



**UNIVERSITY OF GOTHENBURG**  
**SCHOOL OF BUSINESS, ECONOMICS AND LAW**

## Socially Responsible Investing

Young adults attitude and propensity to invest green

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## **Abstract**

This study's purpose is to see if young adults between the ages of 18 and 30, invest sustainably and if there are factors that influence their decision making process when making green investments and if there are determining variables that predict their willingness to make green investments. The study was performed over a two month period starting in early November. The findings are limited to the particular population examined in the study and cannot be assumed to be true for the entire Swedish population of young adults. The theoretical framework discusses The Buying Decision Process in relation to investments, The Adoption Process that explains different stages of adoption of new innovations and characteristics that determine its success. Thereafter, the concept of attitude behavior gap is discussed which describes the differences between intention and action, which then is followed by Maslow's Hierarchy of Needs which can ease the understanding of incentives and self-interests.

The study was constructed based on Mixed Method research which includes both quantitative and qualitative methods. 15 individuals were interviewed and asked questions about their background, investment experiences and beliefs revolving around ESG investments and other young adults. As for the quantitative part, a survey that examined 239 qualified respondents out of 254 replies. The survey investigated age, investment experience, perceived investment difficulty and different types of goals and factors related to investing. The results from the regressions were based on data from the survey in relation to age and perceived investment difficulty, as well as age, investment experience, portfolio size and green investment interest.

The regressions did not find any definitive relationships between the variables in a simple linear regression and a multiple linear regression. However, the descriptive statistics highlighted a pattern of behavior that showed a relatively shallow interest for green investments. When asked if there was an existing interest for green investments, the engagement was quite high, however for each question related to sustainability, the engagement dropped. The interviews were summarized and the results showed that the initial engagement toward green investments was relatively positive, however when further asked about their interests or knowledge about green investments their resolve seemed to falter. To many it seemed like investing green implied a personal sacrifice. It was becoming increasingly clear that there was no genuine interest. What was made evident was that most respondents knew what to say to seem like an ethical person, but few could back up their claims.

## **PREFACE**

This work is based on finding out the behavior and attitude of young adults towards sustainable investments. Are they investing in sustainable options and in that case what affects this behavior? Both authors have a genuine interest in investments in general and since sustainability is a hot topic right now, we thought it would be a good idea to combine these. We are both relatively young and therefore we found it interesting to study other young adults' views on sustainability within investments. This has been an interesting and great opportunity to learn more about the research area. We would like to thank the respondents who participated in the interviews and who took the time to help us in our survey. We had many captivating conversations that deepened the knowledge of the subject. We want to thank all the respondents for taking their time to answer our questionnaire. It helped us draw conclusions and to understand connections between different variables. We would also like to thank our supervisor for all the help and great tips, the university for the opportunity to do this research and to the opponents who have given us important and facilitative criticism in our work.

# Table of Contents

<b>1. Introduction</b>	<b>1</b>
1.1 Problem Background	1
1.2 Problem Statement	4
1.3 Purpose & Research Questions	5
1.4 Limitations	5
<b>2. Theoretical framework</b>	<b>5</b>
2.1 The Buying Decision Process	6
<i>Image 1. The Consumer Decision Process.</i>	6
2.1.1 Need Recognition	6
2.1.2 Information Search	6
2.1.3 Option Evaluation	6
2.1.4 Purchase Decision	7
2.1.5 Post-purchase Evaluation	7
2.2 The Adoption Process	8
2.2.1 The Five Consumer Types	8
2.2.2 Influencing Characteristics	8
2.3 The Attitude Behavior Gap	9
2.4 Maslow's Hierarchy of Needs	9
2.4.1 The Five Stages	10
<i>Image 2. Maslow's Hierarchy Pyramid.</i>	10
2.4.2 Deficiency and growth needs	11
2.4.3 Criticism against the model	11
<b>3. Research Methodology and Design</b>	<b>12</b>
3.1 Research Approach	12
3.1.1 Literature Search	12
3.1.2 Data Collection	12
3.1.3 Mixed Method Research	13
3.1.4 Surveys	14

<i>Figure 1. Examples of uses for standardization and structuring.</i>	16
3.1.5 Interviews	16
3.2 Quantitative Analysis	17
3.2.1 Univariate Analysis	17
3.2.2 Variables	19
3.3 Qualitative analysis	20
3.4 Reliability and Validity	20
3.4.1 Criticism of the Qualitative Method	20
3.4.2 Criticism of the Quantitative Method	21
<b>4. Empirical Data</b>	<b>21</b>
4.1 Empirical Data From Surveys	21
4.1.1 Descriptive Statistics	21
<i>Figure 2. Age Distribution.</i>	22
<i>Figure 3. Investment Experience.</i>	22
<i>Figure 4. Education Level</i>	23
<i>Figure 5. Green Investment Interest</i>	23
<i>Figure 6. Investment Goals.</i>	24
<i>Figure 7. ESG Importance.</i>	24
<i>Figure 8. Perceived Difficulty in Investing.</i>	25
<i>Table 1. Factors for Investment.</i>	26
4.1.2 Correlation	26
<i>Table 2. Numeric Significance of Pearson's r.</i>	27
<i>Table 3. Significance levels of Pearson's r.</i>	27
4.1.3 Regression	27
4.1.3.1 Simple Linear Regression	27
<i>Table 4. Regression Statistics for the Simple Linear Regression</i>	27
<i>Table 5. ANOVA for the Simple Linear Regression.</i>	28
<i>Table 6. Variable information for the Simple Linear Regression.</i>	28
4.1.3.2 Multiple Linear Regression	28
<i>Table 7. Regression Statistics for the Multiple Linear Regression.</i>	28

<i>Table 8. ANOVA for the Multiple Linear Regression.</i>	28
<i>Table 9. Variable information for the Multiple Linear Regression.</i>	29
4.2 Empirical data from interviews	29
<i>Table 10. Information about the respondents from the interviews.</i>	29
4.2.1 Main purpose of investing	30
4.2.2 Portfolio Management	30
4.2.3 Investment Strategies	31
4.2.4 Sustainability	31
4.2.4.1 Sustainability meaning	31
4.2.4.2 The Importance of Sustainability	32
4.2.5 Importance of ESG rating	32
4.2.6 Other young adult's sustainability thinking	33
4.2.7 Degree of Sustainability	34
<i>Table 11. Rating of respondents investment sustainability.</i>	34
<b>5. Analysis</b>	<b>35</b>
5.1 Results of the Survey	35
5.1.1 Analysis of the Descriptive Statistics	35
5.1.2 Analysis of the Regression Statistics	36
5.2 Results of the Interviews	37
5.3 Discussion	39
<b>6. Conclusion</b>	<b>40</b>
6.1 The Answers to the Research Questions	40
6.2 Suggestions for Further Research	42
<b>7. Bibliography</b>	<b>43</b>
<b>8. Appendix</b>	<b>49</b>
8.1 Survey Questions	49
8.2 Interview Guide	53

# 1. Introduction

*This chapter introduces the reader to the subject matter through a discussion of the subject background such as recent events and socially responsible investments. Furthermore, the reasoning behind the study is discussed along with the study's purpose, questions and limitations.*

## 1.1 Problem Background

The general public opinion toward a more sustainable lifestyle is becoming increasingly popular. Young adults especially, seem to reciprocate this sentiment more so than many other generations (Cambridge Institute, p.7). But there is a gap between belief and behavior when it comes to how consumers act in their day to day life (De Pelsmacker, 2006). Is this also true in sustainable investing? As there is plenty of previously performed studies regarding green investing or sustainable investing, few regard restricted demographics, especially young adults. Which makes the following topics all the more suitable.

Social and environmental issues continue to arise as the world continues to look for improvements and solutions. Meanwhile, consumers seem to have gained a rising interest in attaining more reliable information regarding the background of products they purchase, in hopes to consume ethically (Niksereht and Iajevardi, 2016). The creation of a new type of consumer that seeks to take some responsibility toward the effects their existence has and attempts to express their values through ethical consumption (De Pelsmacker et al, 2005). Due to ethics being an expression that is highly individualistic, it can be reasoned that each individual's ethical concern differs to the next. Therefore, it is pertinent to keep in mind that a broad range of issues integrated with ethical consumption will create an even more complex decision making process for "ethical consumers" (Carrington et al, 2010). Whether it is electric cars, solar panels, carbon neutral deliveries or fairtrade foods, ethically minded consumers are tapping into these markets and continue to popularize new sustainable products of old. What is becoming increasingly evident though, is that ethically minded consumers are not reciprocating actions in line with their intention (Auger & Devinney, 2007; Carrington et al, 2010; Shaw et al., 2007). In other words, there is a gap between attitude and action.

The International Organisation of Securities Commissions, IOSCO, presented a recommendation to securities regulators to increase the demands within five different areas to prevent greenwashing of asset management. IOSCO claims that there is a need for a larger collaboration between securities regulators in order to further prevent greenwashing of unsustainable investments (Saltebro, 2021). Funds like the Swedish AP funds are further taking a stance against unsustainable corporations that are not being part of

the shift from the massive use of fossil fuels. This is accomplished by black-listing certain stocks that are not up to their standard. Their standard is based on their interpretation of the Paris Agreement (Lindberg, 2020), a treaty that went into effect November 2016 (Paris Agreement). What might be ambiguous to many unaware investors is that, although funds like the AP7 who label themselves as a sustainable fund, they might not be sustainable by their standards. What makes AP7's sustainability label ambiguous at best is due to the fact that they still invest in "dirty" actors. These "dirty" actors are unsustainable investments, whether it is by emissions or poor working conditions. They march under the banner of change from within, through their power as a shareholder (Lindberg, 2020). The ambiguous nature of funds especially, when it comes to sustainability, forces the question; do consumers really understand what sort of footprint they have when it comes to their investments? Although there is ambiguity in how large of an impact shareholder engagement can have, it is the most reliable mechanism to achieve improvements in sustainable corporate practices (Eurosif report, 2021).

If the world remains as is, the Paris Agreement's climate target of 1.5 degrees Celsius increase will almost be doubled. The net-zero goal requires the financial market to participate in order to meet a future environmental goal. A shift toward socially responsible investments is good, but an active participation of regulators is needed and will continue to be needed. Economic policies like the Next Generation EU and EU Green deal are going to play a crucial role (Eurosif, 2021).

Consumers' demands for sustainable products are continually on the rise and have been for quite a few years (Sajn, 2020). An increase of demand for investments in companies that promote socially conscious and ethical themes, *socially responsible investments*, is growing alongside it. From October 2020 to March 2021, PwC's survey showed that the already sustainability focused direction society was headed, was immensely accelerated and strengthened.

*"During the pandemic, consumers had to pivot and adopt new habits. Business leaders wondered at the outset of the pandemic whether these changes, which accelerated trends already in motion, would be fleeting or permanent... ..the changes are sticking—signifying a historic and dramatic shift in consumer behavior."* (PwC, 2021)

This is also true about the sustainable finance market, which saw a boom in February 2021. Green bonds issued are expected to nearly double 2020's record of \$270 billion and reach somewhere between \$400 billion and \$500 billion (Jones, 2021). Performance and growth in ESG assets have also been favorable the last couple of years (Eurosif report, 2021). The growing narrative about sustainable investing has a

focus on investor impact. Investor impact refers to how investing can have a real-world influence and generate a positive impact through the companies they invest in. In contrast to impact investing, which the AP7 fund performs through change from within. Choosing to invest sustainably leaves the market to interpret preference signals, which in turn can lead to influencing investors' capital allocation. These market signals could theoretically in turn act as a carrot and incentivise companies to improve their ESG performance to measure up to their competition (Eurosif report, 2021).

