
2024 SURVEY OF INVESTORS, RETIREMENT SAVINGS, AND ESG

AN ABBREVIATED VERSION



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This is an abbreviated version. The full survey will be available in November 2024.

If you experience any accessibility issues, please contact Brian Tayan at btayan@stanford.edu.

EXECUTIVE SUMMARY AND KEY FINDINGS

Sentiment toward ESG continues to sour, with investors in a new survey expressing less concern for environmental and social issues than one year ago.

A slight increase in concern among older investors is not enough to offset a steep drop among young investors, who are increasingly opposed to the idea of fund managers using their investment dollars to advocate for social causes.

Democrats continue to support ESG issues, but their willingness to pay for it erodes. Republicans and Independents harden their stance.

“The downward trend in support for ESG that we witnessed last year has continued,” observes Professor Amit Seru of Stanford Graduate School of Business and the Hoover Institution Working Group on Corporate Governance. “Young investors — who used to be bedrock advocates for environmental and social causes — are much less willing to accept a decline in the value of their equity investments to advance causes like climate change, workplace diversity, and improved labor conditions. While older investors report a modest increase in concern for environmental and social issues, they remain unwilling to forfeit retirement savings to see those issues addressed. It seems that years of inflation and now a tightening labor market are dampening enthusiasm for causes that investors across the board are no longer sure they can afford.”

“The decline in support among Democrats is especially noteworthy,” adds Professor David F. Larcker of Stanford GSB and the Hoover Institution Working Group on Corporate Governance. “For years, the standard narrative was that a conservative

subset of the population was holding out against an inevitable shift toward stakeholder capitalism. That narrative is unwinding, with more Democrats joining Republicans and Independents in questioning whether widespread investment in a laundry list of ESG initiatives is worth the potential cost to their retirement savings. We see stakeholder interests narrowing around a core set of issues — climate change being one of them. It’s likely corporate investment will narrow accordingly, at least as long as these economic conditions persist.”

In fall 2024, Stanford GSB, the Hoover Institution Working Group on Corporate Governance, and the Arthur and Toni RembeRock Center for Corporate Governance at Stanford University jointly conducted a nationwide survey of 2,072 investors — distributed by gender, race, age, household income, and state residence — to understand how American investors view ESG — environmental, social, and governance priorities — among the companies in their investment portfolio. This survey is a follow-up to the same survey conducted in 2022 and 2023.

Respondents run the spectrum of personal investment assets from less than \$10,000 to more than \$500,000 (average \$116,100) in retirement and personal savings accounts. These investments are held through a variety of

major institutional investors, including Fidelity (43%), Vanguard (36%), American Funds (10%), BlackRock (7%), Invesco (3%), and State Street (3%), among others.

KEY FINDINGS INCLUDE THE FOLLOWING:

Generational gaps continue to shrink. Younger investors show less concern for ESG. Older investors register an uptick.

Concern for ESG issues continues to decline among young investors (43 years and younger). Only 46% of young investors say they are very concerned about environmental issues, down from 49% last year and 70% the year before. Middle-aged investors (between 44 and 59 years old) express similar concern for environmental issues year over year (42% versus 41% last year), while older investors (60 years and older) express greater concern (42% versus 34% last year).

The same trend holds with social and governance issues. Only 45% of young investors are very concerned about social issues, down from 53% last year and 65% the year before, while 30% are very concerned about governance issues, down from 47% last year. Older investors expressed greater concern for social issues (38% versus 33% last year) and similar concern for governance issues (28% versus 26%).

Investors generally maintain the order in which they are passionate about various ESG matters, with concern for the environment ranking ahead of social issues, although the difference is shrinking. Governance matters remain the subject of least concern, similar to last year.

“We are seeing a leveling of support for ESG across generations,” comments Professor Seru. “Two years ago, young investors were

twice as likely to say they are very concerned about environmental and social issues as older investors. Today, the differences are only a few percentage points. Sentiment has settled at a level where deep concern for ESG is a minority position. Two years of economic strain appear to have taken their toll on investors’ enthusiasm for stakeholder advocacy.”

Young investors lose their appetite for fund managers to advocate for ESG change. Older investors continue to value wealth preservation over advocacy.

Investors express a widespread preference that fund managers use their size and voting power to maximize the economic value of the companies they invest in, with 57% saying it is extremely or very important and only 14% saying it is slightly or not at all important.

Compared with last year, young and middle-aged investors are much less willing to say they want fund managers to use their size and voting power to influence the ESG practices of the companies they invest in. They are also much less likely to want fund managers to advocate to do so if it decreases the value of their investment.

For example, only 34% of those ages 43 years and younger and 35% of investors between 44 and 59 say it is extremely or very important that fund managers use their size and voting power to influence the environmental practices of the

companies they invest in. This is down from 61% and 50% last year, respectively. In the same vein, only half (51%) of young investors want fund managers to advocate for environmental change even if it decreases the value of their investment. This is down from 66% last year and 85% the year before. Middle-aged investors also express less willingness to lose money in support of environmental change, with 41% willing to lose money compared with 45% a year ago.

This pattern is the same when it comes to social issues. Only 35% of young investors want to see investment managers use their size and voting power to influence the social practices of the companies they invest in; last year, 62% of those same investors expressed that as a priority. Among middle-aged investors, just 31% want fund managers to advocate for changes to social practices, down from 45%. In both groups, fewer young investors (43%) and fewer middle-aged investors (36%) are willing to lose money to support social change (down from 58% and 43%, respectively, last year).

