

Unmasking Greenwashing: An Examination of Generation Z's Perception of Sustainable Business

Abstract

Author(s)	Publication type	Completion year
Lilli Tiainen	Thesis, UAS	2024
	Number of pages	
	30	
Title of the thesis		
Unmasking greenwashing: An examination of Generation Z's perception of sustainable business		
Degree, Field of Study		
Bachelor of Business Administration, Degree Programme in International Business		
Abstract		
<p>This thesis aims to examine the perception Generation Z has on greenwashing, how it affects their perception of sustainable business, and whether it has an impact on their consumer behaviour. The topic was chosen based on the author's interest of sustainable business.</p> <p>As a highly connected, technological generation, Generation Z has grown up to be hyperaware of global news and events. With raging online activism, and endless sources of knowledge, it is no surprise the generation feels anxious about the future. The thesis examines the awareness Generation Z has on the environmental issues of consumerism, and how it impacts their consumer behaviour.</p> <p>The thesis is written using both qualitative and quantitative methods of research, and a deductive approach. Both primary and secondary data are utilized to formulate the theoretical framework and the empirical research of the thesis. First, theories of sustainable business, greenwashing, and Generation Z are explored in the form of a literature review. Then empirical research is conducted in the form of two online surveys to gain an understanding of Generation Z, and preceding generations perception of greenwashing.</p> <p>The work is concluded by analysing the empirical research results and drawing conclusions on the research questions surrounding the topic. The outcomes of the research support the theoretical framework by providing an understanding of the generation's views on greenwashing, and how they truly implement that in consumer decisions.</p>		
Keywords		
Generation Z, Greenwashing, Sustainability, Consumer Behaviour		

Contents

1	Introduction.....	1
1.1	Research Background.....	1
1.2	Thesis Objectives, Research Questions, and Limitations	2
1.3	Theoretical Framework.....	2
1.4	Research Methodology and Data Collection.....	3
1.5	Thesis Structure	3
2	Sustainable Business	5
2.1	Definition of Sustainable Business.....	5
2.2	Environmental Sustainability.....	5
3	Greenwashing	7
3.1	Definition of Greenwashing.....	7
3.2	Drivers of Greenwashing	7
3.3	Impact of Greenwashing.....	8
4	The Generations	10
4.1	The Generation of Technology, Generation Z.....	10
4.2	Generation Z Conscious Consumer Behaviour.....	10
4.3	Preceding Generations Consumer Behaviour and Sustainable Awareness	11
5	Empirical research	13
5.1	Data Collection	13
5.2	Data Analysis	13
6	Conclusion.....	23
6.1	Answers to the Research Questions.....	23
6.2	Validity and Reliability.....	24
6.3	Recommendations for Further Research	25
7	Summary	26
	References	27

1 Introduction

1.1 Research Background

Generation Z, born between mid-1990s to 2010, is considered to be the most technological generation to date. Generation Z has witnessed more change than any preceding generation, as wide accessibility to technology, knowledge, and global news has been an integral part of their everyday lives. With this, the generation has shaped in to a highly connected, self-actualized, and global group of youths. Wide connectivity and access to endless knowledge allow Generation Z to observe and rationally formulate opinions on global issues such as climate change or human rights issues. (Dadić et al. 2022, 11.)

Generation Z has been exposed to massive global concerns since youth, with a constant stream of crises and disasters displayed on social media platforms and the news. A recent 10-nation survey shows that Generation Z suffers from climate anxiety more than any other generation. More than half of the survey respondents said they believe humanity is doomed. (Wray 2022, according to Schiffman 2022.) Fuelled by climate anxiety, Generation Z's stance towards a more sustainable future is determined, as they alter their travel and purchase habits, and create influential communities across social media platforms. The fore-mentioned accessibility to endless knowledge allows Generation Z to develop deep critical thinking skills, and defy alleged facts, such as companies' sustainability statements.

A Knit (2022a) 2022 research states that only 25 percent of US Gen Zers believe brands are genuine in their social cause initiatives. It is no wonder Generation Z is hyper-aware of greenwashing – the act of misleading the public to believe a company or a product is environmentally conscious. Companies use greenwashing to market themselves as sustainable to attract green consumers, without providing sufficient information to determine the actual environmental impact of the product. (Gibbens 2022.)

According to the Knit 2022 research, Generation Z occupies 40 percent of the world's consumer population (Knit 2022b, 3). Considering Gen Z's environmental activism, and the scepticism towards companies' true environmental impact, the consumer behaviour of the generation can be presumed to adapt to the generational values. This thesis aims to examine how Generation Z perceives greenwashing in the context of sustainable business and whether it affects their consumer behaviour.

The examination of Generation Z and their consumer behaviour is important as the generation holds significant consumer power and sets the foundation for modern consumer be-

behaviour of the next generations to come. Businesses benefit from understanding the relevancy of current social values in many aspects, such as brand image, marketing, manufacturing, recruitment, and sales. By examining the potential challenges brought by generational values, businesses can prepare for, and adapt to the demands of the generation.

1.2 Thesis Objectives, Research Questions, and Limitations

The aim of this thesis is to examine how Generation Z perceives greenwashing in the context of sustainable business, and whether it impacts their consumer behaviour. The objective of the research is to assess whether Generation Z's environmental values correlate with their behaviour.

Three research questions are defined to guide the process of the examination and to support the aim of the thesis. The research questions are as follows.

The main research question:

- How does Generation Z perceive and interpret greenwashing in the context of sustainable business practices?

The two sub-questions:

- How does Generation Z's perception of greenwashing affect their consumer behaviour?
- How do Generation Z's attitudes towards greenwashing compare with those of other generations?

The research has limitations. The generalizability of Generation Z is limited due to geographical, socioeconomic, and cultural backgrounds. The differences are not analysed in this thesis. Response bias may affect the results of conducted surveys, as Gen Zers might answer according to social desires rather than with their own opinion or behaviour. The possible response bias is not assessed. This thesis does not examine hypotheses, the focus of the research is on existing literature, data, and conduct of surveys. The extent of the research is limited based on relevancy to a bachelor's thesis.

1.3 Theoretical Framework

This thesis utilizes the interpretive research paradigm. Interpretivism assumes that reality is subjective and socially constructed. It argues that reality is based on an individual's historical or social perspective and understanding and can vary between persons. Interpretive

approaches rely on the observation of qualitative data to gain an extensive understanding of the researched phenomena. (Helm.)

Interpretivism applies to the thesis as researching a generational phenomenon poses challenges based on the educational, socio-economic, and geographical backgrounds of Gen Zers. Generalizing an entire generation is not feasible, therefore the empirical research results must be supported by relevant theories.

In this thesis, a literature review is conducted to explain the main concepts and define the theoretical background of the research questions. Chapters 2-4 contain the theoretical background. Chapter 2 defines sustainable business in the context of the thesis. Chapter 3 defines greenwashing as a concept and examines its relevancy to the conduct of sustainable business. Chapter 4 defines Generation Z and examines their behaviour in the context of sustainable consumption.

1.4 Research Methodology and Data Collection

Two common research approaches are the inductive approach, where the theoretical perspective is developed based on collected specific data, and the deductive approach, where the theoretical perspective is defined first, then tested against collected data (Emerald Publishing). This thesis follows a deductive approach, where a theoretical background is formed to support the topic of the thesis, followed by empirical research to answer the forementioned research questions.

Research methodology explains how the research is carried out. Quantitative research involves collecting and analysing numerical data, whereas qualitative research involves collecting and analysing non-numerical data to gain insight into a specific problem (Bhandari, 2020). The empirical research is conducted with a mixed approach of qualitative and quantitative research methods through observing and collecting data supporting the main research questions.

This thesis utilises both primary and secondary data. Primary data is collected for the empirical research through conducting surveys. Secondary data is collected for the literature review and theoretical perspective of this thesis.

1.5 Thesis Structure

The structure of the thesis is visualised in Figure 1.

01	Introduction
02	Sustainable Business
03	Greenwashing
04	Generation Z
05	Empirical Research
06	Conclusion
07	Summary

Figure 1. Thesis Structure.

Chapter 1 introduces the topic, theory, and content of the thesis. Chapters 2-4 contain the theoretical background and literature review. The main concepts are explained, and relevant theory is presented to support Chapter 5 of empirical research. Empirical research is conducted in the form of two surveys. Chapter 6 concludes the empirical research results and contains recommendations for further research. The thesis is summarized in Chapter 7.

2 Sustainable Business

2.1 Definition of Sustainable Business

Sustainable business intends to conduct business without negatively impacting the environment, community, or society in which it operates. Sustainable business strategies generally implement positive impact in the environmental and societal fields, while considering a variety of factors, such as the sustainability of manufacturing, logistics, and distribution, emissions, social justice, and quality of life. (Spiliakos 2018, KnowESG 2023.)