A study aimed to identify factors that motivated retail investors, i.e. non-professional investors, to invest in SRI profiled mutual funds. It examined the investors' desires for financial return and social responsibility from investments. What makes this notion complicated is that this incentive for investing, challenges the concept of the *economic man*. The economic man implies the ideal of a person who is rational with perfect knowledge and makes informed decisions for maximized personal gain (Bray, 2008). The study suggested that SRI investors integrate both financial and SEE (social, environmental, ethical) aspects when evaluating options in order to make an informed decision. The socially responsible investor is argued to be a more multifaceted investor compared to the economic man (Nilsson, 2010). However, it is possible to reason that the concept of the economic man still is upheld through the maximization of personal utility, not maximal returns. Assuming it would be possible to quantify SEE utility. But it is difficult to invest and get good results when investing in mutual funds, based on the fact that making informed decisions takes a large amount of high level knowledge (Capon et al. 1996). The fact of the matter is that even when educated on the subject investment, there is no guarantee for returns. SRI's introduces another dimension of knowledge that an investor is required to take into account when making an informed decision. The reasoning is that a socially responsible investment incorporates a sustainability component into the prospect. The rising difficulties in investing today lies in the sheer amount of available information that can be relevant when making an investment decision (Nilsson, 2010). Socially responsible investments bring another *con* into the mix. Generally, a regular investment would be considered successful, to the investee, if its yield reaches or goes beyond its expected return. In the case of SRI's, there is another measurement of success to be included. A socially responsible investment should also only be considered a success if the vested company fulfills the SSE expectations of the investee (Michelson et al. 2004).

All investments have one thing in common, commitment to risk. Investors create a judgment of risk by interpreting multiple aspects of the investment prospect and its revolving information (Sachse K, 2011). In an article Sachse discusses risk perception and partly how it is communicated between client and advisor. The importance of how the context of risk is conveyed is underlined and unless the client

possesses a high enough level of financial literacy, it is of importance to tailor the information to the individual. Demographic factors such as age and gender, according to Sachse's study, should not be taken into consideration when tailoring the conveyance of the information. Instead, individual needs, such as financial expertise, financial situation and understanding of risk, should be taken into consideration (Sachse K, 2011). When introducing socially responsible investments there is another layer of volatility that is added. Risk is usually divided into two categories, unsystematic risk and systematic risk. Systematic risk can be described as market risk, which can affect a larger number of asset classes. On the contrary, unsystematic risk mostly affects a specific industry or company. Diversification can mitigate one of the two, unsystematic risk. Diversification implies a spread of investments in different industries, which is contradictory to the implications of investing socially responsibly, due to their opposing natures. As a result, achieving a satisfactory diverse portfolio can become more difficult.

A report from the Swedish Ecolabel Svanen discusses one of the larger problems with individual decision making when it comes to sustainable choices. The notion of being the sole person working toward a more sustainable outcome often results in a feeling of powerlessness and hopelessness. The growing concern for the environment and the growing responsibility for the consumer comes with plenty of implications. Implications that to many remain undefined and confusing. Svanen reasons that companies and corporations alike need to become better at conveying their vision and work. That every action makes a difference, in order to erase the notion of working toward a better tomorrow alone. Making each individual more prone to shift society into a more sustainable direction (Svanen, 2021).

## **1.2 Problem Statement**

Socially responsible investments add plenty of nuance into the sphere of investing. An action that from the start is extremely complicated. A complexity buried under mountains of data and financial models that makes it even harder to succeed as a retail investor. Making a sound investment decision is extremely difficult due to the sheer amount of information that one has to process. The rising interest for socially responsible investing raises questions such as: How to leverage SEE utility and financial returns? What levels of risk are acceptable to leverage? How can SEE utility be quantified? To investors, making an informed investment decision can be difficult. Is this an entrance barrier to young adults when investing in ESG? A better understanding of what hurdles young investors have to fully engage with ESG investments can potentially help investment platforms make improvements. It could inspire the creation of new courses for institutes to teach, or help companies understand how to report information in the most useful and clear way. The end result is to hopefully further enable investors to make ESG investments.

### **1.3 Purpose & Research Questions**

The purpose of his inquiry and analysis is to identify if young adults invest sustainably and if their current investments match the level of sustainability they would like. Further questions that this study aims to answer:

- Do young adults at the ages between eighteen and thirty invest sustainably?
- Are age, investing experience and portfolio size determining factors in young adults' willingness to make green investments?
- What is influencing young adults in their decision making process when making green investments?

### **1.4 Limitations**

Studying sustainability in investing is usually not limited to certain age groups and generally has a larger scope. Oftentimes these studies have broader populations. This study will be limited to working or studying Swedish residents, ages of eighteen to thirty. Furthermore, it shall focus on understanding the propensity of young adults to invest sustainably. Young adults, who are currently seen as the most sustainable generation and Sweden, one of the most environmentally sustainable countries in the world (Environmental Performance Index, 2020). Due to their sustainable background they become an interesting prospect. Are they just as sustainable when it comes to investing? The study does not focus on gender in order to maintain a clear focus on age and other factors relating to investing. Those factors are primarily age, investing experience and portfolio size, which will be prioritized throughout the examination. The focus on Swedish residents is also out of the reason of retaining focus upon the main topic and refraining from deviating into countries' cultural or political differences.

## **2. Theoretical framework**

*This chapter discusses different theories and models that can be applicable in order to obtain a better understanding of young adults decision making process, incentives and reasoning before acting as a retail investor. Due to limited previous research of young adults as a population, the focus will lie upon theories that give understanding toward the empirical data, rather than comparability of earlier research..*

## 2.1 The Buying Decision Process

The buying decision process or the consumer decision process, is a model that describes consumer behavior in respect to purchase decisions. The model is structured as depicted in image 1 and is discussed by Kotler et al



Image 1. The Consumer Decision Process (Thomas, C. 2014)

(2017. pp. 154-159) as depicted.

Nick Chater et al. (2010)

describes the retail investment decision process in similar regards, however in the report the investment process is described often as a face to face process. But in the 11 years since the report was released, the online retail investment availability has increased significantly. Therefore, it would be more fitting to apply the buying decision process' information search and option evaluation section over Chater's section about regulated advice.

### 2.1.1 Need Recognition

The first stage of the model recognizes two types of stimuli that act as driving forces in rising desire to make a purchase. The first of the two, internal stimuli, describes desire that arises from within, such as hunger or thirst. The second of the two, external stimuli, can be regarded as desire that comes from outside, such as marketing campaigns, discussions or interests. Through these stimuli, an individual can recognize a need for something and derive the desire to purchase it (Kotler et al, 2017).

### 2.1.2 Information Search

It is completely possible that if the desire is strong enough, the consumer will without further concern just purchase the desired product. But if not, the desire is stored in the individual's primary memory (Munthiu, 2009). Thereafter the individual will start to search for information regarding the current need. A consumer that has identified a need, will pay more attention to events that concern that specific need. A larger desire for that specific need, easier access of information or valuable information, will garner more information about that certain need. There are multiple types of sources that a consumer can gain information from. *Experience*, such as trying or examining products. *Personal sources*, such as family, friends or coworkers. *Public sources*, such as mass media, consumer organizations or searching online. *Commercial sources*, such as advertisements, sellers, retailers or retail webpages. The majority of

information that the individual consumes comes from commercial sources. While it informs the consumer, it is not the most effective persuader. Personal sources evaluate and grant legitimacy to a product, which is why it generally is the most effective, especially in younger consumers (Kotler et al, 2017).

### 2.1.3 Option Evaluation

Consumers do not have a straightforward evaluation process that is homogenous. Different consumers have different criteria to evaluate different alternatives for their needs. Furthermore, different types of products fill different types of needs, even when the products are similar. In turn, this means that each product and each individual have a unique set of criteria to fulfill, which has to be taken into account when evaluating an option (Munthiu, 2009). To have the ability to quantify a consumer's interest in a product, that would be extremely valuable, but there is no such thing. Although, it is possible to at the very least approximate the consumer interest by identifying primary attributes or characteristics of the product that elicits interest. Through these, when developing a product, it is possible to compete for consumer interest in hopes to sway consumers that have already made their decision by developing a product that has a greater quality of one of these attributes or characteristics (Qazzafi, 2019).

### 2.1.4 Purchase Decision

At the previous stage, the consumer has ranked each alternative and should be more or less ready to make a decision over which option to choose. However, there are two additional factors that play into the decision making process, *other's opinions* and *unexpected situation factors*. Other's opinions can throw a wrench into the cog between purchase intention and purchase decision. It speaks for logic that is based on the individual's emotions. The notion of being perceived as someone or something, such as buying expensive brand clothing out of the fear of being thought of as cheap or not as well off economically as others (Munthiu, 2009). On the contrary, unexpected factors can be things such as a changed economical situation. An unexpected situation factor could be that the car breaks down and has to be repaired, meanwhile the plan was to purchase a new leaf blower. The consumer may now opt to purchase the cheaper brand due to the circumstances (Kotler et al, 2017).

### 2.1.5 Post-purchase Evaluation

The final step of the process is post-purchase evaluation or post-purchase behavior

. At this point, the consumer will reflect upon whether the product lives up to its expectation and assume a post-purchase behavior. The behavior is mostly defined by the consumer's expectations in contrast to the

product experience and how the product is measured compared to set expectations. Oftentimes when the consumer has had a higher purchase-engagement and revolves around considerable amounts, the consumer experiences cognitive dissonance. This implies that due to the lack of conformity between expectations and result, the consumer will attempt to expunge the dissonance by trying to convince themselves that the purchase decision was correct (Qazzafi, 2019). A reality of a purchase decision is that in many cases it is a compromise. The consumer is always picking and choosing one attribute over the other and once the purchase is made, the consumer will experience them both. However, the negatives are usually more vexing than the positives can overshadow (Kotler et al, 2017).

## **2.2 The Adoption Process**

### **2.2.1 The Five Consumer Types**

The traditional consumer adopter categories are based on Rogers' (1962) five categories.

*1. Innovators, 2. Early adopters, 3. Early Majority, 4. Late Majority, 5. Laggards.*

Individuals' attitude and relation to new products change year after year and the variation between how quickly individuals adopt innovations is large (Kotler et al, 2017). However, it is possible to attribute different generalizations to the categories, for example, innovators have a higher tendency for risk. One can also note that innovativeness is closely related to willingness to educate oneself about new products, without a predisposition for rejection (Saaksjarvi, 2003). Innovators are also said to be more highly educated, younger and high income (Kotler et al, 2017). The early adopters often change the opinions of the masses. They are curious about the new, but with a healthy amount of skepticism. The early majority have more social interactions than the late majority (Rogers, 1962). The late majority has no pretense for being innovative and slowly contemplates on whether it is time to adopt or not. The laggards are traditional, skeptical to the new and will not partake until it is undoubtedly beneficial to them (Kotler et al, 2017).

### **2.2.2 Influencing Characteristics**

According to Rogers (1962) there are five characteristics in a product that is deterministic in how well a product is adopted. Four of which possibly are applicable in this study.

*Relative advantage, Compatibility, Complexity, Communicability.*

Relative advantage references the extent of advantages the new innovation offers in comparison to the previous product. The more superior product will find it easier to succeed and will be adopted earlier (Rogers, 1962). Compatibility references the extent of how well the innovation fits into the values and

experiences the potential consumer has. This includes ease of access, compatible utility or integration, which in turn influences the willingness to adopt the new innovation (Saaksjarvi, 2003). The level of complexity of the innovation dictates how difficult it will be to utilize the product, which partly will determine how well the product is received. Communicability refers to how easy it is to observe and demonstrate the feats of the product. Being able to quickly interpret how good of an innovation it is, will hasten the adoption process (Rogers, 1962).

### **2.3 The Attitude Behavior Gap**

The attitude behavior gap, also known as value-action gap or intention behavior gap, describes the differences between a consumer's will and actions. A supporting model, the theory of reasoned action, depicts a model of how surrounding behavioral and social norms can influence an individual's behavioral intention (Hale et al, 2002). However, when it comes to environmental behaviors, this is not necessarily true (Homer & Kahle, 1988). There is an existing discrepancy that can be spotted fairly easily in one's day to day life, if one knows where to look. The attitude behavior gap seeks to explain why consumers intentions are not acted upon in hopes of underlining trends in consumers behaviors.

The model of goal directed behavior, which is partly based on the theory of planned behavior, discusses four different variables that can affect behavior, in contrast to many other models' that discuss three. Besides from attitudes, subjective norms and perceived behavioral control, there is *desire*. It is reasoned that desire is a stronger predictor than the previous three variables when it comes to intention (Bray, 2008).

In a study made by Stewart Barr (2002), it was noted that there surely exists a gap between behavior and attitude toward sustainable practices. The implication was that peoples' attitudes were not enough to materialize actions that were consistent with their expressed beliefs. According to the theory of reasoned action, an individual's behavior is expected to approximately reflect their behavioral intention. However, the response generated by an individual is moderated by the level of which this individual is motivated to reciprocate actions according to these views (Bray, 2008). Another factor in this behavior gap could be explained by a common assumption used in microeconomics. A consumer opts to always maximize their utility. Present a consumer with two alternatives in which one has higher and one has lower utility to the consumer, the higher one will always be picked. Behavior is also often based on habit and less so on values (Bray, 2008). Furthermore, people are impulsive which results in actions that do not completely correspond with their values and intentions (Vermeir & Verbeke, 2006).