Older investors continue to oppose the idea of fund managers advocating for environmental or social issues. Only 34% of those 60 and older are willing to support environmental advocacy among their fund managers if it leads to a decrease in investment value. Only 32% are willing to suffer losses for social advocacy. These rates have held steady for three years in a row.

Young investors close their wallets, as willingness to pay for ESG falls. Older investors still do not want to lose anything.

When asked about a number of prominent environmental issues — including carbon emissions, renewable energy, and product sustainability — approximately 10% of younger investors say they are willing to lose

more than 10% of their wealth to bring about environmental improvements. However, this is down substantially from last year when approximately 22% of young investors said they would be willing to lose substantial levels of wealth to support environmental causes. Today, the vast majority (approximately 75% of Millennial and Gen Z investors) now say they are willing to lose either no money or between 1 and 5% of their investment dollars to see companies improve their current environmental practices, compared with 50% of these investors who held this viewpoint a year ago.

“Young investors are closing their wallets when it comes to their willingness to fund ESG,” says Professor Larcker. “They might want environmental and social conditions to change, but they do not want to be the financial sponsors of that change. Whether this reduction is permanent, or a reflection of economic insecurity, remains to be seen.”

Baby Boomers, on the other hand, continue to oppose the idea of forfeiting their retirement savings to bring about environmental change. Similar to last year, the average Baby Boomer continues to be unwilling to lose any investment savings for environmental improvements, with only 3% willing to lose more than 10% of their wealth.

Similar patterns emerge when it comes to social issues, with fewer Millennial and Gen Z investors willing to realize large investment losses to bring about change in the social practices of the companies they invest in. Only 8% are willing to lose more than 10% of their wealth to increase racial and gender diversity among the companies they invest in, only 10% are willing to lose this amount to bring about gender wage equality, and only 13% are willing to fund a significant expansion in employment benefits. Last year, twice as many young investors were willing to lose more than 10% for these causes.



Baby Boomers continue to be unwilling to realize significant investment losses for social causes. Between 3 and 5% of investors are willing to lose more than 10% of their wealth to bring about social change among the companies they invest in. Instead, the typical Baby Boomer continues to say they are unwilling to lose anything for these purposes.

Democratic investors shift their stance. Republicans and Independents continue their opposition.

Democratic investors are outliers in their concern for ESG. Almost two-thirds of Democrats say they are very concerned about environmental (61%) and social (62%) issues at the companies in which they hold investments. By contrast, only 39% of Independents say they are very concerned about environmental issues, and 35% about social issues. Republicans express even less concern, with 26% and 27% very concerned about environmental and social issues, respectively. These levels — across each political identification — are similar to last year.

However, when it comes to willingness to pay for ESG, enthusiasm among Democrats has

waned. Only around 10% of Democrats say they are willing to lose 10% or more of their wealth to support environmental and social initiatives among the companies they invest in, down from around 20% last year. Similarly, the percentage of Democrats who now say they are willing to lose nothing or between 1 and 5% has increased by 5 to 10 percentage points across issues.

Republicans and Independents continue to oppose the concept of risking their retirement savings to advance ESG initiatives. Most (between 75% and 90%) are not willing to lose anything or between 1 and 5% only, depending on the issue, and this level of opposition has increased slightly year over year.

“Paying the financial burden of ESG has become a harder sell,” says Professor Seru. “Democratic investors express the most concern for environmental and social causes, but today they are less willing to put their personal finances at risk to see those causes advanced. We are perhaps seeing the ramifications of this in the current election cycle, where politicians are less willing to discuss issues relating to ESG that were prevalent four years ago — like the connection between fracking and climate change, or the importance of DEI.”

Young investors have lower expectations for future growth. Older investors are more optimistic.

Young investors are more negative about prospective returns compared with last year. Young investors expect the stock market to appreciate 7.6% over the next year and 10.6% annually over the coming decade. Last year, the typical young investor expected one-year returns of 11.8% and 10-year annualized returns of 13.4%.

Young investors also have less confidence in their knowledge about markets than they did one year ago. This year, 18% of young investors describe themselves as extremely or very knowledgeable about the stock market. Last year, 44% described themselves this way.

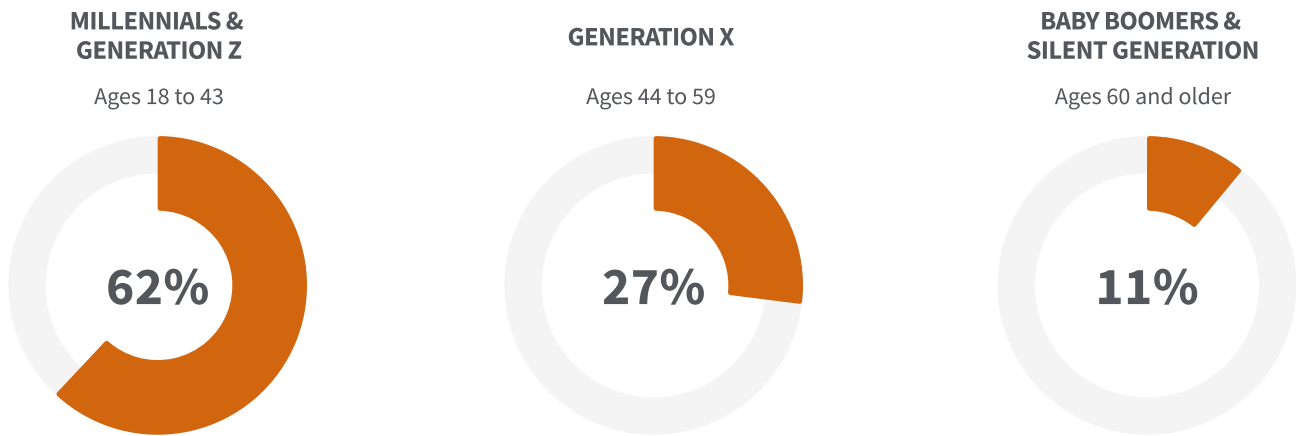
Older investors continue to claim low knowledge about the market; however, they have slightly higher expectations for future returns. Only 16% of Baby Boomers claim to be extremely or very knowledgeable about the stock market, similar to last year. Older investors, however, have become

more optimistic about future stock market returns, expecting 8.5% over the next year and 10.6% annually over the next decade (compared with expectations for a 5.9% one-year return and 10.8% 10-year annualized return this time last year).