Sustainability brings value to not only the environment and society, but for businesses themselves. As explained by Chladek (2019), the benefits of implementing sustainable business strategies are vast, as sustainable business mitigates risks, improves brand image, brings competitive advantage, expands the market, and drives industry-level change.

A common method to implement sustainable business is to establish Corporate Social Responsibility (CSR) strategies within the organization. According to Stobierski (2021), CSR is a form of self-regulated strategy with which businesses can measure and communicate their social and environmental efforts and hold themselves accountable. CSR is oftentimes guided by the triple bottom line concept, which implies that businesses should measure their social and environmental impact, sustainability efforts and profits. The triple bottom line concept is easily summarised by the three P's: people, planet, and profit.

Once sustainable business strategies have been implemented in the organization, an additional effort can be made by delving into the Sustainable Development Goals, or SDGs. The Sustainable Development Goals were developed in 2015 by the United Nations member states, establishing 17 development goals to end extreme poverty, fight inequalities, and protect the planet. Integrating SDGs into sustainable business strategies provides clear objectives for sustainable innovation and creates opportunities for further action. (United Nations Global Compact.)

2.2 Environmental Sustainability

It is important to note that this thesis research focuses on the environmental aspects of sustainable business. Environmental sustainability focuses on the impact a business creates on the natural world. The focus is not solely on the short-term impact, rather environmental sustainability urges businesses to become aware of and adjust the long-term impact they create on the environment and climate. (Failte Ireland a.). According to an Impact Day (2023) article, the long-term environmental impact of businesses includes greenhouse gas emissions, waste production, pollution, and habitat and biodiversity destruction.

Environmental sustainability management is increasingly important to businesses as environmental changes create risks in every aspect of life on the planet. In business, environmental sustainability should be managed on a corporate governance level. Corporate governance must lead the arrangement and allocation of decision making of sustainable strategies. The strategies should be versatile to mitigate the businesses' impact on the natural environment, through implementing processes and policies to restrict consumption, waste, and non-sustainable resources. The environmental sustainability management should be distributed across the corporate bodies to ensure cooperation and coordination of the strategies. (Aguilera et al. 2021.)

One of the main drivers behind environmental sustainability is climate change. Climate change refers to the long-term changes in global weather and temperature. As gas emissions caused by industrial processes are raising the global temperature, scientists believe the worst climate impact could be maintained if the temperature rise stays below 1.5 Celsius degrees. However, it is pointed out that a temperature rise of 3 Celsius degrees is expected by the end of this century. (United Nations a.). According to the European Parliament (2023a), the biggest greenhouse gas emissions come from the energy industry (77.01%), the agriculture industry (10.55%) and the industrial processes (9.10%). The biggest emitters are China, the United States, the European Union, and India.

Consumers are becoming increasingly aware of the risks and concerns of climate change, impelling more sustainable consumption. As consumers become more educated on the current climate concerns, they become more vigilant of their impact, and the impact of the companies they purchase from. This drives businesses to not only act more sustainably but also communicate their efforts. (Failte Ireland b.) Green marketing, according to Sloovi (2024) enhances businesses' brand image, and increases customer loyalty, as these businesses are perceived as honest and committed to a good cause. Green marketing can offer a competitive advantage in the field, as well as expand the customer base as consumers become more demanding of eco-conscious products and services.

3 Greenwashing

3.1 Definition of Greenwashing

Green marketing brings a competitive advantage to sustainable businesses, as consumers begin to value sustainable efforts and the environmental impact of companies. It is good to note, that not all green marketing is always legitimate.

False green marketing is known as the phenomenon of greenwashing. As defined in the introduction, according to Gibbens (2022) greenwashing is the act of misleading the public to believe a company or a product is environmentally conscious. Greenwashing appears as a company uses green marketing strategies to appear positively to the public, without providing sufficient information on the true environmental impact of the product or service.

Greenwashing appears on many levels, varying between low-impact such as falsely advertised recyclable packaging, up to high-impact, like the false green representation of fossil fuel companies. Robinson (2022) lists common examples of greenwashing. An example of lower impact greenwashing can be observed from big companies such as Nestle and Coca-Cola, which have been named as some of the biggest plastic polluters of the world, yet claim to be sustainable and to prioritize recycling, without providing sufficient reporting of the initiatives. An example of higher impact greenwashing can be perceived from major banks, which claim to combat climate change while funding industries that use fossil fuels or contribute to deforestation.

3.2 Drivers of Greenwashing

The drivers of greenwashing are not limited to the preferences of green consumers. According to the 2011 article, Drivers of Greenwashing, the drivers can be divided into three categories: non-market external drivers, market external drivers, and organizational drivers. (Delmas et al. 2011, 5.)

The non-market external drivers include the regulatory environment. The regulatory environment refers to the advertising regulations in the market area. In the US and many developing countries regulations are limited or non-existent. The European Union is setting rules to ban misleading marketing, with e.g., restricting the use of sustainability labels to ensure the sole use of approved certification schemes (European Parliament, 2023b). The lack of regulation enables greenwashing as the consequences are not legally binding. (Delmas et al. 2011, 6-8.)

Market external drivers include consumer, investor, and competitor-induced incentives. Companies experience pressure from green consumers, and investors to be environmentally conscious, and communicate their environmental performance. The pressure can drive companies to falsely communicate and portray their environmental efforts and impact. The competitive environment may cause pressure if companies come to acknowledge the competitive advantages of green marketing. (Delmas et al. 2011, 8-9.)

The organizational drivers include firm characteristics, such as the size, industry, or profitability of the company. Firm characteristics influence the strategies of companies and expose them to external pressures. The other organizational drivers include the incentive structure and ethical climate of the company, the organizational inertia, and the effectiveness of internal communication. These structures can directly, or indirectly influence the appearance of greenwashing in companies. The lack of communication, poor ethical environment, and slow reaction to change all subject companies to participate in fabrication. (Delmas et al. 2011, 9-12.)

3.3 Impact of Greenwashing

As briefly prefaced in the previous chapter, greenwashing does not come without consequences. The consequences vary between business- and environmental levels and can have long-term negative impact on both.

According to Koskinen (2023), on a business level greenwashing can cause a rift in brand image and customer loyalty, as consumers become more aware of greenwashing and its impact on the environment. If a company gets exposed as greenwashing, customers will deem the brand untrustworthy, directly affecting their return to the company. Social media activists are quick to call out the ethical dilemmas of companies, and consumers are quick to ingest the information online. With social media's heavy influence and broad reach, companies are at an all-time reputational risk.

Another potential consequence is legal action, such as getting sued or going under investigation. This is highly dependent on the regulatory environment but is a potential risk in e.g. the EU area. Legal action not only affects brand image but might damage business-to-business partnerships, such as investors and insurances. All the forementioned consequences can result in financial losses, through loss of revenue, penalties, legal costs, etc.

Greenwashing negatively impacts the environment, as consumers are tricked into purchasing from companies that falsely communicate the environmental impact of their products or services. This results in repercussions like increased pollution due to manufacturing, resource depletion of natural resources, biodiversity damage, and climate change due to

greenhouse gas emissions. (Koskinen, 2023.) Greenwashing also distracts the public from realistic and concrete action towards fighting the climate crisis (United Nations b).

4 The Generations

4.1 The Generation of Technology, Generation Z

According to Confetto et al. (2023) Generation Z, born from the mid-nineties to early 2010s, has been exposed to extensive development in technology since early childhood, growing up on unlimited access to the internet and global connection. Gen Z has grown up to be hyperaware of current global events and socioeconomic trends, such as wars, the pandemic, and climate change.

Djafarova et al. (2022) state that the high level of education and social awareness of the generation drives online activism and information retrieval, influencing Gen Zers to implement sustainability and social justice in their lifestyles. They pursue green products and services, show interest in social responsibility, and actively voice their opinions online.

As a generation, Gen Zers are increasingly aware of their online presence and impression, unlike any preceding generation. While they spend up to 11 hours a day scrolling online, they are careful of what they share and how they present their personal lives. The online identities of Gen Z influence their consumption habits, as they worry about how others might perceive them. (Djafarova et al. 2022.)

As the most educated generation to date, met with consistent exposure to global and economic issues, Gen Z has grown to be frugal, mindful, and socially just in their consumption habits and everyday life. While they make up a major percentage of the world's consumer population, they are more intentional in how money is spent. (Djafarova et al. 2022.)

4.2 Generation Z Conscious Consumer Behaviour

While environmentally aware, Generation Z has been perceived as more attitudinally green, in contrast to their true green consumer behaviour. Djafarova et al. (2022), conducted research that shows variable results in the true green consumer behaviour of Gen Zers.

The research supports the phenomenon of online influence and the presence of high awareness in Generation Z. Gen Zers rely heavily on social media movements and activism to educate themselves on important global topics. As stated by Narayanan (2022), Gen Z's complex upbringing has brought them to hyper-cognitively utilize both online and offline sources to educate themselves on global topics. The generation is extensively educated on climate change and environmental issues and are not holding back from voicing their concerns globally.