## 2.4 Maslow's Hierarchy of Needs

Maslow's hierarchy of needs is a theory describing psychological motivation based on human needs. It has five tiers and contains three types of needs: Basic, psychological and self-fulfillment needs. This model aims to describe sources of motivation that breed action or inaction and ease the understanding of behavior based on stages of personal needs (Maslow, 1943).

### 2.4.1 The Five Stages

As mentioned above, Maslow's hierarchy of needs comprises five stages that describe human psychological motivation and are grouped into three types. This hierarchy describes a generalized prioritization order that humans psychologically follow that is a major source of their intention (Poston, 2009). The order is flexible, this is due to individual differences and external circumstances (McLeod, 2018). The basic needs is the starting point and includes physiological and safety needs. Physiological needs consist of things that are required to survive, such as air,

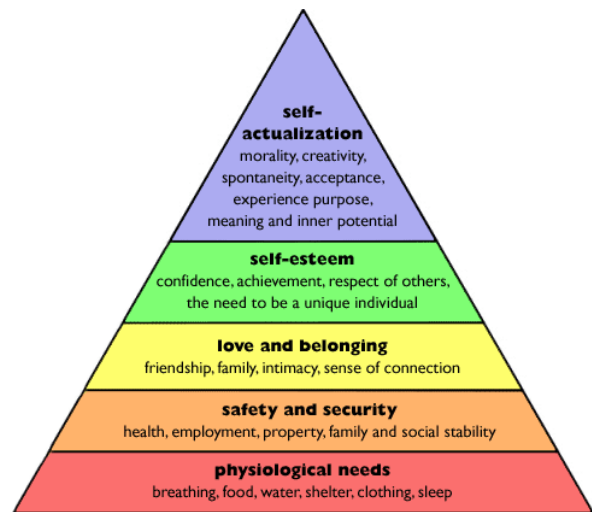


Image 2. Maslow's Hierarchy Pyramid (Research History, 2012)

food, water and shelter. Maslow (1943) believed that unless these needs are satisfied, both mind and body are functioning suboptimally and in turn make other needs secondary to these. If any of these physiological needs are unfulfilled, e.g. hunger, all other needs may become detached and lie dormant and it is likely that almost the entirety of the consciousness of the individual will be devoted to preempting hunger. Once the physiological needs are met, safety needs become the next to attain. Safety needs include things such as protection from the elements, family, social stability, order or freedom of fear. This stage covers a wide segment of people, especially the younger population due to fear and safety. Whether it is family troubles, economic uncertainty or unstable social relations, it will halt the progression through this stage (Poston, 2009).

The second type regards psychological needs, in terms of belongingness and love needs, as well as esteem needs. As safety and security needs have been fulfilled an individual starts to look for, and value interpersonal relationships more. Affiliating with a group, whether it is friends or family, intimacy, acceptance of being able to give affection and love, all contribute to the feeling of belongingness

(Maslow, 1943). It is a pertinent part of psychological needs that individuals require before being able to look at the next objective, esteem needs. Esteem needs relate to an individual's image of themselves. These needs are categorized into two groups, esteem for oneself and the desire for respect and a good reputation. The weight of these groups seemingly shift when growing older, from being young and wanting respect or a good reputation to being older and desiring dignity and self-esteem (McLeod, 2018). The third and very last of the types is self-fulfillment needs, which relates to realizing the individual's potential, through seeking personal growth, experiences and accomplishment. Once the previous set of needs have been met, the individual can finally focus on what should be their true calling. Self-actualization implicitly means to get to know oneself and when facing truthfully who oneself is and accept it, one can move forward and change what the individual sees as critical (Maslow, 1943). These stages and tiers are not rigid, but they are not necessarily easy to transgress. It is difficult to resolve something about oneself when looking outwards, whether it is interpersonal relationships or economic uncertainty, change of oneself comes from within. It is not impossible to change oneself under those circumstances, but it certainly would be easier without them.

#### 2.4.2 Deficiency and growth needs

This five stage model can be divided into another set of categorization in order to describe the nature of these needs. These two can be divided into deficiency needs and growth needs. The first four, bottom-up, fall into the deficiency needs category and can be explained as needs that arise from a lack thereof. For example, the need for food grows the longer one chooses to ignore hunger. This is also true for the other needs in this category, motivation decreases as needs are met (McLeod, 2018). On the other hand, self-actualization is the opposite, growth does not stem from a deficiency of something, but instead from the desire to grow individually. Growth does not gradually dissipate as it is satisfied, but instead grows in intensity until fulfilled (Maslow, 1943). Starting a new project might not feel gratifying at the very start, but as the project comes along, the gratification comes alongside with it. Being able to look back at an accomplishment or gradually achieving something over time is satisfying. Anyone is capable of climbing all of the tiers and realize self-actualization, but it is not a one way street.

#### 2.4.3 Criticism against the model

There are plenty of critics regarding this model, some in regards to Maslow's methodology, others toward the rigidity of the model and some regarding the distribution of the population. The largest one regards the difficulty of empirically testing Maslow's concept of self-actualization. Maslow's method in which he examined self-actualized individuals was based on biographical analysis, which means to analyze

individuals' self-biographies. This is regarded as a problematic approach due to the nature of the analysis, it is entirely up to the researcher to define what is and what is not. Thus, making it subject to biases such as confirmation bias and reduces the validity of the model. The model was based on mostly men, which makes it very difficult to make a justified application onto women. It is conceptualized by some psychologists that motivation is a pluralistic behavior, in other words that an individual can operate on many levels simultaneously (McLeod, 2018). However, the rigidity is not as important for the applicability of this theory. Even though parts of the theory are somewhat controversial, given that it is used correctly, the generalized prioritization is not without support.

### **3. Research Methodology and Design**

*This chapter aims to explain the choice of methodology and approach toward the issue at hand. This includes literature search, data collection and analysis methods, such as the execution of interviews and surveys. Thereafter it is discussed how that information is treated in regards to the analysis.*

#### **3.1 Research Approach**

##### **3.1.1 Literature Search**

The literature in this study comes from multiple sources, such as the University databases at both Stockholm and Gothenburg University, as well as Google Scholar. Keywords such as Ethical consumption, ethical investing, ESG investing, risk-management, consumer behavior, behavior gap and the titles of the theories and models used in the theoretical framework. Books such as *Marknadsföring: teori, strategi och praktik*; and *statistisk dataanalys* have been used to find practical models that thereafter could be strengthened by further articles. The purpose of the literature search was to examine previously performed studies in order to gain more information and perspectives to apply throughout the study. Another book used was *Forskningsmetodikens grunder: Att planera, genomföra och rapportera en undersökning* which together with articles helped understand the methodology of surveys and interviews. Both their strengths and weaknesses and where they are applicable.

##### **3.1.2 Data Collection**

There are two types of data collected for a scientific report, primary data and secondary data. Primary data is regarded as data collected by the researcher themselves, whether it is by examining events or conducting surveys and interviews. On the other hand, secondary data is data that is collected by a third party (Rabianski, 2003). This study attempts to only use primary data that is collected through both

surveys and interviews. The reason for this is for consistency. Data collected by a third party might not have had the same ambition as this study, which can skew results and in turn portray a false image of reality. Another reason is due to possible bias during the conducted data collection. If the secondary source suffers from bias during the data collection, it will also be reflected in the same regard in this study. Therefore, it is more reliable to conduct the study based on primary data instead. However, this is not to say that secondary data is unreliable, it can be used to strengthen evidence provided through primary data.

### 3.1.3 Mixed Method Research

To answer the questions asked whether there is a correlation between age and sustainable investments, but also why certain behaviors exist and arise, a mixed method research was used. In the article written by Cristina B. Gibson (2016), mixed method research is described as a method where the data are gathered with both a qualitative part and a quantitative one.

A qualitative study is a study where the data is collected verbally. However, this does not mean that the respondent must speak directly to an interviewer. The data could be collected in numerous ways for example: Written letters or pictures where the respondent answers a question or describes something from their perspective orally but in written form. The data could also be gathered from observations where the respondent is being observed and interviews where the respondent actively interacts with an interviewer. The data collected are then transcribed and analyzed. With analytical techniques, a deeper understanding of emotions and underlying opinions from the respondent is then obtained. A quantitative study focuses rather on a larger proportion with minor issues. The results are then gathered as a numerical data collection where a number describes the outcome. With analytical techniques these numbers can be used to describe a relation between investigated questions and show descriptive statistics (Gibson, 2016).

There is four major ways to combine qualitative and quantitative studies in a mixed method research according to Venkatesh, Brown & Bala (2013):

- *Triangulation*: Where data are gathered from both a qualitative and quantitative study. The data are in turn used combined to answer a research question.
- *Embedded*: Where the data are gathered from either a qualitative or a quantitative study. The data are in turn used to help answer a question within an already existing qualitative or a quantitative study.
- *Explanatory*: Where the data gathered from a qualitative study are used to explain or understand a result or data gathered from a quantitative study.

- *Exploratory*: The direct opposite of explanatory. The data gathered from a quantitative study are used to explain or understand a result or data gathered from a qualitative study.

In this report the type of mixed method research used was explanatory.

The first question whether there is a correlation between age and green investing is most efficiently answered with a quantitative study. A quantitative study puts a number on requested variables which in turn are combined and descriptive statistics or regression lines can then be used to answer the question. To answer the two following questions if there are any determining factors to whether young adults invest green or not and what influences these behaviors a qualitative study based on the quantitative study was used. The qualitative study explores feelings and opinions as to why a certain behavior exists that a number or a correlation within a quantitative study couldn't answer or describe. By using the explanatory type of mixed method research an understanding to why the results in the quantitative study occur are described with a qualitative study.

The benefit with using a mixed methods research is according to McKim (2017) to combine the strengths and minimize the weaknesses with both the qualitative and quantitative study separately. Since a quantitative study puts a number on collected data the method alone is described as insensitive. There are no feelings or opinions as to why the choice has been made and therefore the study is described as lacking the voices of the respondents. The qualitative study explores these feelings and opinions but in turn lacks the amount of respondents that the quantitative study reaches out to. Therefore there is risk that the method is ungeneralized or not corresponding to the expected focus group. When combining the qualitative and quantitative study these weaknesses are minimized by having a quantitative generalized description of data from the respondents and then by the data collected from the qualitative study describe these variables or results as to why they may look like they do. The strength with mixed method research is then the possibility to get a broad and nuanced understanding of a research problem that improves both the results and the reliability in the data (McKim, 2017).

#### 3.1.4 Surveys

The quantitative study to answer the question whether there is a correlation between age and sustainable investing consists of a web survey made in google. A web survey was chosen due to the simplicity and with the relative short time to collect responses it was the best fit. The survey targets Swedish young adults in the age between 18 and 30 and was distributed through social media (Facebook). The survey was conducted in Swedish in order to keep non-swedes from filling out the survey. According to Patel & Davidsson (2019) surveys are a method to gather information through questions. There are different kinds

of surveys and they are distributed in different ways. There are paper surveys which are distributed via mail. The paper surveys can also be answered with management so that the contestants can ask about clarification if a question is unclear. There are digital surveys distributed via email where the contestant receives the survey and after answering the questions they send it back. The results from both paper and digital surveys are manually analyzed. Web surveys are a type of digital survey that has arisen from technological development. There are companies that provide websites where these web surveys can be made for free and are distributed by forwarding a web link. The answers from these surveys are compiled in simpler graphs that show an overall result. These are a few examples of surveys but they come in many different combinations and variants. Benefits with surveys are that they are cheap and fast to distribute to a large proportion. The respondents can answer the survey whenever they want which means that it will be easily accessible and customizable to them. Since there is no interaction between the researcher and the respondents there is no impact from that interaction that disturbs the results. Disadvantages with surveys without management is that the questions can be interpreted differently from person to person and in turn the results may not reflect reality. There is also a chance that the respondents will adapt throughout answering the survey depending on the previous question and angle their answers accordingly (Patel & Davidsson, 2019).

