
Support for the European Green Deal by Individual Investors: Research Results

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Abstract:

Purpose: The European Green Deal is significantly influencing modern European economy. Policies aimed at the climate and environmental protection, reduction of carbon footprint and zero-emissions have become a priority. However, if society experiences negative effects or does not accept changes, such policies will only be cost-effective and will not have positive impact overall. Therefore, the study will analyze the individual investors' opinion about the European Green Deal necessity.

Design/Methodology/Approach: In the article, the following research methods were used: analysis of the literature of the subject, description, comparison and desk research. The theory was complemented with author's survey on the individual investors sample. The results of the research conducted in 2024 were presented. The study analyzes the issue whether Polish individual investors support the European Green Deal and also what actions do they expect from banks and listed companies regarding environmental protection?

Findings: The research has demonstrated that, in general, individual investors do not support the European Green Deal policy. Also, numerous investors do not expect any extra activities from companies regarding environmental protection. In their opinion, compliance to law is sufficient. Individual investors point out that companies should concentrate on their main activity and additional environmental activities are not the part of their mission. Those individual investors, who support extra engagement regarding environment, indicate activities for reduction of their environmental footprint through: saving natural resources, recycling, reducing the amount of generated waste, responsible supply chain, reducing paper consumption as well as one's own carbon footprint.

Practical Implications: The discussion should focus around the usefulness and importance of various parts of the European Green Deal policy. Particular attention should be paid to the education, promotional campaigns and non-financial data reporting subjected to external audit.

Originality/value: Analysis of the following issues: Do individual investors support the European Green Deal? What actions do investors expect from banks and listed companies regarding environmental protection? Research carried out on the individual investors should be considered valuable, because there is a relatively lower number of research studies conducted on that group.

Keywords: Individual investors, The European Green Deal, CSR, environmental protection.

JEL classification: D14, G41, O16, Q56.

Paper type: Research article.

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1. Introduction

The European Green Deal, which is the subject of this study, is the development strategy of the European Union (EU) adopted in December 2019 (The European Green Deal, 2019). This strategy assumes building a green, low-emission economy by reducing: consumption of natural resources, greenhouse gases and generated waste.

The direction of action that has been set, should be assessed as appropriate for protecting the planet. However, doubts are raised primarily by the fact that the EU has decided to be the leader in such transformation, with other countries, in particular the United States, China and India, being relatively passive. At the same time, the costs associated with the green transformation are difficult to estimate today. There is no doubt, however, that these costs will ultimately be borne by:

- households – the final consumer,
- investors – as owners of companies operating in the European Economic Area, whose increased operating costs will be partly passed on to customers and partly reduce the generated profits.

Therefore, this study asked interviewed individual investors for their opinions regarding the European Green Deal. They are both consumers and co-owners of companies. For this reason, their input is particularly valuable. It must not be forgotten that the justification for the actions taken within the EU is "a prosperous society living in a modern, resource-efficient and competitive economy that achieves net zero greenhouse gas emissions by 2050 and in which economic growth is decoupled from the use of natural resources. (...) people must come first (...)." (The European Green Deal, 2019, p. 2)

Considering the above, the following research question was formulated: Do Polish individual investors support the European Green Deal?

Also, an additional research question was formulated: What actions do individual investors expect from banks and listed companies regarding environmental protection?

2. Literature Review

The roots of the European Green Deal can be traced back to 1992, when the European Economic Community signed the UN Framework Convention on Climate Change (UNFCCC, 1992). The European Commission then signed the Kyoto Protocol and committed itself to reduce greenhouse gas emissions by 8% between 2008 and 2012. This led to the establishment of numerous legal acts related to EU climate policy.

