environmental credentials.

Make a genuine commitment to equality and be transparent about progress

Gen Z demand the organizations they work for and buy from play an active role in delivering social and economic equality for all. Businesses should talk transparently about their equality commitments and their journey to achieving them. Admitting to currently falling short is OK as long as it is backed up by a clear plan for how to improve in future.

Move at the speed of societal change

Understanding the changes required to succeed in a Gen Z-led future is not enough; organizations have to move quickly and demonstrably to transform accordingly. In a rapidly evolving post-pandemic world, sitting on the sidelines and waiting for everyone else to move first is not an option. Fortune will favor the brave. And the speedy.

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EYQ, EY's global think tank, generates new insights by bringing together business, the public sector and academia to challenge entrenched thinking, shift perceptions and help catalyze change. We want to sense new trends early, and understand and communicate their implications quickly and powerfully. By seeking the answer to "What's after what's next?", we help leaders anticipate the forces shaping our future – empowering them to seize the upside of disruption and build a better working world.

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