An important factor within surveys is to get respondents motivated to answer the questions. Therefore a good description of what the purpose of the survey is and how the respondents affect the outcome is vital. Two concepts within the implementation of surveys are anonymous and confidential. Where anonymity is when the collected data from the surveys can not be traced to a specific person through any kind of identification like name. Confidential means that only the collectors of the surveys know the answers from all the respondents and what each of them have answered. All evidence that can identify a respondent must be destroyed after the data has been collected (David & Sutton, 2019). In the description with the purpose and the participants' influence it is also important to include how personal data will be handled.

The questions are built with two aspects in mind, standardization and structuring. Standardization describes how much responsibility that is left to the respondent in the questions. Structuring describes the extent to which the questions in the survey are open to interpretation. When the survey is of a high degree of standardization the questions are formulated on forehand and distributed on the same basis to all respondents. A low degree of standardization is when the questions are made during for example an interview and are modified depending on the circumstances. Questions with a high degree of structuring are formulated with for example fixed response options, which leaves the respondent with little risk of

their own interpretations. Questions with a low degree of structuring are broad and open which allows the respondent to interpret the question in their own way (David & Sutton, 2016).

	High degree of structuring	Low degree of structuring
High degree of standardization	Survey with fixed answer options  Interviews where you want to make a quantitative analysis of the results	Survey or interview with open questions  Projective methods e.g. Rorschach test
Low degree of standardization	The doctor's recording of previous medical history  Focused interviews	Interviews where you want to make a qualitative analysis of the results  Journalistic interviews

Figure 1: Examples of uses for standardization and structuring.

In figure 1 retrieved from (Patel & Davidsson, 2019), areas of use for low and high degree of standardization and structuring are shown. In this report to answer the questions asked a survey with questions containing a high degree of both structuring and standardization was used. The quantitative study should mainly put numbers on certain variables and therefore a survey with questions and formulated answers were made. This also reduces the risk of respondents' own interpretations of the questions. Inspiration to the formulated questions found in the appendix, came from previous studies within the same subject (Hällström, 2013) and (Bogren & Samuelsson, 2021).

### 3.1.5 Interviews

The qualitative study to answer the questions about what affects the willingness to invest green and how this decision-making process takes place interviews where made. The interviews also target Swedish young adults in the age between 18 and 30 and the respondents were chosen at random. Patel & Davidsson (2019) describes that interviews often are associated with a personal interaction face to face but an interview can just as easily be transferred via a telephone or video call. Due to the current pandemic situation of the corona-virus spreading around the world the interviews were chosen to be

carried out by telephone. A disadvantage with interviews compared to surveys is that they are time consuming and handle a lot of data (Patel & Davidsson, 2019). Therefore with the relative short time-frame the interviews were summarized during implementation and not recorded and transcribed. Another disadvantage with interviews is that the performance including body language and tone will affect how the respondent perceives the question and answers accordingly. Strengths with interviews are, unlike surveys, that ambiguities can be explained by the interviewer and follow up questions can be asked which gives more filling in the answers. This also means that interviews almost always have a low degree of structuring, it leaves the respondents with the possibility to describe and answer questions with their own words. In the interviews the degree of structuring varies from having a strict set of questions in the same order in every interview (high degree of standardization), to a basically open conversation where there are no formed questions on forehand (low degree of standardization). When the degree of structuring ends up somewhere in between the structure of the interview is called semi-structured. A semi-structured interview follows a certain theme with a predetermined script with overall questions. With follow-up questions the interview can be formed gradually depending on the answers. This structure gives the interview a sense of professionalism at the same time as an open conversation (Bryman & Bell, 2017). In this report the semi-structured interview type was used where the main questions were based on the questions asked in the survey with the addition of being shaped more openly. A reason for this choice was that the authors did not want the answers to float away but at the same time let the respondents feel that they get the chance to explain themselves. This allows them to answer with their own words and allows the interviewer to ask follow-up questions which provides a deeper understanding. Just as in the survey, a clear description was given of what the interview would entail and how the respondents wanted their personal data to be treated.

## **3.2 Quantitative Analysis**

The statistical analysis is in part going to be conducted through a univariate regression analysis. The regression analysis hopes to describe potential relationships between two or more variables. The analysis with one independent variable hopes to give a simpler understanding of variables' relationships, while the multiple linear regression analysis hopes to describe how some variables affect each other, if at all.

### **3.2.1 Univariate Analysis**

Univariate analysis is one of the simplest forms of analysis and is often used to graphically display a collection of data regarding one variable (Everitt, 2010). The univariate analysis regarding this study will mainly be used to quantify the distributions and run regressions of the survey. This regards data such as

the highest completed education, age, years of experience in investing, difficulty in investing, goals in investing, importance of ESG rating, interest in green investing and personal portfolio ESG satisfaction. The aim of this is to compile and summarize the data collected from the survey and make it possible to draw simple and comprehensible conclusions, as well as aid the understanding in the later stages of the analysis. A regression's main purpose is to predict a value of  $y$  based on previous data of  $x$  at different degrees of certainty. Depending on how the regression is constructed different types of certainty are desirable in order to validate the outcome as credible, which is expressed in a value of  $p$ . Achieving a smaller p-value will be stronger evidence to reject a null hypothesis. A p-value less than 0,05; is typically statistically significant (Körner and Wahlgren, 2012). The linear regression is going to be based on  $y = f(x)$ , in which  $x$  is independent and  $y$  is a dependent variable. The linear regression formula:

$$y = \alpha + \beta x + \epsilon.$$

The linear regression formula intends to describe each independent variable's influence on the dependent variable  $y$ . The coefficient table attained through the regression analysis will describe the values of the variables this formula displays. The intercept  $\alpha$ , is derived from the constant that is received from the constant line,  $\beta$  is the coefficient for the variable,  $x$  is the independent variable and  $\epsilon$  is the error or residual (Hayes, 2022), which will be excluded.

In order to give a fuller picture of the population's incentives and strategy, cross-tabulation will also be performed. Through cross-tabulation, it will be possible to derive implications of different behaviors or preferences of the population that can further be used in the qualitative analysis of the material. One table will be established, age and important investment factors. The simple linear regression will examine the relationships between age and perceived difficulty in investing. The final analysis and the one that will be the most difficult to discern is multiple linear regression. The differences between a simple linear regression and a multiple linear regression is the amount of independent variables that influence the dependent variable. In this case, the maximum amount of independent variables used will be three. Therefore, the multiple linear regression formula will be structured as the following:

$$y = \alpha + \beta x_1 + \beta x_2 + \beta x_3 + \epsilon.$$

The focus will be on ESG investment propensity in relation to age, portfolio size and experience in investing. These regressions will hopefully describe the relationships between these two combinations and ESG investment propensity. When a multiple linear regression is conducted, it is pertinent to perform a correlation analysis, which is done through calculating a Pearson's  $r$  value between variables. This is to

deduct if there is multicollinearity present, in which there are high intercorrelations among variables in a multiple regression. This often leads to wider confidence intervals which in turn creates less reliable probabilities in relation to the effect of independent variables in the multiple regression model (O'Brien, 2007). When interpreting the regression statistics there are two result variables that are the most interesting,  $R^2$  and Adjusted  $R^2$ .  $R^2$ , or R square, is the coefficient of determination, which explains the proportion of variance in the dependent variable that the independent variable affects. Adjusted  $R^2$  however takes the amount of independent variables into account in order to give a more accurate representation of the effects by the variables (Dikov, 2020). As mentioned earlier, a null hypothesis is conducted in order to see if the regression parameters are statistically significant (O'Brien, 2007). This is done through a F-test in the regressions analysis of variance segment (ANOVA) at a significance level of 0,05.

Null hypothesis:

Does the independent variable(s) have an influence on the dependent variable(s)?

$H_0$ : No difference in variances.

$H_1$ : Difference in variances.

This hypothesis will be tried by comparing the ANOVA's p-value in relation to the significance level. If the p-value is not  $< 0,05$  then the null hypothesis cannot be rejected.

### 3.2.2 Variables

For the later stages of the study, parts of the analysis will pertain to regression analysis. There are three types of variables that will be used and each plays a different role depending on context. First off there's independent variables. These variables take on a value that is unaffected by other factors (Körner and Wahlberg, 2012). The independent variables in the simple linear regressions will be *age* and *investment experience*. These variables are constants that do not change regardless of their relationship to other variables. Thereafter comes dependent variables. These variables are the main variables of interest throughout a regression and are meant to be subject to change in relation to the independent variables' changes (Stewart, 2012). Dependent variables in this study include: *ESG investment propensity* or *interest*, and *investment difficulty*. Last but not least, there's control variables, which are functional variables that work to account for omitted variable bias. In many cases a simple linear regression can have statistical significance, but depending on context, it is not certain the calculation is giving an accurate portrayal of reality. Therefore, control variables are added into multiple linear regressions to account for such biases or errors (Körner and Wahlberg, 2012). In the multiple linear regression analysis, there are

two control variables, *experience* and *portfolio size*. These two variables are chosen to hopefully quash external differences between data points as they potentially could describe additional influences over age.

### **3.3 Qualitative analysis**

Patel & Davidsson (2019) describes that in a qualitative analysis there is a lot of data to be reviewed and it is rare that this data can be analyzed in a standardized and simple way. Often this type of analysis requires that the analyzer has a good overview of the entire qualitative research field. A qualitative analysis is usually time consuming and it is important to set aside enough time to go through all the data. One advantage is to have a good view of the material and to read through it many times and write down thoughts on an ongoing basis. The material is summarized and connections and differences are identified between the respondents. Quotes are interspersed with the analyzer's own interpretations. A text can be reworked several times before the final categories are created (Patel & Davidsson, 2019).

### **3.4 Reliability and Validity**

The quality of a study has plenty to do with the data used. Therefore, it is pertinent to consider reliability and validity throughout the study. Reliability regards the instruments and methods used and if they are used accordingly. This is to counteract any randomness that could influence any of the results throughout the study. If the study is performed out of high reliability the data is collected in a reliable way. This means that a study that is performed several times, should reproduce approximately the same result each time. Validity describes the relevance of the collected data. A high degree of validity is described by a well-defined method for answering questions asked where the measurements are in good agreement with the results sought. Reliability and validity are significant when assessing the report's quality (Patel & Davidsson, 2019). If there is enough time and resources, one way to increase reliability would be to perform two observations. However, that is not always the case. The questions for both the survey and interview were based on former studies within the same subject which increased the validity of the study. The surveys were anonymous which increased the reliability of the quantitative study. The reliability for the qualitative study was increased by having the interviews over phone since no facial expressions or body language could influence.

#### **3.4.1 Criticism of the Qualitative Method**

The interviews should be anonymous. However, in this study the respondents are asked if they would like to be anonymous. Discussion of information or topics that can have political subtext, can bias the interview. It is possible that bias could have been deterred by informing the participants that all

participants were anonymous. In terms of accuracy, the interviews will be summarized due to limitations. However, transcribing the interviews could improve reliability. It is possible that focusing more on the interviews can yield more context to the participants' choices and incentives. In turn, it might be easier to make reliable assumptions in relation to the theoretical framework.

### 3.4.2 Criticism of the Quantitative Method

The structure of the survey is decent, however at certain points it can be improved. There are a few points to consider, to begin with there are multiple data points that can benefit from being phrased differently, but also collecting different data. Data points such as portfolio size should preferably be a specific numeral instead of collecting data through ranges, this would yield more reliable and valid results. Doing this would allow for the collection of more accurate data, as well as leaving less up to variance of the respondents. Education is also framed poorly and should be numerical in years completed, as well as indicating if the individual is currently a student or working. A combination of those two, along with data for income, would give better indications and conclusions for the regressions. The poor question framing is a theme that is frequently recurring. Some of the questions should be numerically quantifiable in order to have more variables present throughout the regressions. The largest issue with the study is the question framing of the green investment interest. It is not consistent with the other questions, as well as losing the social and governance parts of sustainable investing.