At the European Council in 2007, a target was set to reduce greenhouse gas emissions by 20% by 2020. It was assumed that the share of energy from renewable resources in Europe would increase by 20% by 2020. In 2014, a 40% reduction in CO₂ emissions by 2030 (compared to 1990 levels) was adopted, as well as an increase in the share of energy from renewable resources to 27% and an increase in energy efficiency to 27%. These targets were then raised to 32% (for renewable energy resources) and 32.5% (for energy efficiency).

Moreover, two important documents were also the European Parliament resolutions: '2050: The future begins today – Recommendations for the EU's future integrated policy on climate change' (2009) and 'On the climate and environment emergency' (2019). They called on the European Commission to take intensive actions in order to achieve climate neutrality in the EU by 2050 at the latest. They also called for the EU climate strategy to include a 55% reduction in greenhouse gas emissions by 2030 (compared to 1990).

As a result, in December 2019, Ursula von der Leyen - the President of the European Commission (EC) - presented a new strategic goal of the EC – the European Green Deal (European Green Deal, 2019). Because of the comprehensive transformation of the economy towards zero emissions, the European economy is to achieve climate neutrality by 2050. Europe is to be the model for other continents. The European Commission argues for tightening the emission reduction targets with the need to stop climate change and to protect the well-being and health of the Europeans. It should be noted that the EU plans are extremely ambitious, unprecedented on a global scale.

The issues raised in the European Green Deal are also already the subject of scientific considerations. Below, were presented several of them, related to the topic raised in this study.

Siddi (2020) underlined that European Commission needs to ensure that the additional allocation of funds for the European Green Deal is supplementary to the pre-existing budget, rather than a reshuffle of commitments already made earlier. Reliance on private investments involves the risk of making the European Green Deal subject to corporate interests.

Commenting on the above, it should be noted that public funds alone will not be sufficient to achieve the goals laid out in the European Green Deal. Corporations cannot be required to demonstrate an altruistic attitude. Their aim is to survive in a turbulent, competitive environment and generate profit for their owners.

Considering the necessity of the energy transformation towards sustainability and the obtained research results, Dziawgo (2021) stated that the capital market is indispensable for financing the energy transformation process of the economy and society. At the same time, coherence of actions in the social, political and economic

spheres should be maintained. The awareness and attitude of both investors and consumers regarding green transformation, including renewable energy resources, are not satisfactory.

Promotion of the energy transformation of the economy is necessary. Cost-effectiveness of energy production from renewable energy resources is important for the social acceptance of the energy transformation towards sustainability.

The European Commission prioritizes the welfare of consumers. Therefore, to see how effective the European Green Deal policies are, we need to look at how they impact consumers. However, it has to be noted that above-mentioned policies of the European Green Deal may have different implications for different consumer groups in different countries. Nevertheless, if consumers experience negative effects or do not accept the changes, these policies may not work well. Conversely, if consumers benefit from the policies, this will prove them successful.

Hainsch *et al.* (2022) believe that compliance with the European Green Deal principles can trigger major changes in consumer behaviour. Those may occur due to the fact that consumers are becoming increasingly more aware of their impact on the environment and their choices become more sustainable. For instance they reduce energy consumption and implement more efficient waste management strategies.

Frățilă *et al.* (2024) in their research analyze the gap between what people think about the environment and what they actually do under the European Green Deal in Romania. They argue that environmental attitudes include a person's concern for the environment, values, and beliefs about conservation, responsibility to the future generation, and importance of protecting the environment. They also reflect upon willingness to participate in sustainable activities such as recycling and energy saving as well as sharing views regarding environmental policies and regulation.

Their research focuses on obstacles to change, such as financial issues, lack of knowledge, and cultural opposition. They concluded that there is a tendency to place value on environmental protection and take actions to support it. However, when it comes to purchasing green products, there is still a low frequency of consumption and pessimism towards the above-average prices of ecological products. The consumers have doubts about the transition to “greener” lifestyle.