Gen Zers have a strong will for conscious consumption, though the final purchase decision is heavily impacted by cost and reach accessibility. Djafarova et al. (2022) research shows that cost limitations and selection distance drive Gen Z to purchase a less ethical option. It is good to note that the oldest of Gen Z have yet to reach 30 years of age, limiting the financial capacity of their consumer behaviour, and as the generation becomes more financially stable, the limitations can be expected to change.

As Generation Z has grown up through many economic fluctuations, they have become frugal in their spending habits. This shows positively in conscious consumption, as they are increasingly intentional with purchasing, considering factors such as the longevity of the product.

According to Djafarova et al. (2022) research, the motivators of Gen Z's purchase intent are drawn to social media influence and presence, and the "do good, feel good" feeling of ethical purchases. Gen Zers feel pressure to appear as informed and conscious online, pushing them towards more ethical action.

Research conducted by Narayanan (2022) mentions Generation Z to value the Corporate Social Responsibility of companies when considering purchases. The research supports the intentionality of Gen Z consumers and states that Gen Z has a higher willingness to pay for a brand based on their social and environmental initiatives.

The overall conscious consumer behaviour of Generation Z is individually driven by personal values and moral beliefs. However, the online pressures and level of information push Gen Z's values on a generational level, interconnecting the two.

4.3 Preceding Generations Consumer Behaviour and Sustainable Awareness

Research on the preceding generations consumer behaviour is limited, however a generalized consumer profile can be drawn for each generation. This thesis mentions two of the preceding generations of Generation Z, those being Millennials, born between 1981 and 1996, and Generation X, born between 1965 and 1980. The generations consumer behaviour is largely shaped by the economic times and major global events of the generation's formative years. Both generations have lived through various economic crises and recessions throughout their lives, with global recessions in the early 1990's, 2007, and the Covid-19 pandemic (Reinike, 2022). Financial instability affects the way these generations value money and how they prioritize spending.

As consumers, Millennials are described as low-effort, low-income and low-loyalty buyers. Millennials are less likely to put effort into low-involvement purchases, often searching for

the most accessible and affordable deals. The lack of brand loyalty for Millennials is tied to the financial instability of the generation, as well as the priorities of their spending. Rather than spending money on high-involvement goods, Millennials are prioritizing experiences and travel, while valuing sustainability and environmental efforts like Generation Z. (Koufogazos 2024.)

According to Koufogazos (2024), Generation X is described to be very brand loyal, and to prefer in-store shopping and high-quality goods. While spending lots of time online, Gen X is said to prefer in-store shopping, taking time to search for high-quality products, for which they are willing to spend more money. They are more likely to join loyalty programmes or coupon schemes and stay loyal to the brands they often purchase from. As for environmental concerns, according to research conducted by EY (2023), Generation X is the least likely of the generations to make lifestyle changes in their consumption habits.

The 2023 research conducted by EY (2023) compares the generations knowledge and opinions of sustainability from the perspectives of environmental awareness, sources of sustainability information, environmental literacy education, taking action and barriers to being more sustainable. A short comparison is drawn from the survey results to demonstrate the generational differences in sustainable awareness.

Considering environmental awareness, the study states that Generation X, with 60% is the most hopeful for the future, while only 57% of Millennials and 55% of Generation Z agree. As for environmental concerns, Generation X and Millennials are the most concerned about severe weather events locally, and waste production globally, while Generation Z finds waste production the most concerning in both contexts. (EY 2023.)

The study shows that all generations gain information about sustainability from social media and consider it the most trustworthy knowledge source. All generations agree that sustainability should be educated in schools and through social media, with over 75% of Generation Z agreeing that education has made them more sustainable in their own lives. (EY 2023.)

As for taking sustainable action, Generation X is recycling more, Millennials are making their homes more sustainable, and Generation Z is attempting both. The biggest barrier to a more sustainable lifestyle for all generations is the cost of being more sustainable, as recurs in many studies and theories. (EY 2023.)

5 Empirical research

5.1 Data Collection

The data collection for this research was conducted with a mixed approach, acknowledging the qualitative nature of the research, but collecting quantitative data in the form of two structured surveys. According to Metsämuuronen (2008), a structured survey is often a form interview, with specific closed questions. A structured survey is efficient when the target group is homogenous, and results are wanted promptly.

The surveys were created based on the theoretical background of the thesis, to answer the research questions set in the introduction chapter. Two surveys were created to research Generation Z as a separate group and compare the results to those of older generations. Both surveys have eight closed questions and two open answer boxes. The closed questions vary from multiple choice to linear scale questions. The first question identifies the age scope or generation of the respondents. The other questions assess the knowledge and opinions of the respondents on greenwashing and sustainable purchasing. The survey was designed to be easy and fast to answer, even without previous knowledge of the subject, to get the most accurate perception of the generations.

The surveys were created in Google Forms. The first survey was conducted in English and was aimed at Generation Z participants. The second survey was conducted in Finnish and was aimed at Millennials, Generation X, and Boomers. The second survey was in Finnish to attain a larger scope in the research area. The surveys were shared on online platforms such as LAB Viva Engage, LinkedIn, Instagram, Facebook, and WhatsApp. The survey was open for two weeks from February 26th to March 11th. In the two weeks, altogether 63 respondents participated across the two surveys.

5.2 Data Analysis

In the data analysis, both surveys are analysed by comparing Generation Z's response with the preceding generations response. The main aim of the survey was to assess Generation Z's perception of greenwashing, and whether it affects the generations consumer behaviour. The generational comparison is made to further assess whether the perception and its effect are tied to generational characteristics to support the research objective of this thesis.

The questions in the two surveys were similar, with eight mandatory questions, and two optional answer boxes. Some of the questions were formulated differently to offer a clear understanding for the respondent demographic. The questions were made mandatory to get the most accurate respondent rate and to minimize the skipping of questions.

Age scope

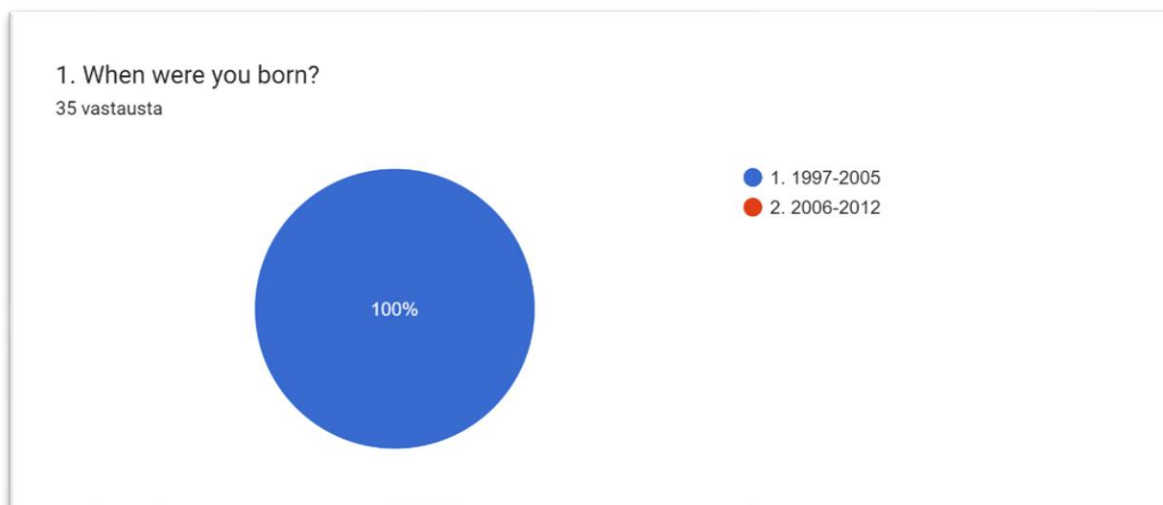


Figure 2. Age of Gen Z respondents.

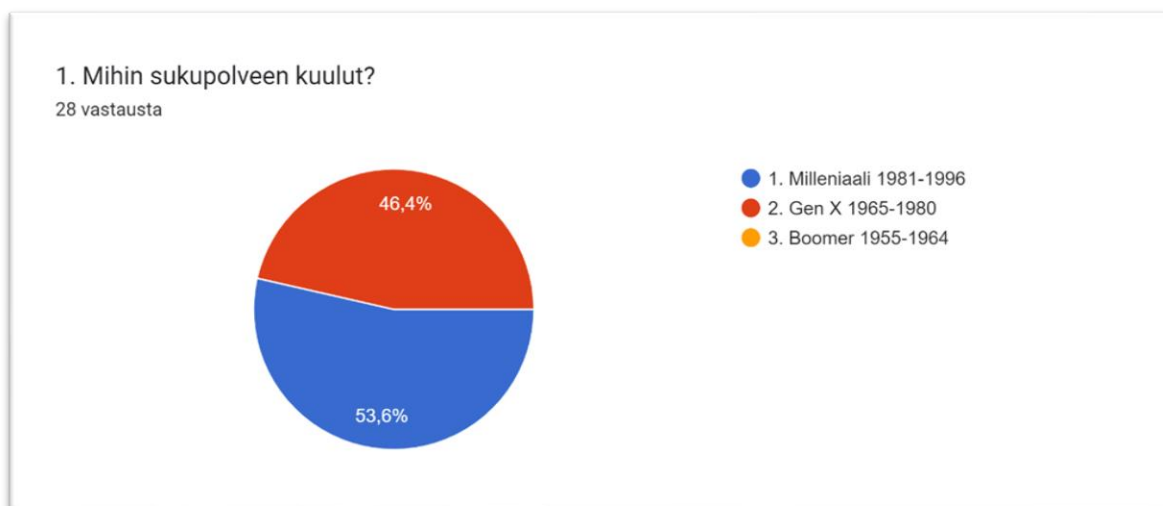


Figure 3. The generation of older respondents.