## 4. Empirical Data

*This chapter reviews the collected data and presents its results. This chapter is supposed to create a foundation for the analysis in the following chapter: First off, the data from the survey is established, such as descriptive and regression statistics. Thereafter, the interviews are reviewed and summarized.*

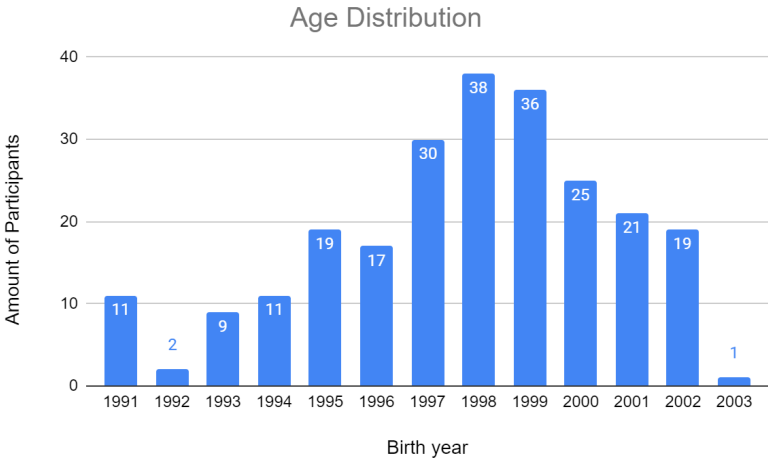
### 4.1 Empirical Data From Surveys

The survey retrieved data from 254 participants, in which 239 filled the criterion for participation. While all 239 could be utilized for the descriptive statistics not all were applicable for the regressions and were therefore excluded for those calculations.

#### 4.1.1 Descriptive Statistics

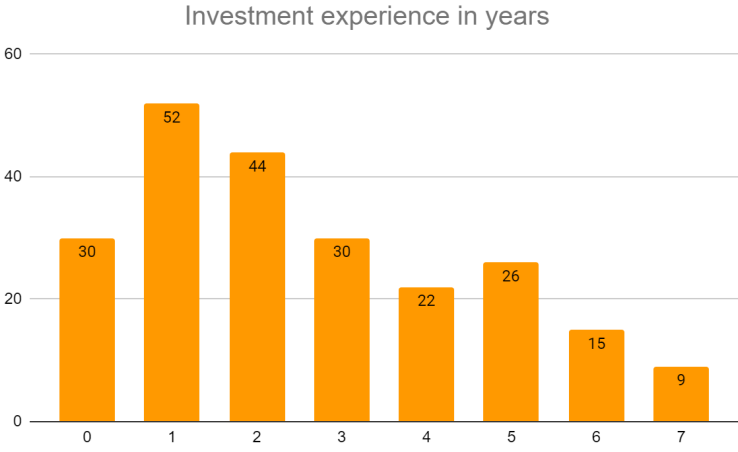
The following descriptive statistics is meant to give a base understanding of the interest of the survey participants and simple data such as mean, median and standard deviation (StDev). The tables provided

shall give visual representations of the data collected. The tables and charts presented are: age distribution of participants, amount of years experience in investing, highest finished education, interest in green investing, Investment goals, ESG importance and perceived investment difficulty. All of these figures will not necessarily be used for the analysis, but instead are meant to give a fuller picture of the population to the reader.



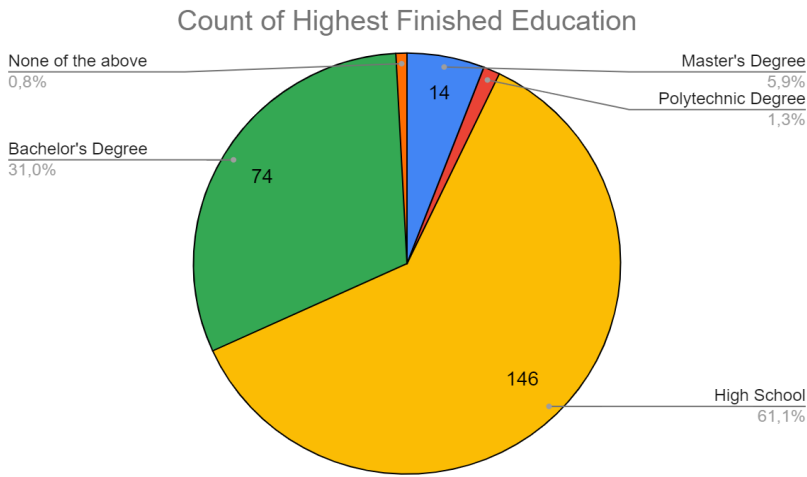
The distribution of the participants' age is evidently skewed toward it being more common to participate for the younger half of the age groups. The most frequently occurring birth year is 1998, followed by 1999 and 1997. The mean age of the participants is 23,3 years old, while the median age is 23 years old.

Figure 2. Age Distribution



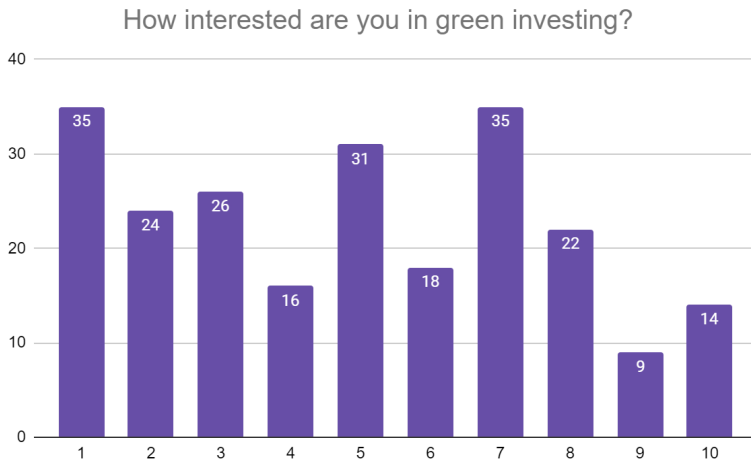
The general investing experience is quite low. The most frequently occurring amount of experience is one year, followed by two years. Thereafter, the result is fairly evenly distributed up until passing five years of experience, thereafter the number of occurrences quickly diminishes. The mean experience is 2,9 years while the median is 3 years with a StDev of 2,26.

Figure 3. Investment Experience



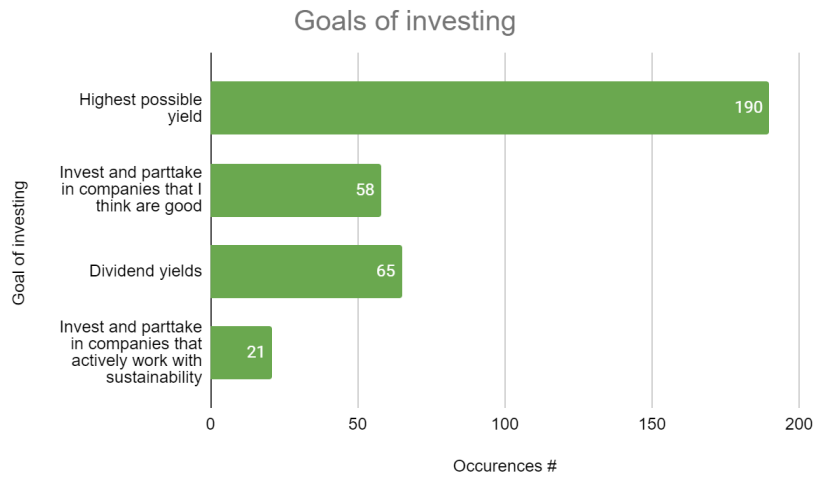
The highest finished education features the 239 participants. Out of the participants, approximately 61% are of high school level, out of which 31% is at a bachelor's level. 6% are at a master's level. Three are polytechnic and two have not completed any further education besides primary level.

Figure 4. Education Level



The interest for green investing is described on a scale from one to ten where one is the lowest interest. 54% of participants indicated that their interest for green investing was at a five or higher. The mean interest is 4,73 and the median is 5 on the interest scale. The Standard deviation is 2,72 and the two most frequently occurring levels are 1's and 7's.

Figure 5. Green investment interest



The participants had the possibility to pick multiple options at this question in the survey. The far majority had the goal to receive the highest possible yield, followed far behind by dividend yields. Participants had by far mostly economic goals related to investing.

Figure 6. Investment Goals

Is a company's ESG rating important when investing?

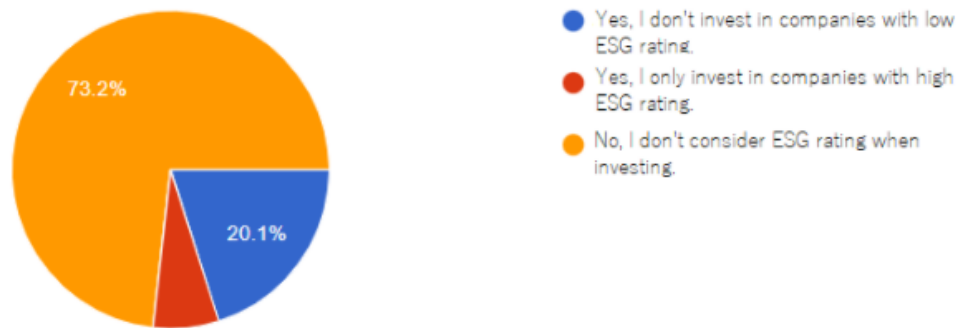
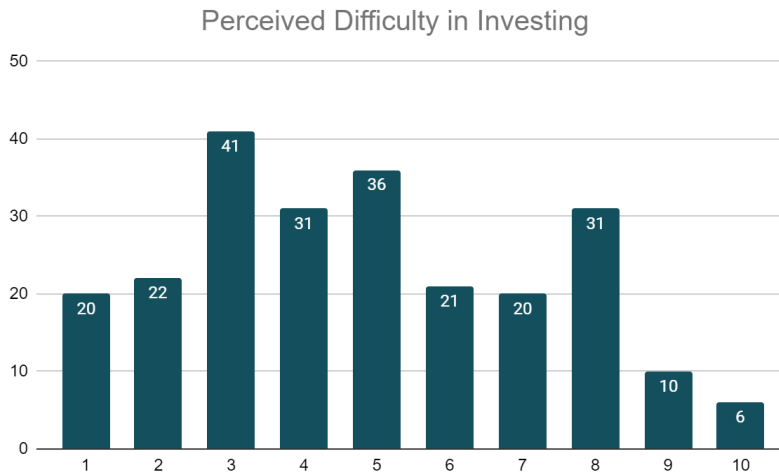


Figure 7. ESG Importance

When questioned about the importance of ESG ratings, most participants replied that they do not consider ESG ratings when investing. The remainder who did consider ESG ratings, were more favored in excluding companies with low ESG rating, over investing in companies with high ESG ratings.



When asking how participants perceived how difficult it was to invest on a scale from one to ten, the opinion was relatively spread, where one is the lowest difficulty. Most thought that it was between three to five, which makes the result a slight lean toward easiness over difficulty. The mean was 4,85, median 5 and a StDev of 2,42.

Figure 8. Perceived Difficulty in Investing

This table represents the distribution of the participants' most important factors when investing from the survey question: *What is the most important when picking what to invest in?* The columns one through seven are marked with their respective number. The table is divided into three age groups spanning four years each. Each square represents the percentage of the group that responded with the following options, each individual had the opportunity to choose multiple reasons.

1. Good Historical Yield
2. A company or industry you like or interested in
3. Key figures matching investment strategy
4. Company working toward sustainable development
5. Belief in something for the future
6. Stable companies
7. Dividend yield

Table 1. Factors for Investment

Birth year	Amount	1	2	3	4	5	6	7
1991 - 1994	33	60,61%	18,18%	18,18%	45,45%	42,42%	27,27%	24,24%
1995 - 1998	104	49,04%	47,12%	19,23%	18,27%	65,38%	58,65%	14,42%
1999 - 2002	101	28,71%	23,76%	9,90%	24,75%	37,62%	29,70%	6,93%

Out of the factors the participants found the most important, the sustainability factor was one of the worse performers in terms of importance. Placing it third from the bottom. The three other factors had between 10-15 percentage points on average in factor engagement. The sustainability factor was more important than dividend yield and “company or industry you’re interested in”, by an approximate 10 percentage point increase.

#### 4.1.2 Correlation

Before going onto the regressions, the correlations between the variables used in both the simple linear regression, as well as the multiple linear regression will be presented. The simple linear regression examines age and perceived difficulty in investing. These two variables have a Pearson r of -0,11557, this indicates a small correlation. Regarding the multiple linear regression, there are multiple variables present. The variables being compared are interest in green investments, age, experience in investing and finally portfolio size. The correlations will be presented in two tables, first the *numeric* Pearson r values for the correlations, followed by a table that shortly describes their *Significance* of correlation at a significance level of 0,05. It is clear that there is a somewhat significant correlation between age, portfolio size and experience. It is important to note from the perspective of multicollinearity and take it into account.