“Lower support for ESG is taking place in the continued context of lower investor confidence, particularly among young investors,” observes Professor Larcker. “We posited last year that investors might see ESG as a ‘luxury’ good — something they are willing to pay for when feeling economically flush but the first thing to go when wealth disappears. This year, fading support for ESG has certainly gone hand-in-hand with economic pessimism. Whether a return to optimism leads to a rebound in ESG remains to be seen.”

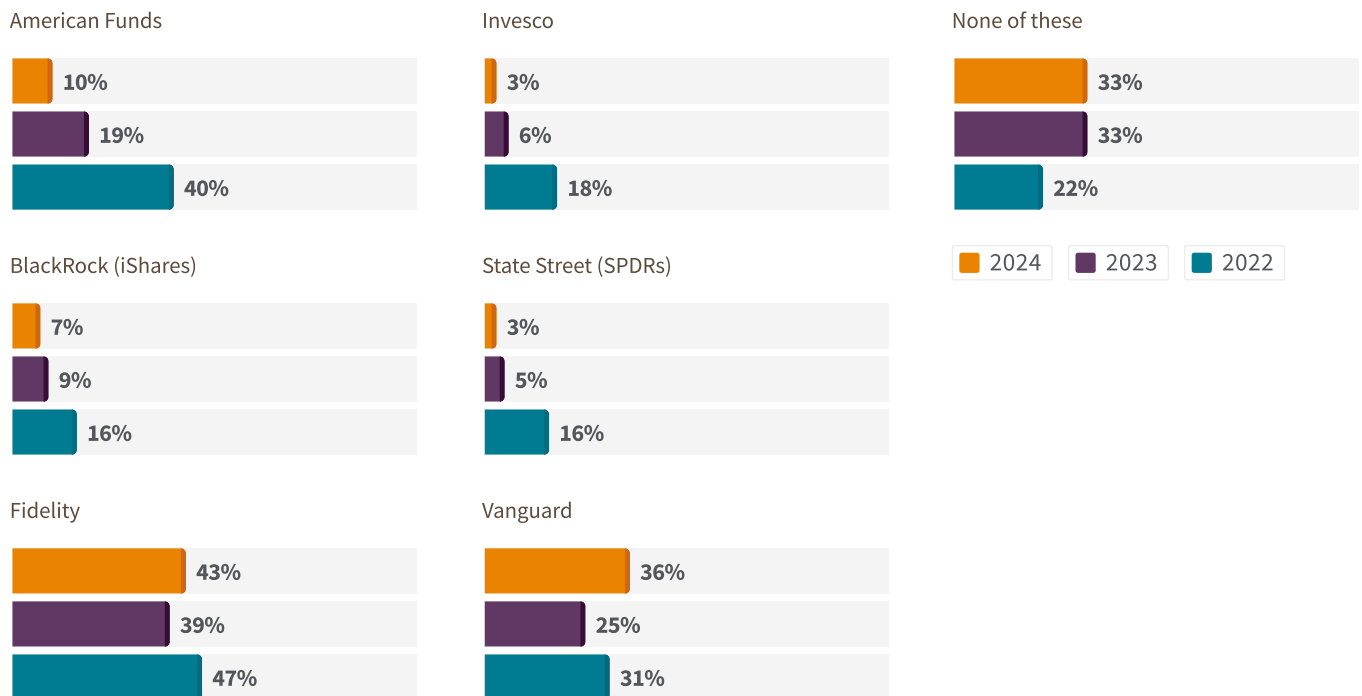
REVIEW OF FINDINGS

Distribution of respondents by age



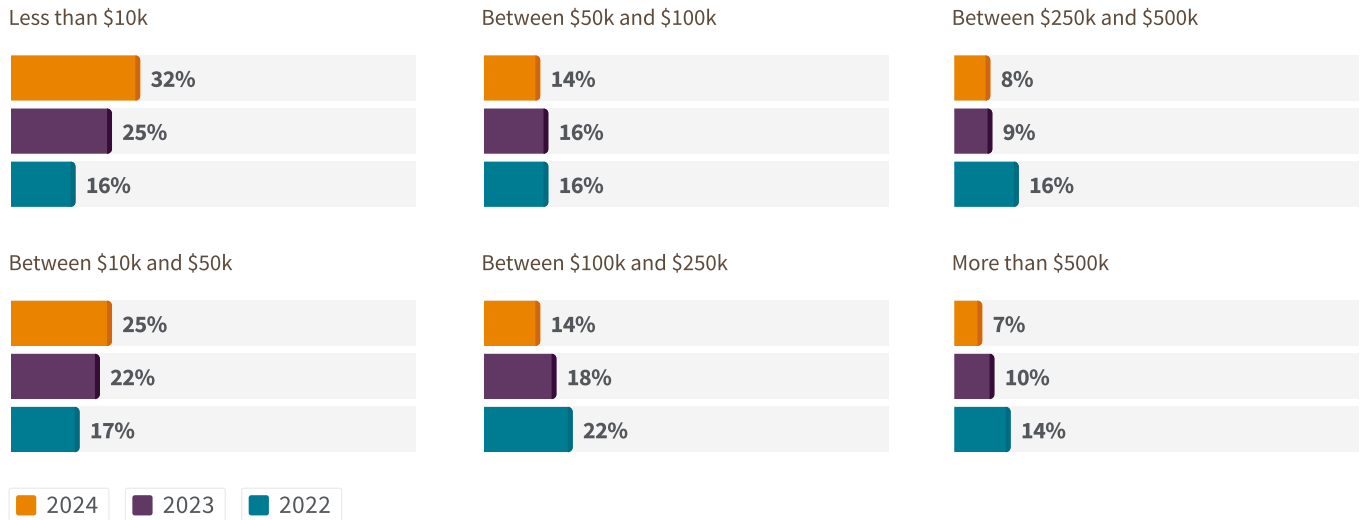
Do you have money invested in mutual funds or exchange traded funds managed by the following investment firms? (select all that apply)