The first question assesses the respondents age range. The age range is not further differentiated in the survey, but the data was collected to get a general understanding of the age scope of the respondents.

As shown in Figure 2, all Generation Z respondents were over 18 years of age. As all the respondents are adults, it can be presumed that they have, and use their own money in purchases, which may affect their answers later in the survey. If there were younger respondents, this should be considered while analysing the results.

Figure 3 shows the generation scope of the preceding generations survey. The second survey has respondents from two generations, with 53,6% Millennials, and 46,4% Gen X. The survey did not have any Boomer participants.

Respondents' familiarity with the topic

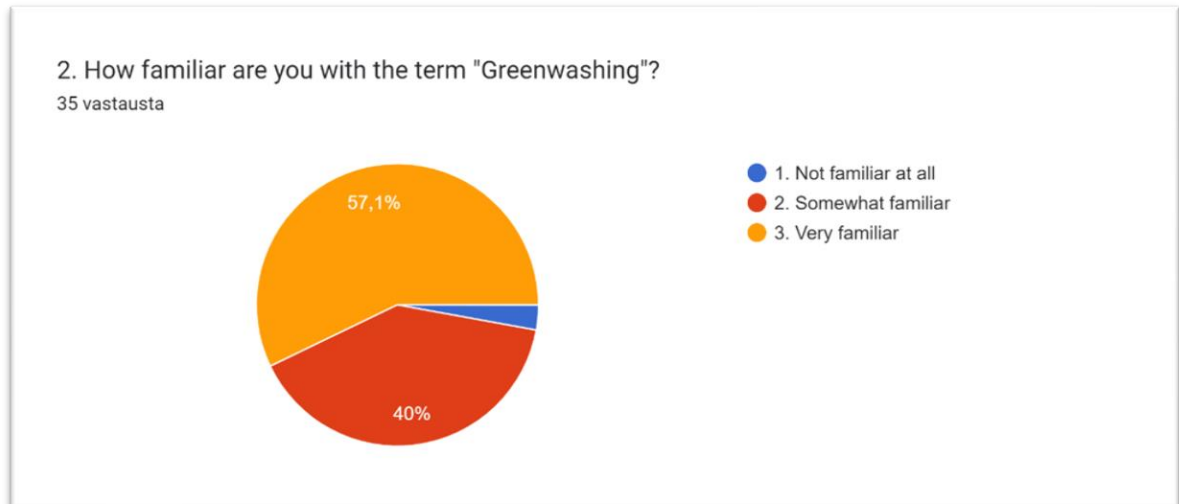


Figure 4. Generation Z's familiarity with Greenwashing.

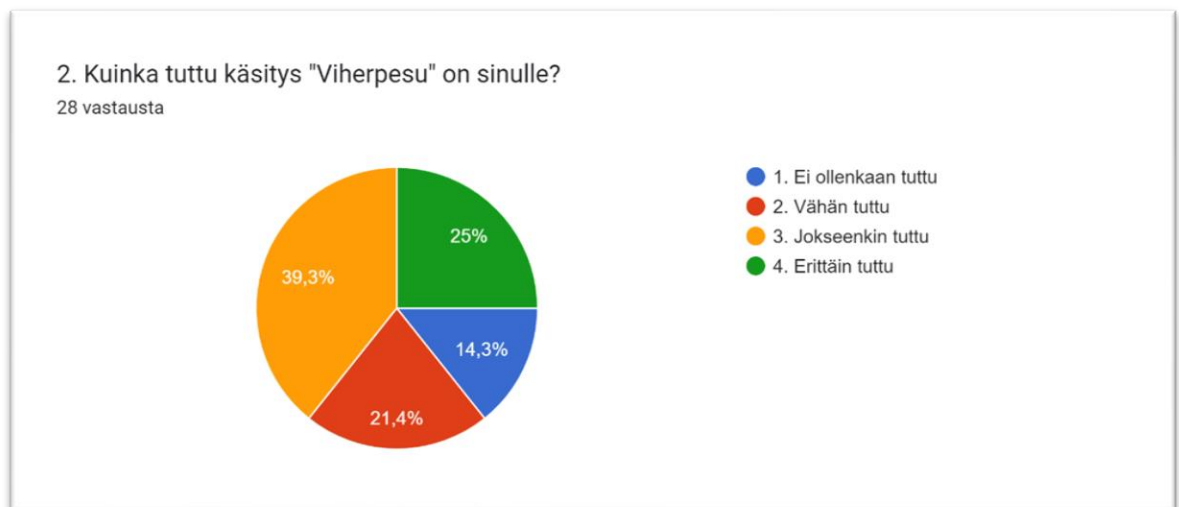


Figure 5. Preceding generations familiarity with Greenwashing.

The second question assesses the respondent's familiarity with the term greenwashing and therefore introduces the topic of the research. While many might subconsciously be aware of the topic at hand, it is important to assess whether the generations are familiar with the official term.

From the results presented in Figure 4, it can be concluded that the Generation Z respondents are highly aware of greenwashing, in the least, they are familiar with the term. From

the theory, it can be presumed that Generation Z's high connectivity and level of education support the level of awareness.

Comparatively, as shown in Figure 5, only 64,3% of older respondents are somewhat- to very familiar with the term greenwashing. The difference may be explained by the different utilization of social media and the education level of preceding generations.

Trust in green labelling

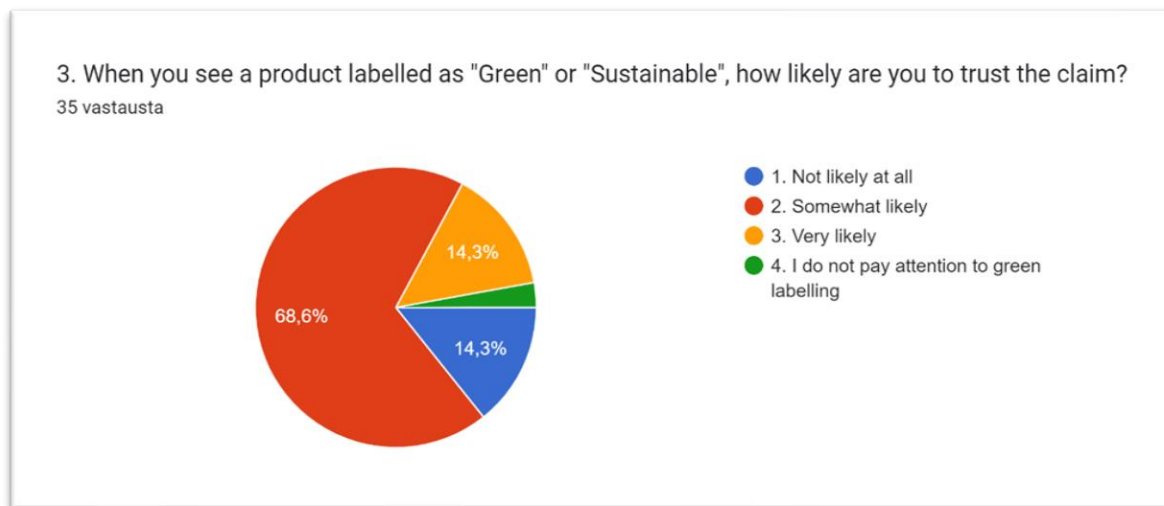


Figure 6. Generation Z's trust in green labels.

To preface Generation Z's perception of greenwashing, the third question was constructed to reveal the generations trust in green labelling – as greenwashing often hides behind sustainable labels or keywords.

As shown in Figure 6, the Gen Z respondents appear to somewhat trust green labelling. The neutral response may be affected by the research scope, as the surveys were spread in Finland, where national and EU regulations take place, and official labels are deemed trustworthy. The neutral stance in question three however contradicts results of the generations scepticism later on in the survey.