Table 2. Numeric Significance of Pearson's r:

<i>Numeric</i>				
	<i>Interest</i>	<i>Age</i>	<i>Experience</i>	<i>Portfolio Size</i>
Interest	1			
Age	0,001	1		
Experience	-0,079	0,294	1	
Portfolio Size	-0,166	0,132	0,544	1

Table 3. Significance levels of Pearson's r:

<i>Significance</i>				
	<i>Interest</i>	<i>Age</i>	<i>Experience</i>	<i>Portfolio Size</i>
Interest	1			
Age	Insignificant	1		
Experience	Insignificant	Medium	1	
Portfolio Size	Small	Small	Large	1

#### 4.1.3 Regression

Out of the eligible 239 participants, only 233 filled out the entire survey. Those six left out answers regarding portfolio size. Therefore, those six were excluded from the regression. The regressions will be stated in two parts, regression statistics and analysis of variance (ANOVA).

##### 4.1.3.1 Simple Linear Regression

Table 4. Regression Statistics for the Simple Linear Regression.

<i>Regression Statistics</i>		
Multiple R	0,116	The simple linear regression of age and perceived investment difficulty includes the 233 participants
R Square	0,013	eligible for the regression that fully completed the survey. The R <sup>2</sup> is 0,013 which shows an extremely low
Adjusted R Square	0,009	influence between the variables and even lower when
Standard Error	2,415	adjusted, down to 0,009.
Observations	233	

Table 5. ANOVA for the Simple Linear Regression

ANOVA					
	Degrees of Freedom	SS	MS	F	p-value for F
Regression	1	18,715	18,715	3,208	0,075
Residual	232	1382,557	5,834		
Total	233	1401,272			

Table 6. Variable information for the Simple Linear Regression.

	Coefficients	Standard Error	t Stat	p-value
Constant	7,147	1,295	5,520	0,000
Age	-0,099	0,055	-1,791	0,075
	Lower 95%	Upper 95%	Lower 95%	Upper 95%
Constant	4,597	9,698	4,597	9,698
Age	-0,208	0,010	-0,208	0,010

#### 4.1.3.2 Multiple Linear Regression

Table 7. Regression Statistics for the Multiple Linear Regression.

Regression Statistics	
Multiple R	0,168
R Square	0,028
Adjusted R Square	0,016
Standard Error	2,710
Observations	233

The multiple linear regression of green investing interest or green investment propensity in relation to age, experience and portfolio size regards the same group as in the linear regression. With a  $R^2$  of 0,028 and adjusted  $R^2$  of 0,016 these are far from explaining the extensive variance between the variables.

Table 8. ANOVA for the Multiple Linear Regression.

ANOVA					
	Degrees of freedom	SS	MS	F	p-value for F
Regression	3	48,971	16,324	2,223	0,086
Residual	229	1681,303	7,342		
Total	232	1730,275			

Table 9. Variable information for the Multiple Linear Regression.

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>p-value</i>
Constant	4,859	1,489	3,264	0,001
Age	0,020	0,066	0,312	0,755
Experience	0,012	0,097	0,127	0,899
Portfolio size	-0,00000173	0,00000077	-2,249	0,025
	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Constant	1,926	7,792	1,926	7,792
Age	-0,109	0,150	-0,109	0,150
Experience	-0,179	0,204	-0,179	0,204
Portfolio size	-0,00000324	-0,00000021	-0,00000324	-0,00000021

## 4.2 Empirical data from interviews

The empirical data collected from the interviews are presented in the following subchapter. 15 respondents lined up to be a part of and help to create an understanding of the questions posed. To uphold confidentiality all participants have been given fictitious names. The authors are the only ones with the information about their true names. The participants are presented in table 10 in which their name, education, occupation and experience are presented to give a face to the respondents.

Table 10. Information about the respondents from the interviews.

<b>Name:</b>	<b>Age:</b>	<b>Highest completed education:</b>	<b>Occupation</b>	<b>Experience:</b>
<b>Tindra</b>	18	Primary school	High school student	0.5 years
<b>Neo</b>	21	High school diploma	College student	3 years
<b>Filip</b>	21	High school diploma	College student	2 years
<b>Johannes</b>	22	High school diploma	College student	4 years
<b>Felix</b>	24	High school diploma	College student	3 years
<b>Alex</b>	24	Bachelor's degree in Business Administration	College student	1 year
<b>John</b>	24	High school diploma	Working	6 years
<b>Oscar</b>	25	Bachelor's degree in Pedagogy	Working	7 years

<b>Julia</b>	25	High school diploma	Working	1 years
<b>Gustav</b>	25	High school diploma	Working	5 years
<b>Dennis</b>	25	High school diploma	Working	1.5 years
<b>Benjamin</b>	26	Law degree	Working	8 years
<b>Kim</b>	26	MSc in economics	Working	6.5 years
<b>Jonas</b>	30	Surveying engineering degree	Working	6 years
<b>Kristian</b>	30	High school diploma	Working	1 years

#### 4.2.1 Main purpose of investing

What was common to all participants was that the main purpose with their investments was to get some kind of return on the invested funds. Everyone except Kim said that the savings were also planned for the long-term. "I want to find the small jewels" was something Kim said and what she meant was that as much return she could get today short-term, the more the portfolio will be worth in the future. Then she could change strategy and go for the long-term with stable companies. Tindra, Johannes, John, Julia, Gustav och Kristian also describes that the invested savings would act as a type of financial security. While Felix and Oscar had personal saving goals for a home in the future. The future came up within many of the interviews but John and Benjamin mentioned that they wanted to start building a so-called money machine. This in case they wanted to retire earlier than ordinary pension time and live on the savings and the return that it gives. Filip and Benjamin said that another reason for investing was that they had a genuine interest in the stock market and to earn money just by building a good portfolio.

#### 4.2.2 Portfolio Management

There are mainly three different strategies describing how active the respondents are with their investments:

- Active savings - Actively managed portfolio.
- Semi-active savings - Passively managed portfolio but with active periods.
- Passive savings - Passively managed portfolio.

Of the respondents there was just Tindra the youngest with least experience saying that she both actively looks over the portfolio and is investing several times a month. Alex, Gustav, Dennis, Benjamin and Kim

said that they are managing their portfolios passively but having active periods throughout the year. Benjamin describes that he is following the stock market and his holdings a little extra during report periods or emissions. This is because much is happening and a lot of information is released in the companies during these times. The rest of the respondents Neo, Filip, Johannes, John, Felix, Oscar, Julia, Jonas and Kristian are managing their portfolios passively with few changes and few new additions to their portfolios a year. Within the group of passive investors Filip, Johannes, Jonas and Kristian are having passive monthly savings where they replenish their current holdings.

### 4.2.3 Investment Strategies

Neo, Filip, John and Felix had in common that they mainly looked for companies that are large and stable. Tindra, Johannes, Oscar and Jonas rather focused on spreading their risk in many different companies and industries. All of the respondents except Neo, Johannes, Gustav, Benjamin and Kim said that the historical return was of importance. Kim describes “I am looking for companies with strong innovation. A transparent and strong leader who is happy to work with new markets to take shares.” While Gustav explains that if he finds a potential investment interesting he keeps an eye on it for a while and makes an overall analysis before investing. Gustav is not the only one making an overall analysis, he shares this strategy with both Neo and Benjamin which has gut feeling as a cornerstone in their analysis. Felix and Kristians strategy are also based on a fundamental analysis but they instead target companies or industries that they are interested in. Hope for a company is a variable in Tindra, Julia and Dennis strategy. Tindra and Julia explain that they look for companies that are current and that they believe in in the future. There were two respondents, Filip and Neo, saying that key figures were of importance in their strategy. Alex and Dennis describe that they researchers in reports whether or not to invest instead of looking for key figures.

### 4.2.4 Sustainability

How the respondents define sustainability is mainly through the environmental aspect but some of them also mention the social aspect. Whether sustainability is important to the respondents when it comes to investments seems to be of relatively low interest.

#### 4.2.4.1 Sustainability meaning

Tindra, Johannes, Felix, Julia, Gustav, Dennis, Benjamin and Kristian all mention that since the environment and environmental work has become a big thing lately they mainly think of the environment

as sustainability. Where the companies are working towards clear environmental goals. Neo, John, Alex and Jonas also include the social aspect as well. John gives the example, work against children and slave labor while Jonas mention aspects like fair salaries and work against utilizing cheap labor. Filip mainly thinks about questionable companies while Oscar thinks about an opportunity to indirectly influence; he thinks sustainability comes at the expense of lower profitability and returns. Filip also mentions that he thinks many companies and funds label themselves as sustainable but which in fact are not sustainable at all. Kim sees sustainability as a risk and wishes that all companies are soon to be fully sustainable so that she can ignore this risk and only have the “scandal-factor” in mind.

#### 4.2.4.2 The Importance of sustainability

All of the respondents except Julia and Jonas think to a greater or lesser extent that sustainability has low importance when it comes to investments. Oscar mentions that it is just a bonus if the company is sustainable. While Felix and Alex describe that they try to avoid “dirty companies” that is questionable but otherwise sustainability does not have any significance. However, Dennis mentions that ESG-rating can be useful to get a quick overview of a company's position. Benjamin also describes that sustainability can be a good directive to follow as the company probably thinks long-term. Two respondents that thought sustainability was of importance were as mentioned Julia and Jonas, where Julia mainly tries to have the environment in mind when considering an investment and where Jonas especially considers the social aspect. He says “There are companies that go over corpses for profitability and that is something I am not supportive of”. Kim mentioned that sustainability is not of importance for her right now as it does not fit her investment strategy but she may be willing to change strategy in the future.

#### 4.2.5 Importance of ESG rating

Whether the sustainability measure ESG-rating was of importance for the respondents gave mixed answers. Most of them had never heard of ESG-rating which means that the measure was not something that mattered when investing. Gustav mentions that “it is awful if the world is treated badly in any way but I think my investments give such a small impact on the big picture regardless”. Jonas said that he did not know what ESG-rating was. He describes however, that he was looking at the overall sustainability-rating that describes questionable industries, etc in the information about the fund. Then he tried to stay away from the ones he did not like. Alex and Dennis knew what ESG-rating was but had the same thinking as Jonas, to stay away from the companies with a low ESG-rating in case there was risk of bad outcome. Benjamin and Kim also knew about ESG-rating but the measure was not something they used to attach any importance to. Instead, Benjamin looks at the sustainability reports which are more

informative and therefore more important to him he said. Kim thinks that the outside world is more important and usually emphasizes what others think about the market and the segment she invests in.

#### 4.2.6 Other young adult's sustainability thinking

When the respondents were asked whether they thought other young adults in their age invested green the answers were spread. Overall they think the awareness of sustainability when it comes to investments was low and therefore a low degree of green investments. Tindra and Johannes described that they think young adults care for the environment more than any other age group but do not know much about sustainability-ratings such as ESG. But also the lack of awareness that by investing in a company they actually contribute to more or less sustainable companies which means that the investment is more or less sustainable as well. Tindra and Johannes said that if the awareness were to be greater more young adults would be investing green to a greater extent. Neo, Filip, John, Felix, Oscar, Gustav, Dennis, Benjamin and Kristian all think that the main goal with investing on the stock market is to get a return on the invested funds. But even if they think the main goal is to get a return, Neo, Filip and Dennis shared the reasoning with Tindra and Johannes, that young adults care to a greater extent about being sustainable than other groups. They describe that it is just not reflected in their strategy of investments because young adults are not willing to give up returns for the sake of sustainability. While John, Oscar, Gustav, Benjamin and Kristian all are saying that they think sustainable investments occur only if there is a chance of return on the investment. John and Gustav described that there was a time when green investments were popular but rather because of the hype and the great chance of good returns instead of sustainable thinking. Felix says that he thinks other young adults think that since the impact from their investment are rather small they would not change or affect anything by their investments. If there is ever going to be a change for sustainability it needs to come from a state level like for example regulations forcing the companies to become more sustainable he says.