ALL RESPONDENTS



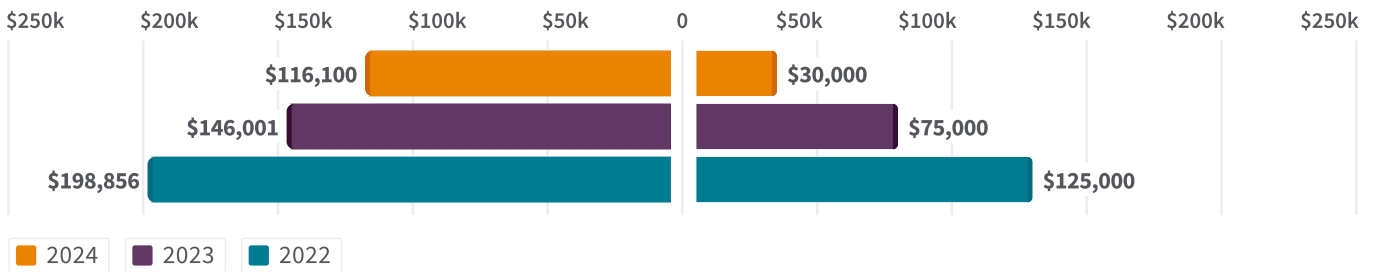
Approximately how much money in total do you have invested in the stock market, across all of your accounts?

ALL RESPONDENTS

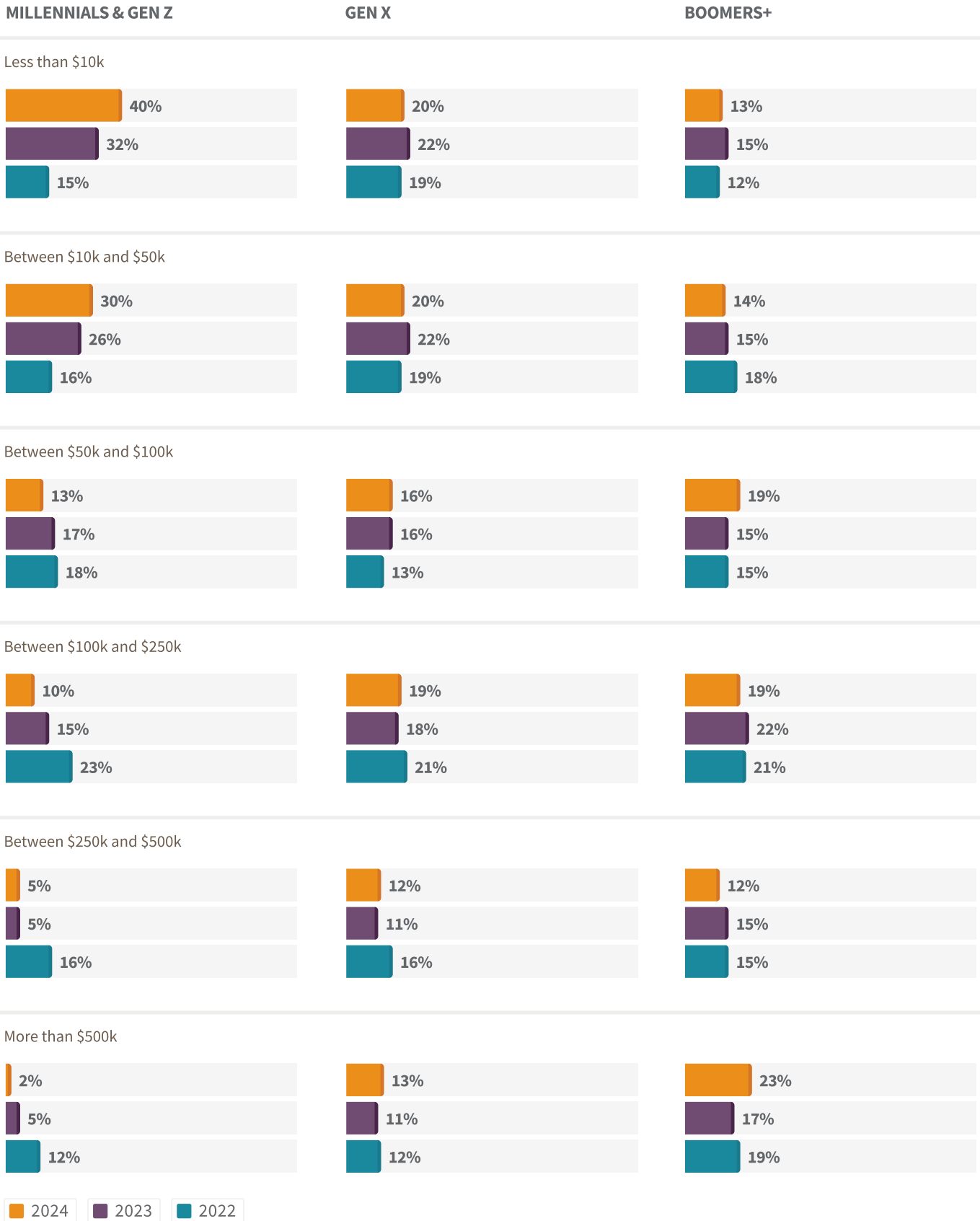


MEAN

MEDIAN



CONTINUED: Approximately how much money in total do you have invested in the stock market, across all of your accounts?