No comparison to the preceding generations is made for question three, as the response was comparatively neutral in both surveys. However, later on in the open comment box, a preceding generation respondent brought up scepticism towards certifications and labels, bringing up an interesting perspective of why the preceding generations may be more sceptical of labelling. The view may be tied to the educational differences of the generations, or it can be thought that as Generation Z was the first generation to grow up in the European Union, they have grown to trust the Union and its regulations and directives, more than those who lived through the transitional period.

Importance of sustainability in purchasing

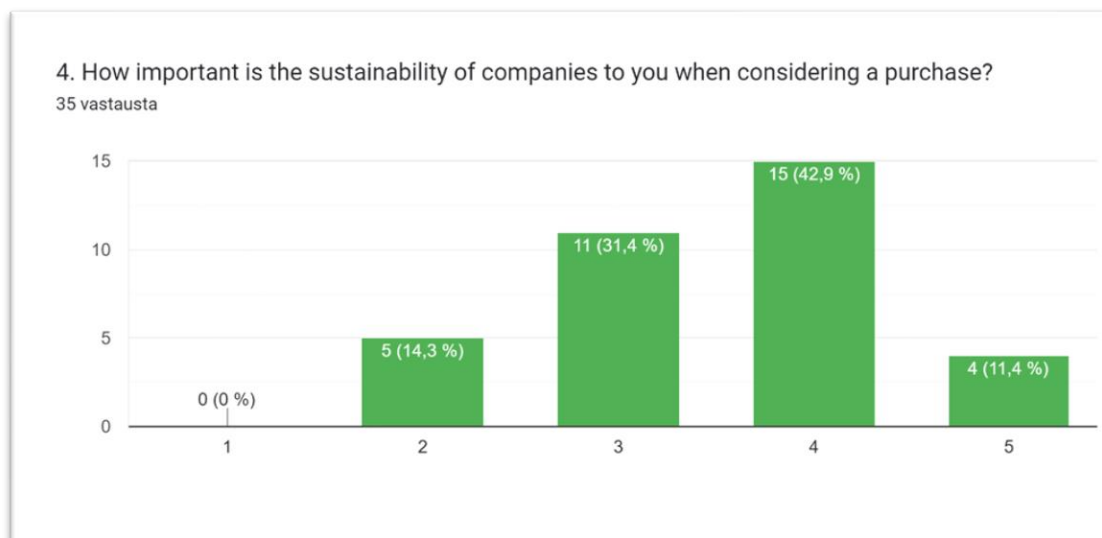


Figure 7. Importance of sustainability in purchasing decisions for Generation Z.

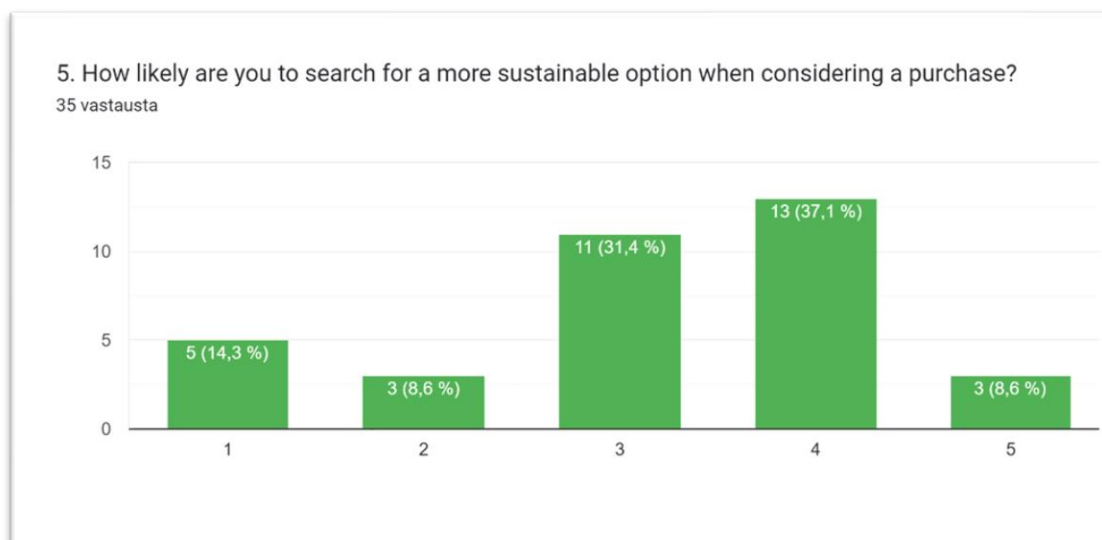


Figure 8. Research for sustainable options in Generation Z.

The fourth and the fifth questions scope the importance of sustainability for Generation Z in purchase decisions, and whether they are likely to research to find a more sustainable option. This question aims to reveal whether Gen Z's actions are influenced by their values. In the chart, 1 indicates 'not at all important, or likely', and 5 indicates 'very important, or likely'.

As shown in Figure 7, 54,3% of Generation Z respondents find the sustainability of companies important as they consider a purchase. 31,4% of the respondents took a neutral stance. Figure 8 reveals that Gen Z respondents are somewhat likely to research more sustainable

options during purchase decisions. The results support the theory that Generation Z is more attitudinally green than in action. At the end of the survey is an open comment box, where a few respondents said they would like to purchase more sustainably, but due to current economic and financial situations, it is not possible. Due to the young age of Gen Z, and the world economic situation, it is not surprising that many prioritize budget over sustainability.

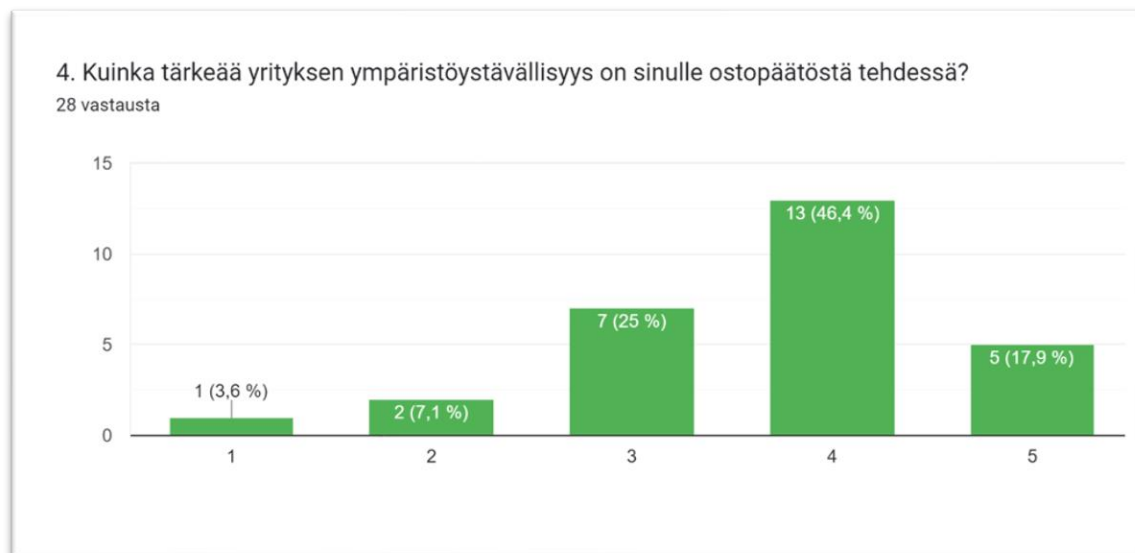


Figure 9. Importance of sustainability in purchasing decisions for preceding generations.

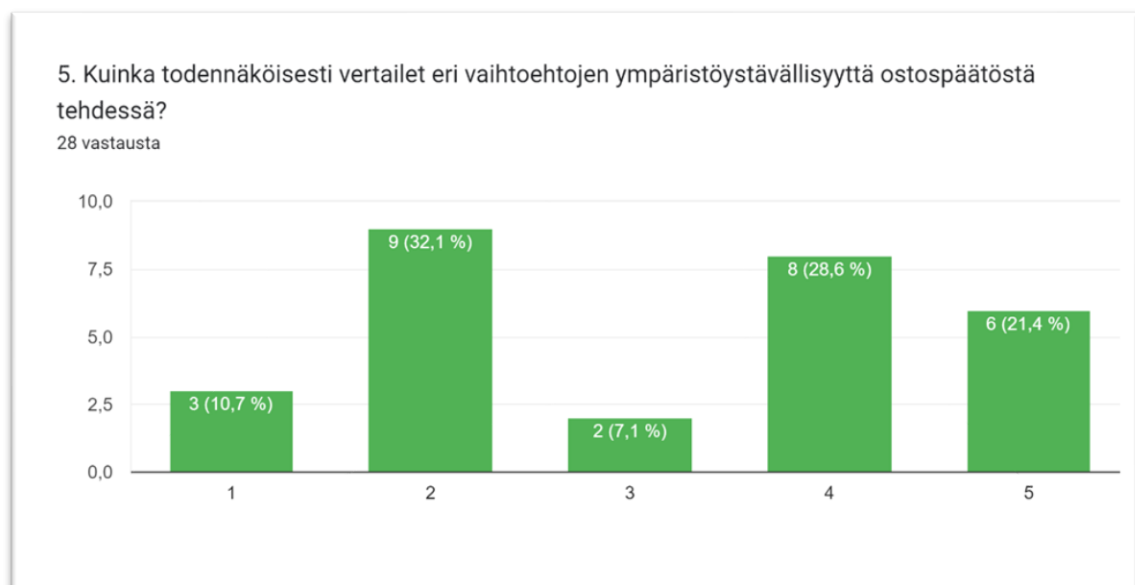


Figure 10. Research for sustainable options in preceding generations.