Walczak *et al.* (2021) provides a list of factors influencing declared and actual pro-environmental behaviors in Poland. Poles consider themselves as individuals guided by pro-environmental concerns, while making everyday decisions. However, in reality, they engage in almost no pro-ecological actions (mainly including energy, consumption, and waste) concerning private finance. Such behavior of Polish consumers still does not allow for defining them as active consumers in making decisions about pro-ecological activities, primarily in the fields of energy and waste.

It is the family as a whole, rather than its individual members, who does or does not present pro-ecological behaviors.

So far, not many studies have been conducted on individual investors' acceptance of transforming economy towards sustainability. Research by Dziawgo (2024) shows that individual investors community is aware of Corporate Social Responsibility (CSR), however it does not significantly translate into individual investment decisions. When considering the CSR factor against other classic factors influencing investment decisions, it is perceived as the least significant. Individual investors also indicated that the company's compliance with CSR principles does not significantly influence their investment decisions.

However, individual investors are taking negative screening approach into account regarding their investment decisions. Over half of them declared that they had already withdrawn from investments due to unethical or non-ecological behavior of the company. It can therefore be concluded that the CSR factor already has some influence on investment decisions, although this influence is currently not strong.

3. Materials and Methods

In the process of developing this article, the following research methods were used, i.e., the analysis of the literature of the subject, desk research, observations, descriptive and comparative analysis as well as questionnaire methods.

The theory aspect was complemented with empirical studies - survey results on Polish individual investors. Research carried out on the sample of individual investors should be considered valuable, since there is lack of research on the important factors regarding sustainable development activities within that group of participants on the capital market. Hence, that research has a unique character.

The aim of the survey questions presented in this article is to learn about the opinions of Polish individual investors on the European Green Deal. At the same time, the study examines the issue of what actions financial institutions or listed companies should take in the field of environmental protection in the opinion of this group of investors.

The survey was conducted on the basis of the author's project and requested by Polish Individual Investors Association. The study was conducted on a sample of 260 individual investors between April and June 2024. A research tool was used in the form of an electronic questionnaire addressed to association members using the e-mail contact database. Thus the study collected feedback using targeted sampling techniques. The PS IMAGO PRO software was used for data analysis.

The analyzed sample cannot be seen as representative within the community of individual investors, however opinions expressed by the respondents should

certainly be treated as valuable since they present voice in the discussion within the investor community regarding the implementation of the European Green Deal. Nevertheless, research should be treated with caution, since the obtained results cannot be generalized to the overall population of individual investors.

4. Survey Results

4.1 Sample Characteristics

The results of the research presented below may serve as an introductory indication of the opinion of Polish individual investors on the analyzed topic.

Since the study is based on a sample that is not representative of the population, factors such as age, gender or education level are less important when characterizing the sample of individual investors. The key factors regarding value of formulated opinions by analyzed group are the number of years of investing in the stock market and information on the assets, in which they invest their financial resources. The characteristics of the respondents are included in Table 1.

Table 1. Characteristics of respondents

Specification	Respondents (%)	
Gender	man	93
	woman	7
Age	up to 25	3
	25-30	5
	31-40	33
	41-50	31
	51-60	18
	61-70	7
	over 70 years	3
Education level	secondary education	17
	higher education	83
Education profile	economic education	33
	non-economic education	67
Investment experience	up to 1 year	2
	1-3	12
	4-5	21
	6-10	17
	over 10 years	48
Financial situation self-assessment	poor	2
	average	18
	good	46
	very good	34
Investment assets*	shares	97
	bonds	56
	banks deposits	48

	derivatives	23
	investment funds	29
	currencies	43
	real estate	35
	precious metals (eg.gold, silver)	33
	cryptocurrencies	25

Note: * Multiple choice question. Percentage calculated in relation to the size of the analyzed sample.

Source: Own survey.

As presented in Table 1, respondents who took part in the survey, have experience in investing in the capital market. Almost half of them have been investing in the stock market for over 10 years. Therefore, the opinions expressed by them can be considered as very valuable. In turn, when analysing the structure of respondents by type of investment, it should be noted that they invest in various types of assets, thus diversifying their exposure on risk.