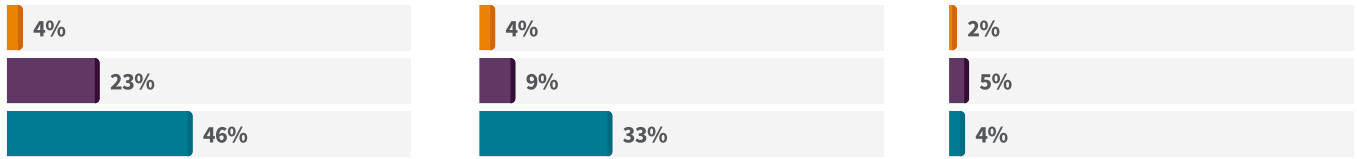
How knowledgeable are you about the stock market and the companies you are invested in through the stock market?

MILLENNIALS & GEN Z

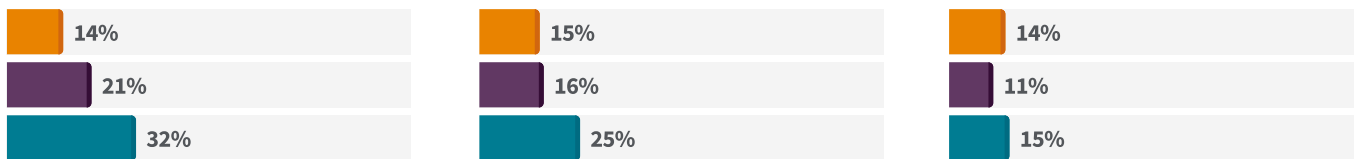
GEN X

BOOMERS+

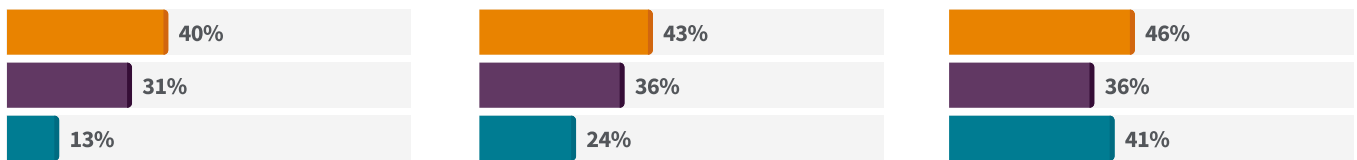
Extremely knowledgeable



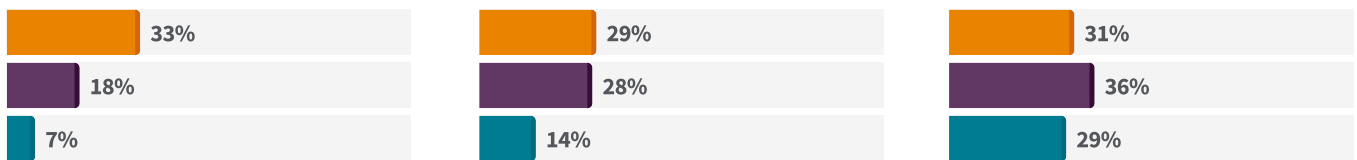