To compare, Figure 9 reveals that 64,3% of the preceding generation respondents value the sustainability of companies when making a purchase decision. However, as seen in

Figure 10, the likelihood to research a more sustainable option is more spread out than Generation Z. While 50% of the respondents claim to do further research, a surprising amount of 42,8% are not likely to search further. This might be explained by the generation's lower recognition of greenwashing and high trust in sustainable labelling.

Experiences of greenwashing

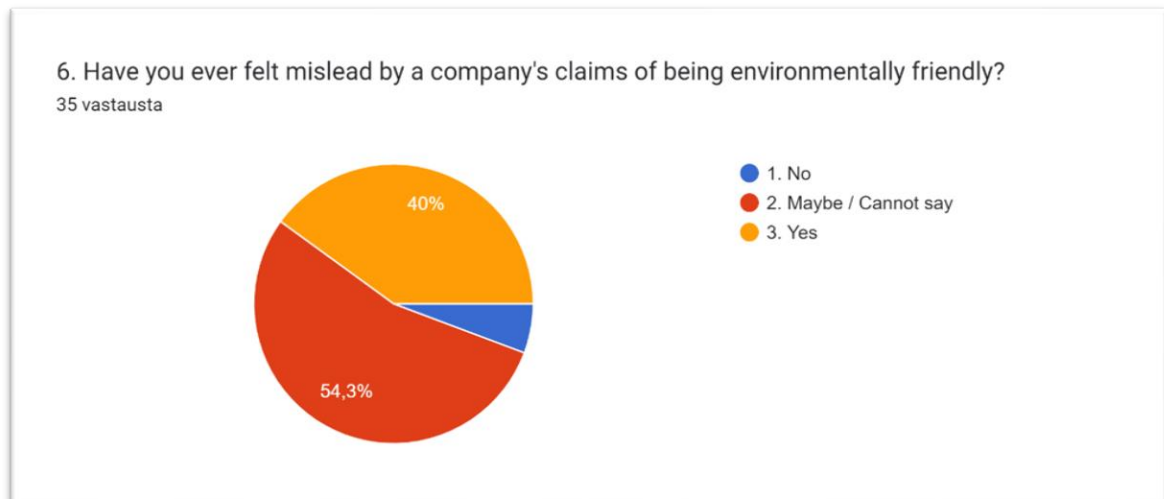


Figure 11. Generation Z's experience with greenwashing.

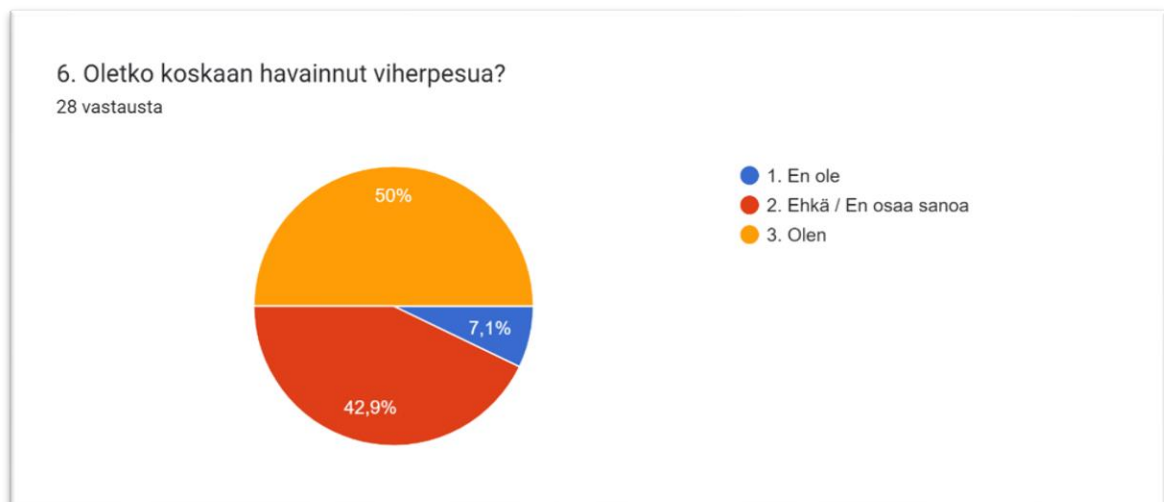


Figure 12. Preceding generations experience with greenwashing.

The sixth question was constructed for the generations to reflect on their personal experiences with potential greenwashing. The results shown in Figure 11 and Figure 12 are comparatively similar. When given the text box option to specify the experiences, respondents mentioned e.g., non-recyclable packaging, use of trendy keywords, CO2 compensation

claims, scepticism towards green energy, and fast fashion. Across the two surveys, 25 respondents shared experiences of greenwashing, pointing to the direction that consumers are able to recognise fabricated marketing and are sceptical of companies' green claims.

Customer return of the generations

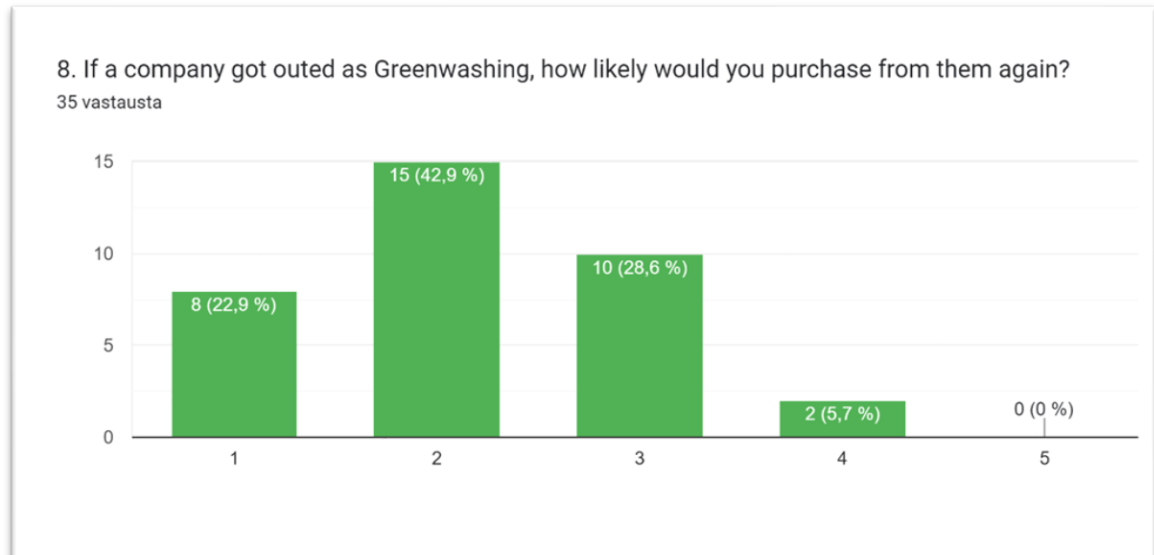


Figure 13. Generation Z's return to greenwashing companies.



Figure 14. Preceding generations return to greenwashing companies.

The eight question challenges the respondents to consider whether they would purchase from a company again if the company was outed as greenwashing. In the chart, 1 indicates 'not at all likely', and 5 indicates 'very likely'. 65,8% of Generation Z respondents claim to

not be likely to return to a greenwashing company. In the final comments, a Gen Z respondent mentioned they would return to a greenwashing company if they showed proof of reform. Surprisingly, the percentage is higher for the preceding generation, with 82,1% claiming not likely to return. Here again, the financial position of Generation Z may make an impact, and as in question 5, the theory of Gen Z's attitudinal greenness over actional greenness is supported.