Alex describes that sustainable ratings like ESG and so on does not say much about how sustainable a company is and to really get information about that the information must be retrieved from sustainability reports. These reports are long and time consuming which leads to other young adults skipping the part of retrieving information. In turn the awareness of how sustainable the investments are is reduced. Kim shares the reasoning that other young adults rather want a return on the investment. She describes that she thinks that early on in life there is both too little financial means and time to look into how sustainable the investments really are. She also says that this mindset within young adults may change when growing older and the circumstances change. Two respondents that do not share the idea of young adults just

wanting return on their investments are Julia and Jonas. They both describe that there may be two sides, some wanting just return on their investments and some that invest with sustainability in mind. Both Julia and Jonas say that they think that other young adults in fact are willing to trade some percent return for the sake of the rate of sustainability on the investment.

#### 4.2.7 Degree of sustainability

The respondents got to rank their own investments on a scale of one to ten on how sustainable they are and give an explanation to why. There were no respondents that ranked their investments one, two, eight, nine or ten. The remaining ranks were grouped by following three and four, five and six and seven which are listed in table 11.

*Table 11. Rating of respondents investment sustainability.*

<b>Rating</b>	<b>Respondents</b>	<b>Total votes</b>
3-4	Felix, Alex, Oscar, Benjamin, Kim and John	6 votes
5-6	Neo, Filip, Johannes and Gustav	4 votes
7	Tindra, Julia, Dennis, Kristian and Jonas	5 votes

The respondents rating their investments three and four all have in common that they had poor awareness over whether their investments were sustainable or not. John, Felix and Benjamin describe that they think that companies have difficulty balancing profitability with sustainability. John says that holdings in his portfolio do not seem to care about sustainability until the profitability is threatened. While Felix thinks that as long as sustainability is not profitable the development will be slow unless the company is large. Then he thinks that their size and external face force them to work more or less towards sustainability. Alex, Benjamin and Kim explain that they do not want to make the sacrifices and spend time getting the most sustainable investments, therefore a lower rating. The respondents rating their investments five and six all have in common that their portfolios contain large and stable companies. Therefore they rated their investments close to average. In this case Neo explains “Sustainability is a vital criterion for continuing to dominate” agreeing with Felix that large companies must work more or less towards sustainability. Filip and Johannes do have many Swedish companies in their portfolio and both describe that it is usually higher standard on Swedish companies when it comes to sustainability. The respondents rating their investments seven had slightly different explanations. Tindra described that she has read in news and reports that more or less most of her holdings work towards sustainability in one way or another. Kristian,

who owns large companies, agrees with Felix and Neo that they should work more or less towards sustainability due to their size. Julia and Jonas are, as the respondents rating their investments three and four, not so familiar with sustainability when it comes to investments but they try to invest as sustainable as their ability allows. They both would have opted for a higher rating if they were more experienced. Dennis says that he could have a higher rating if he sought companies with high ESG-rating but has chosen not to invest in low rated companies instead.

## **5. Analysis**

*In this chapter the results are discussed in order to reach a further understanding of the subject matter. The results will be reviewed out of the perspective of the study's issues and will be discussed with the theoretical framework in its center.*

There are generalizations made that influence the analysis. To begin with, Maslow's Hierarchy of Needs is primarily based upon biographies of men. However, it is our belief that while men and women differ to some degree in various aspects, the general needs for people remain the same, regardless of gender. If considering the analysis out of a geographical standpoint, it is pertinent to acknowledge that there is no data regarding geographical location. Because of this, conclusions drawn cannot be attributed with specific locations, but instead be attributed to this certain population that is based upon Swedish residents. Since generational differences are not examined throughout the study, it is worthwhile mentioning that generational differences might influence whether relationships can be established between these variables. E.g. While age differences might not show a clear explanation for investment interest, generational differences might. The limited use of previous studies in relation to this subject is due to a lack of existing material. In many cases, the studies are framed in relation to aspects of financial means and numerics, over behavioral themes.

### **5.1 Results of the Survey**

#### **5.1.1 Analysis of the Descriptive Statistics**

The interest for green investing is according to figure 5 quite high. With a mean interest of 4,73 out of 10, one would expect a higher engagement when it comes to details regarding ESG or sustainable investments. When contrasted against table 1 it becomes increasingly evident that their interest only is surface level. 54%, or 129 of participants indicated that their interest for green investing was at a five or higher, yet only 59 participants considered "Company working toward sustainable development" as one

of the most important factors when investing. This could be due to the difference between intention and behavior. While green investing might be something good, it does not necessarily translate to a desire. Instead the desire, or in this case the goal of investing, is to achieve the highest possible yield. This is strengthened by the fact that less than 30% of participants consider ESG rating at all when investing. While subjective norms, and attitudes play a role in decision making, it is important to note that desire is the strongest predictor of action. This could explain the gap between intention and action in this population.

The participants' goals indicate their reasons to invest and the primary focus lies in receiving different types of yield. In figure 6, there is an overwhelmingly one sided response, which speaks to the notion that the participant might not see ESG or green investments as a good vehicle to exercise a sustainable influence. There are a large number of participants that find it difficult to invest and the mean difficulty rating was 4,85. ESG investments add another dimension of complexity to a discipline they already find difficult and might not know a whole lot about. In combination with the poor communicability of sustainability as a whole, it becomes increasingly difficult to comprehend this field of mass information. This could be a deterrent to invest sustainably.

### 5.1.2 Analysis of the Regression Statistics

In the ANOVA for the age and perceived difficulty, it is evident that the p-value is higher than the proposed 0,05 significance level. This means that the null hypothesis  $H_0$  for this analysis cannot be rejected and is therefore insignificant. Due to this, it cannot be said that age and perceived investment difficulty have a clear relationship in this population. The coefficients refer to the equation of regression and can be interpreted as the increase of perceived investment difficulty for each additional year of age. In the ANOVA for the green investment regression, the p-value is higher than the significance level suggests it should not exceed. At a p-value of 0,086, this exceeds the 0,05 significance level by 0,036. Therefore, the null hypothesis  $H_0$  for this analysis cannot be rejected. It cannot be said that there is a definitive relationship between green investment propensity and age, experience and portfolio size. The coefficients in table 9 can be interpreted as the increase of interest for every additional year of age, year of experience and Swedish crown in portfolio size. When looking at the coefficients, it is very clear that each of the variables have next to no influence over the interest for green investments.

These findings imply that there are no significant influences from these variables in relation to green investing in this population. The population is large enough to at the very least be able to show emerging patterns. However these findings imply that the variables used only explained a small fraction of variance.

This means that there are possibly multiple other variables that explain this variance. The correlations between the variables showed that they to some degree correlated with one another. One could possibly derive that other variables might have been more suitable and get a wider coverage. Other variables could potentially be other socioeconomic factors that have not been examined in this study. In regards to perceived investment difficulty, the situation is similar. The perceived investment difficulty's variance cannot be explained solely by age. Factors such as experience, intellect or interest could be potential factors that would perform better in explaining this variance.

## **5.2 Results of the Interviews**

All of the respondents said that their main goal with their investments was to get some kind of return on their invested funds. Most of the respondents also mentioned that they think most young adults are investing with the same goal. Maslow's hierarchy of needs describes that there are five stages of needs and safety and security is the second stage in the hierarchy. That is where financial savings ends up in the list. When the basic needs are fulfilled such as breathing, food, clothes and sleep then an individual goes on to the next stage in the hierarchy. By investing the savings the main goal is to get some kind of return and make the holding grow - financial safety. A goal to also invest sustainably ends up higher among the stages. Therefore as Alex, Benjamin and Kim say, they do not want to make these sacrifices to have their investments sustainable. It is not worth the time and work and as Neo, Filip and Dennis explained young adults are not willing to give up any return for the sake of sustainability.

As Lindeberg (2020) describes, funds like Ap7 may consider themselves as a sustainable fund. That is just the outside face and on the inside the fund itself may not be as sustainable as they think they are. The respondent Filip also mentioned that he had been taught that these funds exist. Therefore he is not sure if he in fact is investing sustainable or if the funds just label themselves as something they are not. The uncertainty makes Filip care less for sustainable measurements like ESG etc. This fake marketing will make investors like Filip to eventually lose confidence in measures like these and care less about how green their investments are. If they can not trust the measures telling them how sustainable their investment is, they need to do a lot of research about the company to find out if they actually have a stable idea of sustainability. As Alex describes this process is time consuming and like Alex, Benjamin and Kim says, it is not worth both the time and work to get the overview of how sustainable the investments are. A factor among many of the respondents was also that they had little or no experience of sustainability when it comes to joint investments. Tindra and Johannes describe that they think many young adults do not really understand what their investments mean when it comes to sustainability. This can also be linked to

the rhetorical question that Lindeberg (2020) asked in the previous chapter. “Do consumers really understand what sort of footprint they have when it comes to their investments?”

The Swedish Ecolabel Svanen describes that when a person alone is trying to make a contribution to the environment the person may feel powerlessness or hopelessness. Gustav mentioned the same thing, he thought that it is horrible if the world is treated badly but what difference would his investments make? He thought his investment made such a small impact on the big picture anyway. Therefore he lost interest in green investments and instead invested in personal goals that he could see results from more quickly. Felix mentioned the same thing but added that he believes that if there is to be a change it has to come from a state level because retail investors are not convinced enough that they can make a difference. Something that can also be connected to this is the fact that according to the Eurosif report (2021) the interest in sustainable investments has increased in recent years. The growing interest will trigger the stock market and retail investors will be able to get a return on their investments. This could work as a carrot to invest more sustainably. John and Gustav share these beliefs and explain that sustainable investments will only happen if the return is the same or higher.

As mentioned the adoption process describes that there are five types of consumer behaviors: Innovators, Early adopters, Early Majority, Late Majority and Laggards. When the respondents were asked about their strategy the answers were somewhat varying in scope. Kim described that she is looking for “the small jewels”, companies with strong innovation, which puts her in the first category. She is the one having a tendency for taking higher risk but for a chance of higher outcome. Since almost all of the respondents had the historical return as a preference whether or not to invest this puts them in the early or late majority. They wanted to see whether the return on the investment had gone up or down historically. They also mention that large and stable companies are preferred and by investing in a large number of different companies the national distribution is better and the risk is lower. Neo and Benjamin said that they make an overall analysis with gut feeling as their cornerstone in their analysis which puts them in the early adopters. They are more willing to take a greater risk than the early majority but they are skeptical and therefore well read on the subject. There is an interesting pattern when it comes to the answers of the respondents and the model of the adoption process. Kotler et al. (2017) mentions that it is often younger, well-educated and high income individuals that represent the group of innovators. Kim, as mentioned before is young, has a high degree of education and is working which presumably gives a high income. Therefore, the theory agrees well with what emerged from the interviews. Michelson et al. (2004) mentions that a regular investment should be considered successful when the yield goes to or beyond the expected return. But in the case of SRI the social responsibility is included. If the company also fulfills

their SEE expectations just then the investment is considered successful. All of the respondents as mentioned wanted to get some kind of return on their invested funds and it was just to Julia and Jonas that the grade of sustainability was of importance. Linked to what Michelson et al. (2004) were saying, the majority of respondents were satisfied with a yield going to or beyond their expected return.

The respondents describe that they think other young adults for the most part did not care much about sustainability when it came to investments. However, Neo, Filip, Dennis, Tindra and Johannes mention that they think young adults care more about sustainability than any other group, it is just not reflected in their strategy. Overall the respondents also describe that they think the awareness of sustainability when it comes to investments is low. Linked to the attitude behavior gap where an individual's pure intentions not always are reflected in its actions, there is a clear pattern. Young adults care for sustainability but when it comes to investments the awareness is too low and the desire for return is greater therefore the investments tend to not be sustainable.

### **5.3 Discussion**

According to Bray (2008), the response generated by an individual is moderated by the individual's motivation. Throughout the interviews there has been a notion that ESG investments obtain a worse yield than regular investments. This removes the most considerable incentive for almost all participants, obtaining the highest possible yield. However, participants recognize that there is a need for green investments, but this often means a personal sacrifice and to many, that is not an option that is viable in their current standing. Financial stability is one of the lower needs of Maslow's model. Green investments most likely fill self-esteem or self-actualization needs. So while it is possible to transgress the levels, it is more likely that green investments are overseen as a realistic option due to their other needs. Another consideration could be that sustainability is part of a growth need, which in turn makes it into a low priority need until actually satisfied. Even if green investments would be a viable option, the next step would be to search for information regarding investments.