Very knowledgeable



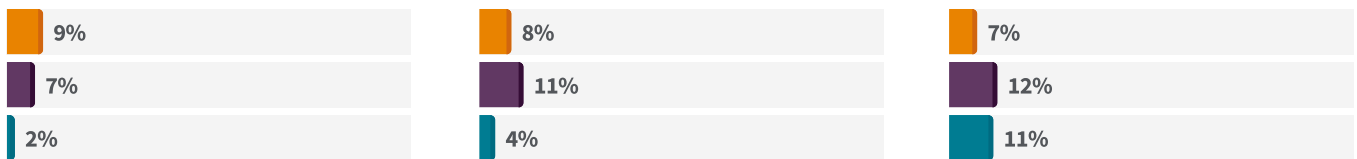
Moderately knowledgeable



Slightly knowledgeable

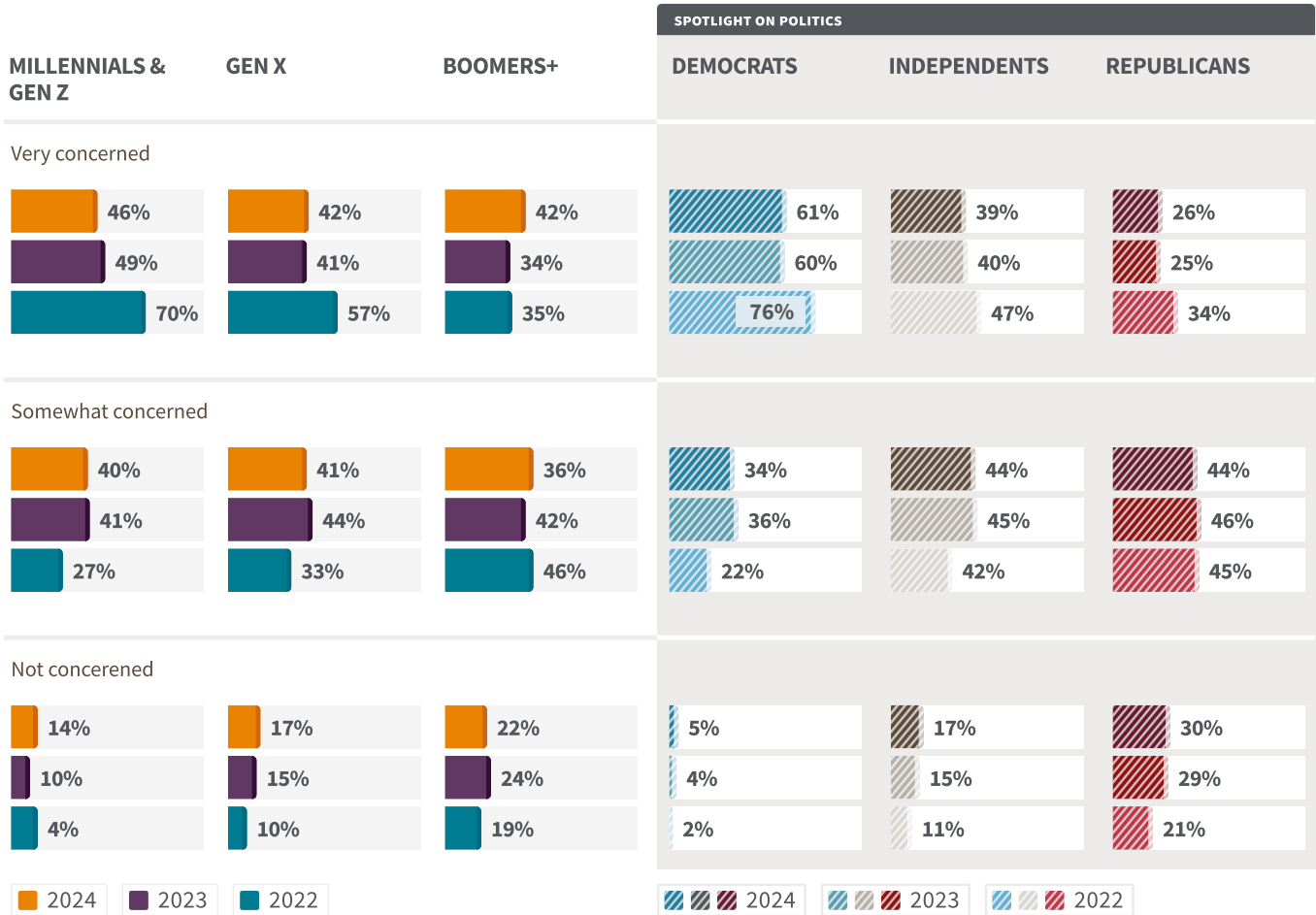


Not at all knowledgeable

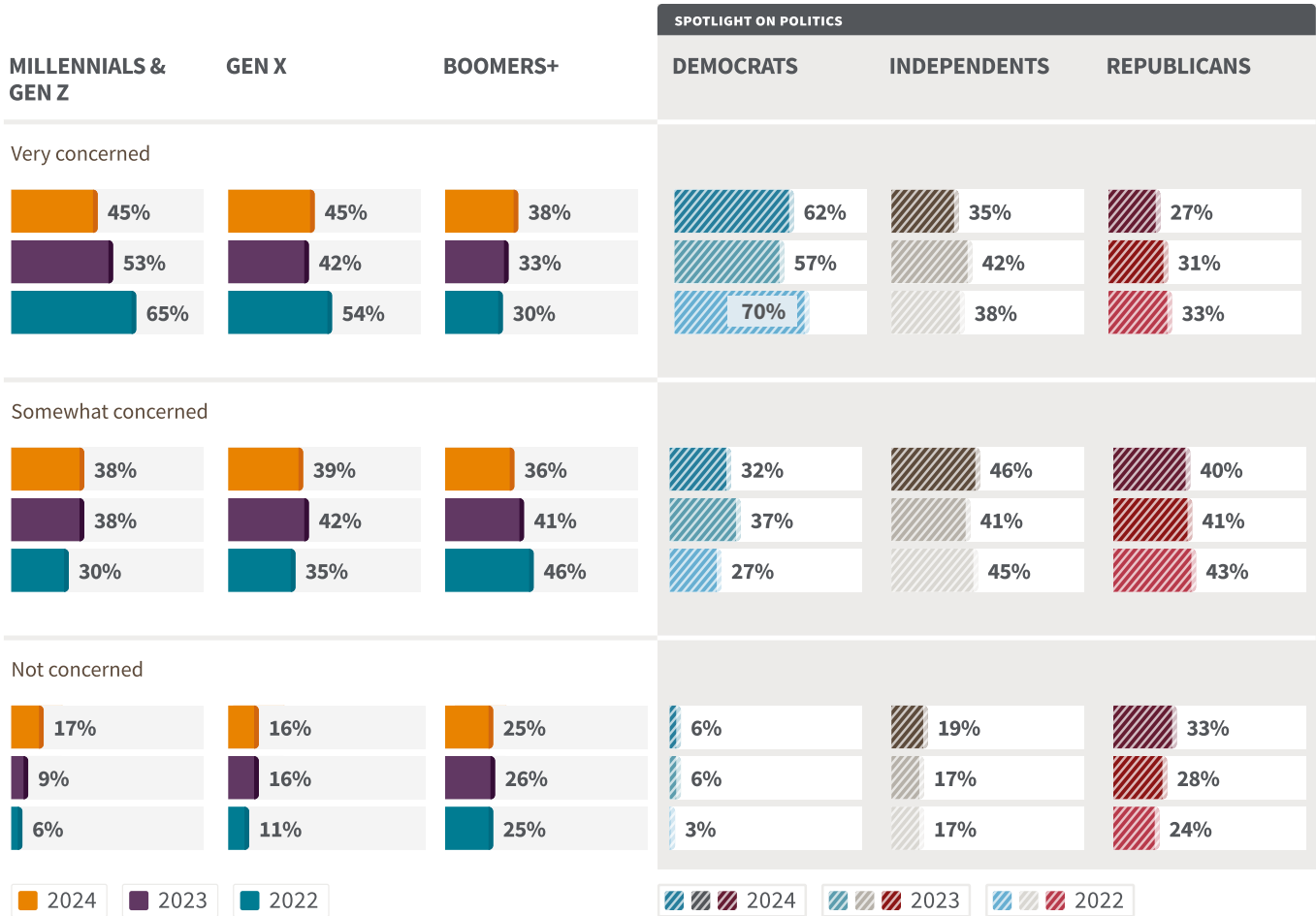


2024 2023 2022

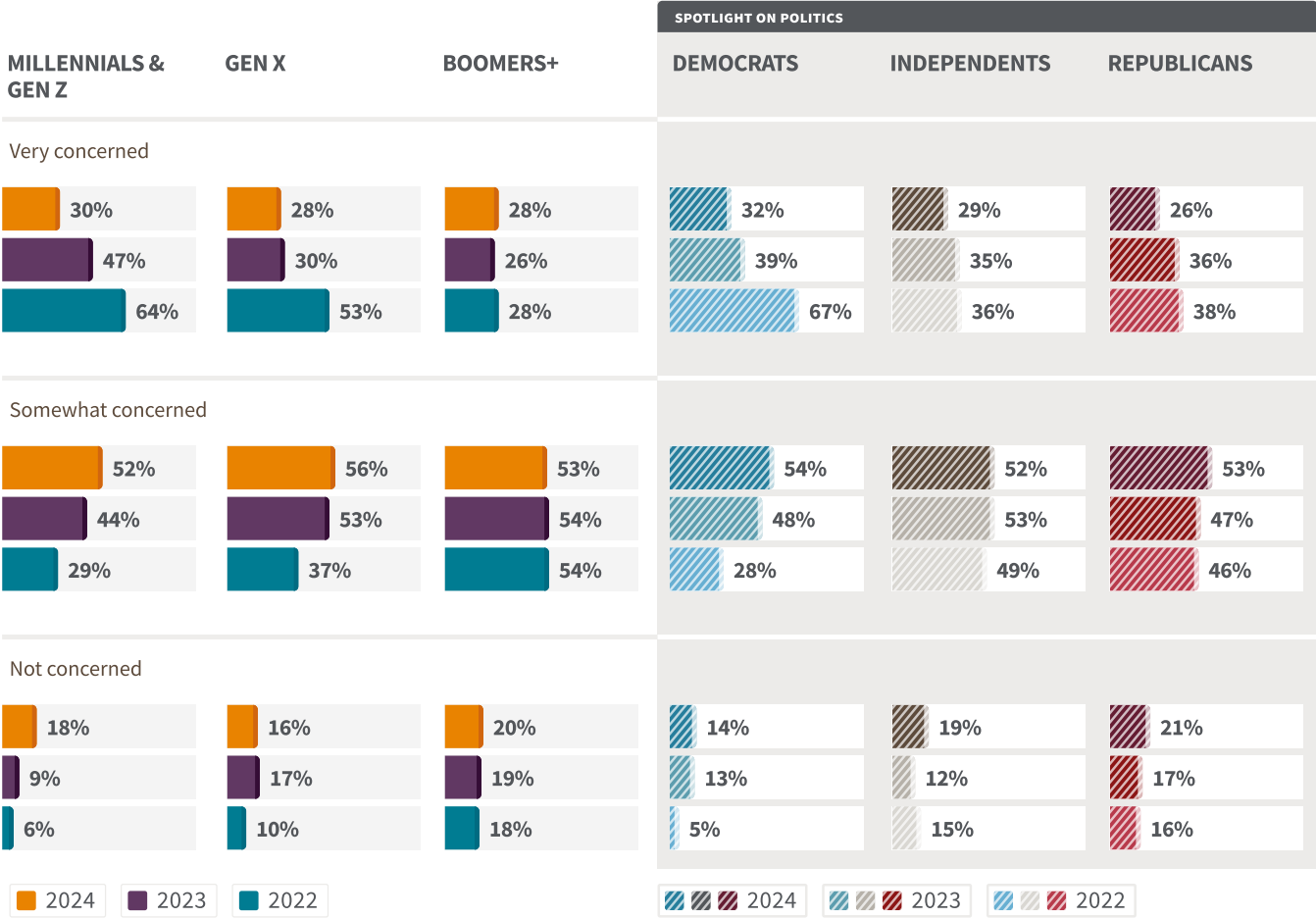
How concerned are you about **environmental** issues (e.g., carbon emissions goals, renewable energy sourcing)?



How concerned are you about **social** issues (e.g., workplace diversity, income inequality, workplace conditions)?



How concerned are you about **governance** issues (e.g., CEO also serving as board chair, independence of the board, and board members not overly busy in terms of outside obligations)?