Generation Z's environmental scepticism

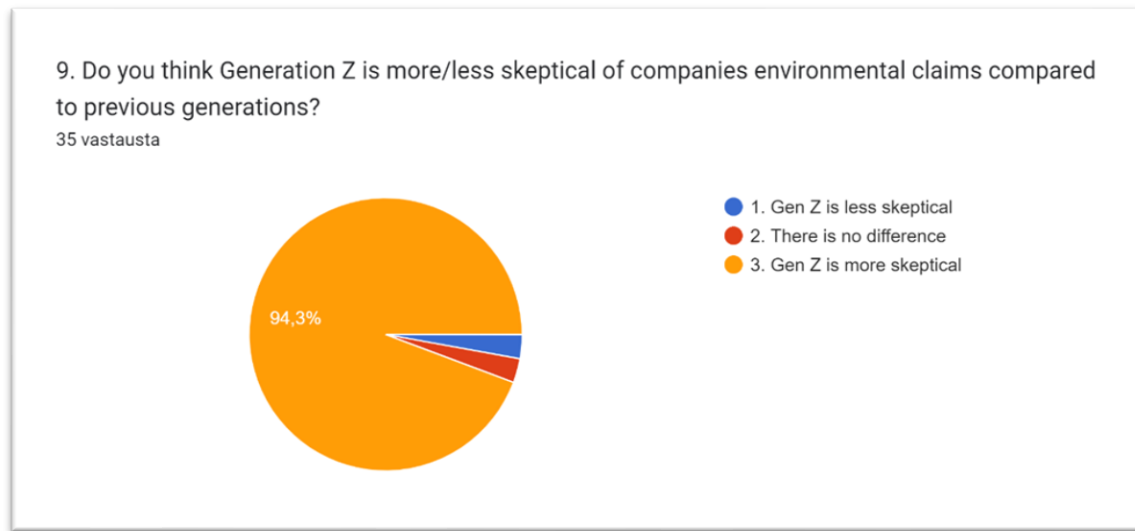


Figure 15. Generation Z's environmental scepticism

The last question reflects on the generation as a whole by asking respondents to evaluate how environmentally sceptical the generation is compared to previous generations. As supported by theory, 94,3% of the respondents claim Gen Z to be more sceptical than the previous generations. The preceding generations' survey asked respondents to evaluate their own scepticism, and 57,1% of respondents claimed to be sceptical of companies' environmental claims.

Other comments

At the end of each survey is an open comment box for any additional ideas, comments, or remarks. A few respondents from each survey took time to further comment. The boxes had interesting mentions about the financial inaccessibility to sustainable products, scepticism towards the sources from which Generation Z gathers information, and the wish for companies to take environmental action seriously. One Gen Z respondent mentioned, in reference to question eight, that they would return to a greenwashing company if the company showed proof of reform. Many respondents in the first survey mentioned the inability to afford sustainable options but highlighted their interest in consuming more sustainably in the future.

Another Gen Z respondent mentioned their scepticism towards Generation Z's ability to rightfully judge the information they gather from social media, claiming Gen Z to believe the information too naively. One preceding generation respondent brought up an interesting take on how fast fashion brands use consciousness and sustainability as a marketing trick to grant customers "permission" to continue overconsumption with a clear conscience. The comments reveal that the respondents have previous thoughts about greenwashing and were able to reflect on those thoughts upon answering the survey.

6 Conclusion

6.1 Answers to the Research Questions

The research aimed to examine how Generation Z perceives greenwashing in the context of sustainable business, and whether it impacts their consumer behaviour. Research was conducted to assess a correlation between Generation Z's values and actions in conscious consumer behaviour. The research questions and answers are as follows.

How does Generation Z perceive and interpret greenwashing in the context of sustainable business practices?

As gathered in the theoretical background and as supported by the empirical research, it can be concluded that Generation Z is highly aware of greenwashing, as they are constantly interconnected with global news and online activism, highlighting climate change and the environmental impact of current consumerism. Fuelled by climate anxiety, the generation pushes towards a more conscious future by educating themselves and taking concrete action. The empirical research shows that Generation Z is very sceptical of the environmental claims of companies and is quick to notice attempts of greenwashing, highly values sustainability in purchase decisions and is likely to research more sustainable options. Though sceptical, the generation is highly trusting of green labelling, which is explained by the research locality, as in Finland national and EU regulations are in place to guide the labelling of products. The survey reveals that Generation Z respondents are not likely to return as customers to greenwashing companies, and as companies already face a reputational risk via online platforms, Generation Z's attitude imposes serious consequences on companies caught of fabrication.

How does Generation Z's perception of greenwashing affect their consumer behaviour?

The theory mentions that Generation Z is often deemed as more attitudinally green, than in action, and this statement is somewhat supported by the empirical research results. In the survey when asked, Generation Z highly values the sustainability of companies when considering a purchase yet is neutral to research for a more sustainable option. When asked to specify, respondents brought up the financial aspect of sustainable consumption and claimed that sustainable options are often far out of their budget. Local accessibility was also mentioned, as often the more sustainable options are only available online, or in bigger cities, and the generation perceives ordering or travelling for the product as counterproductive. The financial aspect can be explained by the young age of the generation, as well as the economic environment, and can be presumed to change as the generation becomes

more financially secure. It can be concluded that Generation Z is attitudinally aware of the environmental impact of their purchases, but face limitations in acting according to their values.

How do Generation Z's attitudes towards greenwashing compare with those of other generations?

The empirical research reveals Generation Z to be more aware of greenwashing than the preceding generations, as well as more likely to research more sustainable options when making purchase decisions. When asked about trust in green labelling, the importance of sustainability and experiences of greenwashing the generations compare very equally, each generation being highly trusting of green labelling, finding sustainability important, and having experienced greenwashing in some form. However, the preceding generations are less familiar with the term greenwashing and less likely to research for more sustainable options when making purchase decisions, yet interestingly enough also less likely to return to greenwashing companies than Generation Z. The preceding generations were also less sceptical of companies' environmental claims, whereas Generation Z claimed to be highly sceptical. It can be concluded that Generation Z is not the sole generation that is becoming hyperaware of the environmental risks at hand but is more likely to be educated on the current trends and terms surrounding the sustainability conversation.

6.2 Validity and Reliability

The research uses both primary and secondary data. Secondary data was collected for the literature review or theoretical background by using books, articles, earlier research, and other relatable academic websites. Primary data was collected through empirical research in the form of two online surveys. The surveys relate to the theoretical background of the thesis.

As defined by Middleton (2019), validity and reliability are concepts which evaluate the quality of research. Reliability refers to the consistency of the research results, and validity refers to how the research corresponds to valid theories.

The validity of the research can be confirmed by the correspondence of the empirical research results with the theoretical background. The reliability of the thesis is confirmed by the validity, however as the research target is a group of people, the consistency of research results cannot be guaranteed.

6.3 Recommendations for Further Research

Based on the research presented in this thesis, recommendations for further research can be suggested to further delve into the issue of greenwashing, and the consumer behaviour of the generation.

The first recommendation is to conduct similar research with a larger, more global scope. One of the research limitations was the generalizability of Generation Z, therefore in further research, the socioeconomic, geographic, and cultural differences could be analysed and included in the generation's perception, and consumer behaviour in the context of sustainable business.

To further apply the knowledge of Generation Z's conscious consumer behaviour, research could be conducted to assess how the generation impacts businesses. For example, does the online activism of Gen Z push businesses to act more sustainably, or does it teach them how to fabricate better? Further understanding the impact Generation Z imposes on businesses can help the leaders of said businesses adapt to the demands and expectations of the younger generations.

In the future, the current research can be revisited by either researching Generation Z again as they age, or by researching Generation Alpha, those born between 2010 and 2024, to see how the next highly connected generation perceives greenwashing, and whether it differs from Gen Z.

For the issue of greenwashing, research can be made on how companies can successfully avoid greenwashing, and how it can be reliably communicated in sustainable reporting. Businesses may lack knowledge on how to take concrete action towards sustainability, and how to communicate it to consumers and business partners in a way that is deemed reliable and transparent. The research may offer a framework for future sustainable businesses.

7 Summary

The thesis aimed to examine how Generation Z perceives greenwashing in the context of sustainable business, and whether it impacts their consumer behaviour. Three research questions were formulated to guide the research. The research questions were as follows.

The main research question:

- How does Generation Z perceive and interpret greenwashing in the context of sustainable business practices?

The two sub-questions:

- How does Generation Z's perception of greenwashing affect their consumer behaviour?
- How do Generation Z's attitudes towards greenwashing compare with those of other generations?

To reach the research objective, both primary and secondary data were used to formulate the theoretical framework and empirical research. The theoretical framework used secondary data in the form of a literature review. The empirical research used a mixed methodology of both quantitative and qualitative research in the form of two online surveys. The thesis was written using a deductive approach.

The first chapter introduced the topic, research objectives, theoretical framework, and methodology of the thesis. Research background, questions, limitations, and data collection methods were also covered in the introduction chapter.

Chapters 2-4 covered the theoretical framework of the research. The second chapter defined sustainable business and introduced environmental sustainability. The third chapter defined greenwashing and explained its common drivers and impact. The fourth chapter introduced Generation Z and delved into their conscious consumer behaviour.

Chapter five covered the process of data collection of the empirical research. The research was conducted as two online surveys created to assess different generations perceptions of greenwashing. The chapter includes data analysis of the survey results.

Chapter six concluded the research. Answers to the research questions were formulated, the research validity and reliability were defined, and suggestions for further research were presented. The thesis was summarized in chapter seven.