Gathering investment information is something that is not easy if experience is lacking, which is not unusual at younger ages. Depending on industries, sustainability can be extremely complex. For example, without a degree in material engineering or sustainable materials, the complexity of new "sustainable" materials from a clothing company will be extremely high. This additionally speaks to the adoption of innovations. While investments are not necessarily to buy a product, investing in a company is a belief in that company's product or service. While it is improving constantly, communicatability is still low regarding sustainable investments. Sustainability reports give many indicators of what companies are

working toward, however this is not always enough to quantify performance. As mentioned previously, sustainability brings more complexity and additional information that one has to review. Which in turn makes it more difficult to proceed with. The next step would be option evaluation, but once again it is not only profitability and risk that has to be taken into account when weighing options. Sustainable practices have to be incorporated into that equation, but without a way to quantify how well the sustainability factor is performing, it is nearly impossible to evaluate the relative advantage that the sustainable factor would have. This is an important remark in relation to post-purchase evaluation. It is far easier to understand the relative advantage of regular investments in contrast to sustainability oriented investments. Money is something that people are careful with. There are plenty of steps in a purchase decision that would be either unwise to do or more difficult to predict outcome in relation to sustainable investments over regular ones.

The market for sustainable investments is currently in its infancy compared to what it could be and there are still many that have yet to jump aboard. In regards to investments, sustainable practices are almost limited to innovations. This means that there will be a timeline of adoption for the general population. The level of adoption will act as a cutoff for many that are not risk takers or open to innovation. This can potentially be explained by the hurdles presented earlier. However, as the priority for sustainability continues to rise, it is noticeable that the communicative landscape has become an echo chamber in a way. The norm has become to be an environmentalist, but as shown in both the qualitative and quantitative analysis, the reality is that many are not willing to make the sacrifices they preach and instead just take part in the conformity of the sustainability norm.

## **6. Conclusion**

*This chapter will discuss the conclusions of the study in relation to the initial questions and purpose of the study. This is divided into two parts, a review of the analysis as a whole, as well as a reflection of the entire study.*

### **6.1 The Answers to the Research Questions**

Through this work and report with a quantitative and qualitative study the following answers to the questions asked have been made.

- Do young adults at the ages between eighteen and thirty invest sustainably?

Young adults between the ages of 18 and 30 for the most part do not invest sustainably. As shown in both the quantitative and qualitative part of the study both the awareness and the desire to invest in sustainable options are low. The main goal by investing is to get a return on the invested funds and as long as there is risk for less return by investing green, young adults are not willing to give up this return for the sake of sustainability. Although young adults care more about sustainability than other populations, this is not reflected when it comes to investments.

- Are age, investing experience and portfolio size determining factors in young adults' willingness to make ESG investments?

Since the willingness to invest green was according to both the quantitative and qualitative study overall low there were no determining factors in this behavior. The empirical data from the surveys showed that there were no factors combined with willingness to invest sustainable that was significant. Therefore the null hypothesis could not be rejected. The conclusion drawn is that there is no connection between age, experience and portfolio size when it comes to young adults' willingness to make ESG investments. Although there was no connection between age, experience, portfolio size and willingness to invest green, there might be a connection between income, education (in number of years), expected return and willingness to invest green. There were no results from either the quantitative or the qualitative study who pointed to this though but it also does not say that it does not exist. However, this result only reflects the specified focus group and there can indeed be a connection if the whole population were included.

- What is influencing young adults in their decision making process when making ESG investments?

There are many things affecting young adults in their decision making when or not to invest in ESG investments. As mentioned before, the willingness of making sustainable investments was low. A reason for this behavior could be the overall low experience or awareness of sustainable investments. The few respondents really knowing what it was did not care much for the measures. Some respondents even described that they had lost confidence in sustainability ratings due to the fact that for example funds label themselves as sustainable but are not. There were some answers indicating that it is hard for young adults to understand what footprint they are making when investing green. Another reason explained was that to make sustainable investments a lot of time and work was of importance. This time and the resources needed were not something young adults had an abundance of and therefore the willingness to invest green decreased.

Some respondents explained that they do not think their investments are making any difference anyways so why bother? What difference do they really make by being the only one or the few to care about sustainable investments? They felt powerlessness or hopelessness but what if everyone thought of the opposite. That they in fact influenced companies with their investments and made a difference. Then they might actually be able to make a change in favor of sustainability.

## **6.2 Suggestions for Further Research**

This study shows that there is plenty of information to be gathered around the subject. Indications about culture, politics and generations may be prevalent factors to consider. The differences of opinions considering the topics between generations can be a subject worthwhile. Other considerations such as gender, income, working or studying respondents can possibly contain considerable information regarding the outcomes of the general interest for green investments. Tying in gender to see if the results skew a certain way. Examining the population and seeing if the importance of green investments is the same in larger cities as in smaller cities or even villages. Does the interest change the further north in Sweden one examines? Comparing countries to each other might also be interesting, seeing how cultural or political differences influence the interest for green investments and if there is a dramatic shift between young adults in other economically strong countries. The most prominent aspect of further research is very likely to examine potential change that has to happen in order to increase the willingness to invest sustainably.

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## 8. Appendix

### 8.1 Survey Questions

The following section was performed in Swedish and will be presented in both languages.

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#### Young Adults Interest for Investing

Hi!

We are two students at University of Gothenburg's Business School and we're conducting our bachelor's thesis about investing. This study's purpose is to see if young adults, between the ages of 18 and 30 are interested in investing.

This survey is completely anonymous.

Thank you for your time and replies!

/Clemens Lans & Daniel Söderqvist

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**Birthyear?**

.....

**Highest Finished Education? - Single choice**

- High school
- Polytechnic Degree
- Bachelor's Degree
- Master's Degree
- None of the Above

**How many years of experience do you have?**

If more than 10, choose the highest alternative.

1-10

**How difficult do you think it is to invest?**

E.g; Going through the process of purchasing an asset that you're content with. 1 is easy, 10 is difficult.

1-10

**What is the most important when picking what to invest in? - Multiple choice**

- Good historical yield
- A branch or industry you're interest in
- Key figures matching my investment strategy
- Company working toward sustainable development
- Belief in something for the future
- Stable Company
- Dividend yield

**Goals when investing? - Multiple choice**

- Highest possible yield
- Investing and being part of good companies
- Dividend portfolio with yearly yield
- Investing and being part of companies working sustainably

**Is a Company's ESG rating important to you when investing? - Single choice**

ESG or Environmental, Social and Governance is a rating used to evaluate a business' participation and levels of sustainability.

- Yes, I don't invest in companies with low ESG ratings.
- Yes, I only invest in companies with high ESG ratings.
- No, I don't consider ESG rating when investing.

**How interested are you in investing green?**

Investing green is interpreted as investing in assets with good ESG ratings. 1 is low, 10 is high.

1-10

**Do your investments match the level of sustainability that you would like?**

1 represents unsatisfied and too low, 3 content, 5 unsatisfied and too high.

1-5

## 5 Largest Holdings? - Not obligatory

.....

### How much do you have invested in assets? - Single choice

- 0 - 1 000
  - 1 000 - 10 000
  - 10 000 - 50 000
  - 50 000 - 100 000
  - 100 000 - 250 000
  - 250 000 - 500 000
  - 500 000 - 1 000 000
  - 1 000 000+
- 

## Unga vuxnas intresse för investering

Hej!

Vi är två studenter på Göteborgs Handelshögskola som utför vår kandidatuppsats och gör en studie som handlar om investering. Denna undersökningen är ägnad för att ta reda på om unga vuxna, mellan åldrarna 18-30, är intresserade av investera.

Undersökningen är helt anonym.

Tack för er tid och svar!

/Clemens Lans & Daniel Söderqvist

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## Födelseår?

.....

### Högsta avslutade utbildning? - Enkelval

- Gymnasieutbildning
- Yrkeshögskoleexamen
- Kandidatexamen på Högskola eller Universitet
- Masterexamen på Högskola eller Universitet

- Inget av ovanstående

### **Hur många års erfarenhet har du av investering?**

Vid fallet att du har mer än 10 års erfarenhet, välj det högsta alternativet

1-10

### **Hur svårt tycker du det är att investera?**

Till exempel: Gå igenom processen att köpa aktier, fonder eller värdepapper du är nöjd med. 1 är lätt, 10 är svårt.

1-10

### **Vad är viktigast vid val av bolag att investera i? - Flerval**

- Bra historisk avkastning
- Någon bransch eller företag som jag tycker om eller är intresserad av
- Att nyckeltalen matchar min investeringsstrategi
- Att företaget/bolaget jobbar mot hållbarhet
- Förhoppning på något jag tror på i framtiden
- Stabila företag/bolag
- Direktavkastning

### **Vad är målet vid investering? - Flerval**

- Högsta möjliga avkastning
- Investera och vara delaktig i vad jag tycker är bra bolag
- Utdelningsportfölj som ger en årlig avkastning
- Investera och vara delaktig i bolag som aktivt jobbar med hållbarhet

### **Är ett bolags ESG rating viktigt för dig vid investering? - Enkelval**

ESG eller Environmental, Social and Governance är ett sätt att utvärdera en verksamhets delaktighet inom eventuella hållbarhetsfrågor.

- Ja, jag investerar inte i ett bolag med låg ESG rating.
- Ja, jag investerar bara i bolag med hög ESG rating.
- Nej, jag lägger inte någon vikt i ESG ratings.

### **Hur intresserad är du av att göra gröna investeringar?**

Att investera grönt tolkas som investeringar med goda ESG ratings, såsom t.ex. Aktier, fonder eller obligationer.

1-10

### **Tycker du att dina investeringar matchar den nivå av hållbarhet som du vill ha på portföljen?**

1 representerar missnöjd och för lågt, 3 nöjd, 5 missnöjd och för högt.

1-5

### **5 största innehav? - Inte obligatorisk**

.....

### **Hur mycket har du investerat på börsen? - Enkelval**

- 0 - 1 000
- 1 000 - 10 000
- 10 000 - 50 000
- 50 000 - 100 000
- 100 000 - 250 000
- 250 000 - 500 000
- 500 000 - 1 000 000
- 1 000 000+

## **8.2 Interview Guide**

The following section will be presented in both languages.

- 
- Do you want to be anonymous and can we record the interview?
  - Introduction of ourselves and why we are performing this interview.
  - Can you tell us more about yourself: Name, age, education/work etc?
  - Are you active on the stock market and in case for how long? (Active management, just let the invested funds grow, just do changes sometimes?)
  - What is the main purpose with your investments? (Return, good companies)
  - What are the most important factors when investing? (Key figures, historical return, dividend rate etc?)

- Is sustainability important to you when it comes to investments?
- What is sustainability to you when it comes to investments?
- Are ESG ratings important to you? Do you invest in companies with just a high rating or do you avoid those with a low rating? (Explain what ESG rating is)
- Do you think that other young adults invest less sustainable than other groups? Why?
- Do you think that you invest sustainably? Give a rating of 1 to 10. Where 1 is least sustainable. Why or why not do you rank your portfolio this way?
- Do you want to tell us about your 5 biggest holdings? (Optional)
- Anonymitet? Kan vi spela in?

- 
- Vill du vara anonym och kan vi spela in intervjun?
  - Vi inleder med att berätta lite om oss själva och varför vi utför intervjun.
  - Kan du berätta om dig själv: Namn, ålder, utbildning/jobb osv.
  - Är du aktiv på börsen och i så fall hur länge? (aktiv hantering, låter ligga och växa, gör ändringar ibland)
  - Vad är huvudsyftet med dina investeringar? Ge lite förslag, avkastning, bra bolag etc
  - Vad är din strategi vid val av investering? Nyckeltal, historisk avkastning, direktavkastning etc? (Dina viktigaste faktorer)
  - Är hållbarhet en viktig aspekt för dig vid investeringar?
  - Vad innebär hållbarhet för dig när de kommer till investeringar?
  - Är ESG (förklara vad det är) rating viktigt för dig? Investerar du bara i företag med hög rating eller undviker du företag med låg? (ESG eller Environmental, Social and Governance är ett sätt att utvärdera en verksamhets delaktighet inom eventuella hållbarhetsfrågor.)
  - Tror du att unga vuxna tenderar att investera grönt? Varför?
  - Tycker du att du investerar hållbart i dagsläget? Ge en rating (1-10) 1 är inte hållbart, 10 är fullkomligt hållbart. Varför, varför inte?
  - Vill du berätta om vilka dina 5 största innehav är? (Valfri)