Based on the presented data, it can be concluded that individual investors from the studied group are investors aware of the risk associated with investing in the stock market. Therefore, they diversify their investments both within and outside the financial market (investing in e.g., real estate or gold). Moreover, they invest in the stock market both directly and indirectly through investment funds. At the same time, they maintain liquid financial reserves. This confirms the cognitive value of the opinions expressed by the surveyed group of investors.

4.2 Survey Results Concerning the European Green Deal

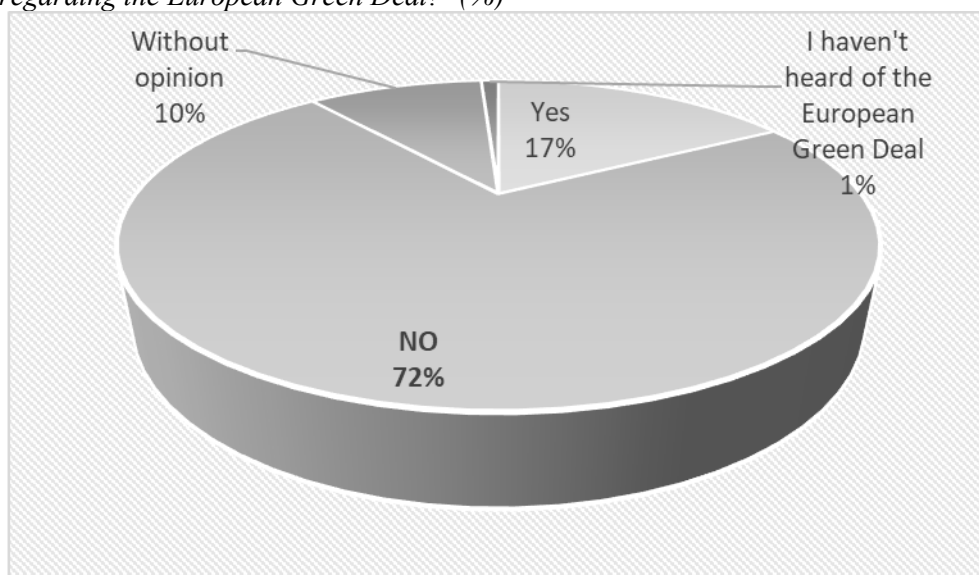
In order to determine the level of support for the European policy concerning the European Green Deal, investors were asked to provide answer to following options. The obtained results are summarized in Figure 1.

Figure 1 shows, that as many as 72% of individual investors do not support the actions undertaken within the European Green Deal and only 17% of respondents declared their support. This result is very low. It shows a deep conviction that taking action is ineffective or too expensive.

This is understandable, since the EU has declared itself to be the leader in ongoing pro-ecological changes, allocating significant funds to achieve the declared climate and energy goals.

The opinion of individual investors is more negative in this regard than that of society as a whole. Research conducted on a representative sample indicates that the European Green Deal is associated negatively by 52% of Poles, and positively by 14% (CBOS, 2024).

Figure 1. Range of answers to the question: 'Do you support the actions planned regarding the European Green Deal?' (%)



Source: Own survey.

In turn, achieving climate neutrality by 2050 is supported by only 38% of Poles (down from 48% in 2021). In addition, 55% believe that Poland should achieve climate neutrality at its own pace, even if this means that the previously set goal will be achieved after 2050 (in 2021 it was 43%) (CBOS, 2023).

To sum up, it can be said that there has been a clear decline in support for the European Green Deal in Polish society over time.

Table 2, in turn, contains a cross-table presenting the number of years of investors' investment and the support for the European Green Deal actions. As it can be seen, the lack of support for the European Green Deal actions is clearly visible for all investors, irrespective of investment experience measured by the number of years of investing (for all group minimum 70%). Only least experienced investors stand out with their harsh statements. As many as 83% of them negatively perceive the actions proposed under the European Green Deal.