References

- Aguilera, R., Aragón-Correa, J., Marano, V., Tashman, P. 2021. The Corporate Governance of Environmental Sustainability: A Review and Proposal for More Integrated Research. *Journal of Management*. Article. Retrieved on 4 March 2024. Available at https://lut.primo.exlibrisgroup.com/discovery/fulldisplay?docid=cdi_proquest_journals_2532039788&context=PC&vid=358FIN_LUT:LAB&lang=en&search_scope=LAB_CAMPUS_CDI&adaptor=Primo%20Central&tab=Everything
- Bhandari, P. 2020. What is Qualitative Research? Scribbr. Retrieved on 2 January 2024. Available at <https://www.scribbr.com/methodology/qualitative-research/>
- Chladek, N. 2019. The Importance of Business Sustainability Strategies. Harvard Business School Online. Retrieved on 6 February 2024. Available at <https://online.hbs.edu/blog/post/business-sustainability-strategies>.
- Confetto, M., Covucci, C., Addeo, F., Normando, M. 2023. Sustainability Advocacy Antecedents: How Social Media Content Influences Sustainable Behaviours Among Generation Z. *The Journal of Consumer Marketing* July 2023, 758-774. Available at https://lut.primo.exlibrisgroup.com/discovery/fulldisplay?docid=cdi_informaworld_taylor-francis_310_1080_0267257X_2022_2070654&context=PC&vid=358FIN_LUT:LAB&lang=en&adaptor=Primo%20Central&tab=Everything
- Dadić, M., Jerčić, E., Dadić, V. 2022. Behaviour of Generation Z. *Proceedings of IAC*. Article. Retrieved on 29 December 2023. Available at <https://research.ebsco.com/c/ylm4lv/search/details/p4cnuueenf?limiters=RV%3AY&q=generation%20z>
- Delmas, M., Burbano, V. 2011. Drivers of Greenwashing. *California management review*, 54.1, 64-87. Article. Retrieved 16 February 2024. Available at https://lut.primo.exlibrisgroup.com/discovery/fulldisplay?docid=cdi_openaire_primary_doi_a74baf319588544ace7b6106492b5a38&context=PC&vid=358FIN_LUT:LAB&lang=en&search_scope=LAB_CAMPUS_CDI&adaptor=Primo%20Central&tab=Everything.
- Djafarova, E., Fouts, S. 2022. Exploring Ethical Consumption of Generation Z. *Young Consumers*. Article. Retrieved on 19 February 2024. Available at <https://www.proquest.com/docview/2685066818?accountid=202350&parentSessionId=GpKMX9jigIYEjR0vM%2BXIzYKcNVOvte5OBDkm7E%2FvH94%3D&pq-origsite=primo&sourcetype=Scholarly%20Journals>

Emerald Publishing. How to Conduct Empirical Research. Emerald Publishing. Retrieved on 2 January 2024. Available at <https://www.emeraldgrouppublishing.com/how-to/research-methods/conduct-empirical-research>

European Parliament. 2023a. Greenhouse Gas Emissions by Country and Sector. Article. Retrieved on 4 March 2024. Available at https://www.europarl.europa.eu/pdfs/news/expert/2018/3/story/20180301STO98928/20180301STO98928_en.pdf

European Parliament. 2023b. EU to ban greenwashing and improve consumer information on product durability. European Parliament. Retrieved on 16 February 2024. Available at <https://www.europarl.europa.eu/news/en/press-room/20230918IPR05412/eu-to-ban-greenwashing-and-improve-consumer-information-on-product-durability>.

EY. 2023. Generational Sustainability Survey. PDF. Retrieved on 10 April 2024. Available at https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/corporate-responsibility/ey-ja-2023-sustainability-report-27-july-2023.pdf

Fáilte Ireland a. Environmental Sustainability. PDF. Retrieved on 8 February 2024. Available at https://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/2_Develop_Your_Business/1_StartGrow_Your_Business/Environmental-Sustainability-in-Business-BT-ESB-C9-0913-4.pdf.

Fáilte Ireland b. Environmental Sustainability. PDF. Retrieved on 8 February 2024. Available at https://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/2_Develop_Your_Business/1_StartGrow_Your_Business/Environmental-Sustainability-in-Business-BT-ESB-C9-0913-4.pdf.

Gibbens, S. 2022. Is Your Favourite 'Green' Product as Eco-friendly as it Claims to be? National Geographic. Retrieved on 1 January 2024. Available at <https://www.nationalgeographic.com/environment/article/what-is-greenwashing-how-to-spot>

Helm. Understanding Pragmatic Research. The University of Nottingham. Retrieved on 28 January 2024. Available at <https://www.nottingham.ac.uk/helmopen/rlos/research-evidence-based-practice/designing-research/types-of-study/understanding-pragmatic-research/section02.html>

Impact Day. 2023. Environmental Impact in Business: Assessments, Issues, and Solutions. Impact Day. Retrieved on 4 March 2024. Available at <https://impactday.eu/blog/environmental-impact-in-business/>

- Jari Metsämuuronen. 2008. Laadullisen tutkimuksen perusteet. Uuden sukupolven tutkimusmenetelmä-oppikirjasarja. Helsinki: International Methelp Ky.
- Knit. 2022a. Gen Z's Brutal Feedback on Your Marketing. Knit. Research Report. Retrieved on 1 January 2024. Available at <https://goknit.com/2022-report-gen-zs-brutal-feedback-on-your-marketing/>
- Knit. 2022b. Gen Z's Brutal Feedback on Your Marketing. Knit. Research Report. Retrieved on 1 January 2024. Available at <https://goknit.com/2022-report-gen-zs-brutal-feedback-on-your-marketing/>
- KnowESG. Top 5 Social Sustainability Examples You Need To Know. KnowESG. Retrieved on 6 February 2024. Available at <https://www.knowesg.com/featured-article/top-5-social-sustainability-examples-you-need-to-know>.
- Koskela, A. 2022. 9 Negative Effects Greenwashing Has on Your Business. ASKEL. Retrieved on 16 February 2024. Available at <https://askelsustainabilitysolutions.com/negative-effects-of-greenwashing-on-business/>.
- Koufogazos, M. 2024. Millennials vs. Gen X: What Do They Want From Brands? Salsify. Retrieved on 10 April 2024. Available at <https://www.salsify.com/blog/shopping-habits-millennials-vs.-gen-x>
- Middleton, F. 2019. Reliability vs. Validity in Research, Difference, Types and Examples. Scribbr. Retrieved on 19 March 2024. Available at <https://www.scribbr.com/methodology/reliability-vs-validity/>
- Narayanan, S. 2022. Does Generation Z Value and Reward Corporate Social Responsibility Practises? Journal of Marketing Management June 2022, 903-937. Available at https://lut.primo.exlibrisgroup.com/discovery/fulldisplay?docid=cdi_informaworld_taylor-francis_310_1080_0267257X_2022_2070654&context=PC&vid=358FIN_LUT:LAB&lang=en&adaptor=Primo%20Central&tab=Everything
- Reineke, C. 2022. Past Financial Crises Have Made Millennials 'More Cautious, More Proactive' In How They Manage Money. CNBC. Retrieved on 11 April 2024. Available at <https://www.cnbc.com/2022/06/21/past-financial-crises-have-affected-how-millennials-manage-money.html>
- Robinson, D. 2022. 10 Companies and Corporations Called Out For Greenwashing. Earth.org. Retrieved on 16 February 2024. Available at <https://earth.org/greenwashing-companies-corporations/>.

Schiffman, R. 2022. For Gen Z, Climate Change Is a Heavy Emotional Burden. Yale Environment 360. Interview. Retrieved on 30 December 2023. Available at

<https://e360.yale.edu/features/for-gen-z-climate-change-is-a-heavy-emotional-burden>

Sloovi. 2024. Green Marketing. Blog. Retrieved on 6 March 2024. Available at

<https://sloovi.com/blog/green-marketing-definition-benefits-and-actionable-tips-to-build-a-sustainable-strategy/>

Spiliakos, A. 2018. What Does 'Sustainability' Mean in Business? Harvard Business School Online. Retrieved on 6 February 2024. Available at

<https://online.hbs.edu/blog/post/what-is-sustainability-in-business>.

Stobierski, T. 2021. What is corporate social responsibility? Harvard Business School

Online. Retrieved on 6 February 2024. Available at <https://online.hbs.edu/blog/post/types-of-corporate-social-responsibility>.

UN Global Compact. The SDGs Explained for Business. UN Global Compact. Retrieved on 7 February 2024. Available at <https://unglobalcompact.org/sdgs/about>.

United Nations a. What Is Climate change? United Nations. Retrieved on 8 February

2024. Available at: <https://www.un.org/en/climatechange/what-is-climate-change>.

United Nations b. Greenwashing – the deceptive tactics behind environmental claims.

United Nations. Retrieved on 16 February 2024. Available at <https://www.un.org/en/climatechange/science/climate-issues/greenwashing>.