Table 2. Cross-table for experience of investing * The European Green Deal support (number of indications).

Specification		Do you support the actions planned regarding the European Green Deal?				Total
		no	yes	no opinion	haven't heard	
Years of experience	up to 1 year	5	83%	1	0	6
	1-3 years	21	70%	7	2	30

in investing	4-5 years	40	73%	12	3	0	55
	6-10 years	31	70%	7	7	0	44
	over 10 years	92	74%	16	15	2	125
Total		188	72%	43	27	2	260

Source: Own survey.

To sum up, it can be stated that the actions proposed as part of the European Green Deal have not been accepted by Polish individual investors. Investors who are just starting to invest in the stock market are particularly critical in this regard.

4.3 Survey Results on expected environmental protection actions undertaken by companies

At the same time, respondents were allowed to indicate in an open question up to 3 activities, which they expected from banks or listed companies in the field of environmental protection. It should be emphasized, that nearly 78% respondents provided open-text response (at least once). Table 2 contains aggregated statements of respondents, also providing their number of indications.

Table 2. Range of answers to the question: ‘Indicate the 3 most important specific actions that you expect from banks or listed companies regarding environmental protection.’

No.	Aggregated statements	Number of indications
Positive opinions on pro-ecological activities undertaken by companies		
1.	Reducing company's own environmental footprint by:	190
a)	mitigating the effects of the company's activities (including saving natural resources, recycling, reducing the amount of generated waste, responsible supply chain)	83
b)	reducing paper consumption by digitizing document flow and electronic communication	54
c)	reducing company's own carbon footprint	53
2.	Supporting the financing of ecological solutions (including preferential credits and loans for renewable energy resources as well as their assessment on environmental impact)	90
3.	Reporting verified data according to the unified set of indicators; setting transparent ESG goals; external audit of the report	40
4.	Activities that bring real ecological impact and at the same time increase the company's profits	39
5.	Education, promotion of pro-ecological behavior	29
6.	Sponsoring of ecological initiatives (including financing animal protection programs, nature reserves, afforestation)	29
7.	Discontinue to finance entities with negative impact on the environment	16
8.	Bonuses/discounts for ethical customer behavior	2

9.	Issuing green bonds	2
Negative opinions regarding pro-ecological activities undertaken by companies		
1.	I do not expect such actions, it is not the companies' task, they should focus on their core activities	54
2.	Eliminating greenwashing and ecological gibberish	20
3.	It is enough to obey the law	19
4.	Combating activism and pseudo-ecological propaganda	3
5.	Combating pseudo-ecological overregulation	3
6.	Don't give in to pressure from eco-terrorists	3
7.	Raise awareness that all EU actions are a burden on citizens	3

Source: Own survey.

As presented in Table 2, individual investors support activities leading to reducing company's own environmental footprint by various means (190 indications). The second position was acceptance for banks to finance the pro-ecological projects (90 indications) and discontinue to finance entities with negative impact on the environment (16 indications).

Simultaneously, many investors do not advocate extra pro-ecological companies' activities (73 indications). They express that companies should focus on their core activities (54 indications) and it is enough to obey the law (19 indications).

5. Conclusions

It should be noted that so far, not many studies have been conducted on the direct social acceptance of activities aimed at transforming modern economy towards green economy in individual investors community.

As the research presented in the paper indicates, the individual investors community is aware of the European Green Deal, but overall opinion is negative. As many as 72% respondents do not support actions taken within the framework of the European Green Deal. Individual investors also indicated that the company's main activities should concentrate on their business. Meanwhile, potential environmental actions should not generate additional costs. Any actions taken should bring real ecological impact, while simultaneously increasing the company's profits.

The findings provide insights for understanding the individual investors' opinions on the European Green Deal and the facultative activities for environmental protection by companies.

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