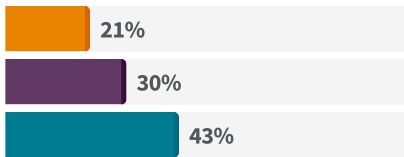




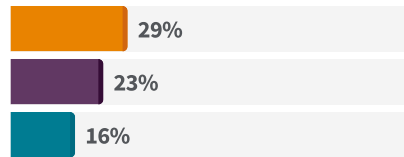
How important is it to you that an investment company that purchases stocks for you (through a mutual fund or ETF) uses its size and voting power to maximize the economic value of your investment?

ALL RESPONDENTS

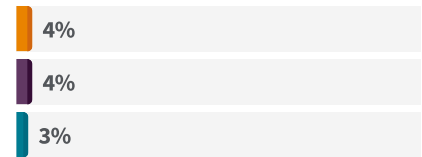
Extremely important



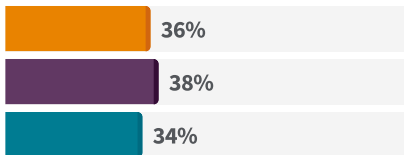
Moderately important



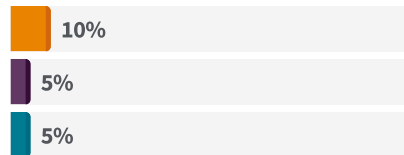
Not at all important



Very important

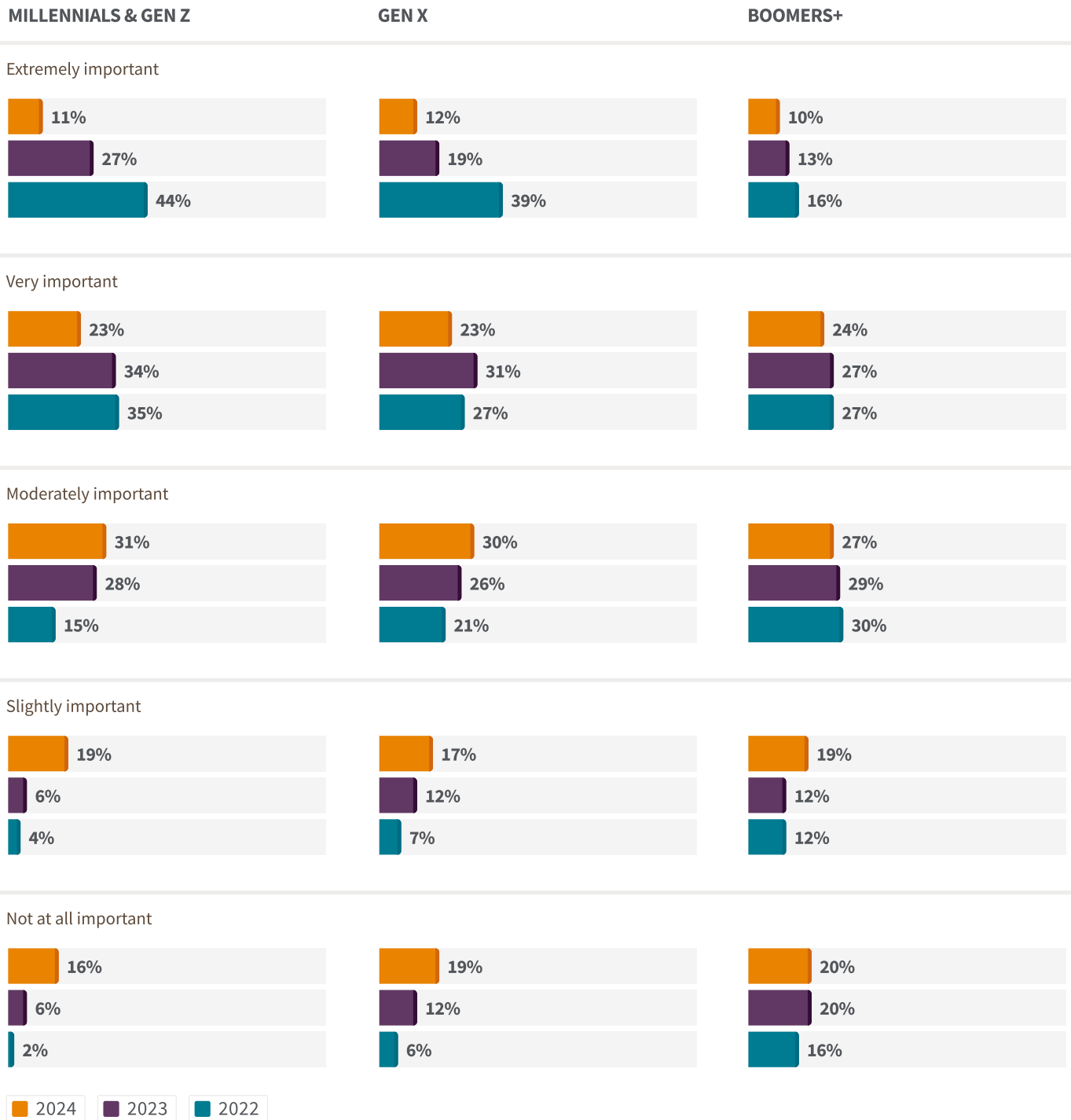


Slightly important



2024 2023 2022

How important is it to you that an investment company that purchases stocks for you (through a mutual fund or ETF) uses its size and voting power to influence the environmental practices of the companies it invests in for you?



Should the investment company use its size and power to influence the environmental practices of these companies, if doing so decreases the value of your investment?

MILLENNIALS & GEN Z



GEN X

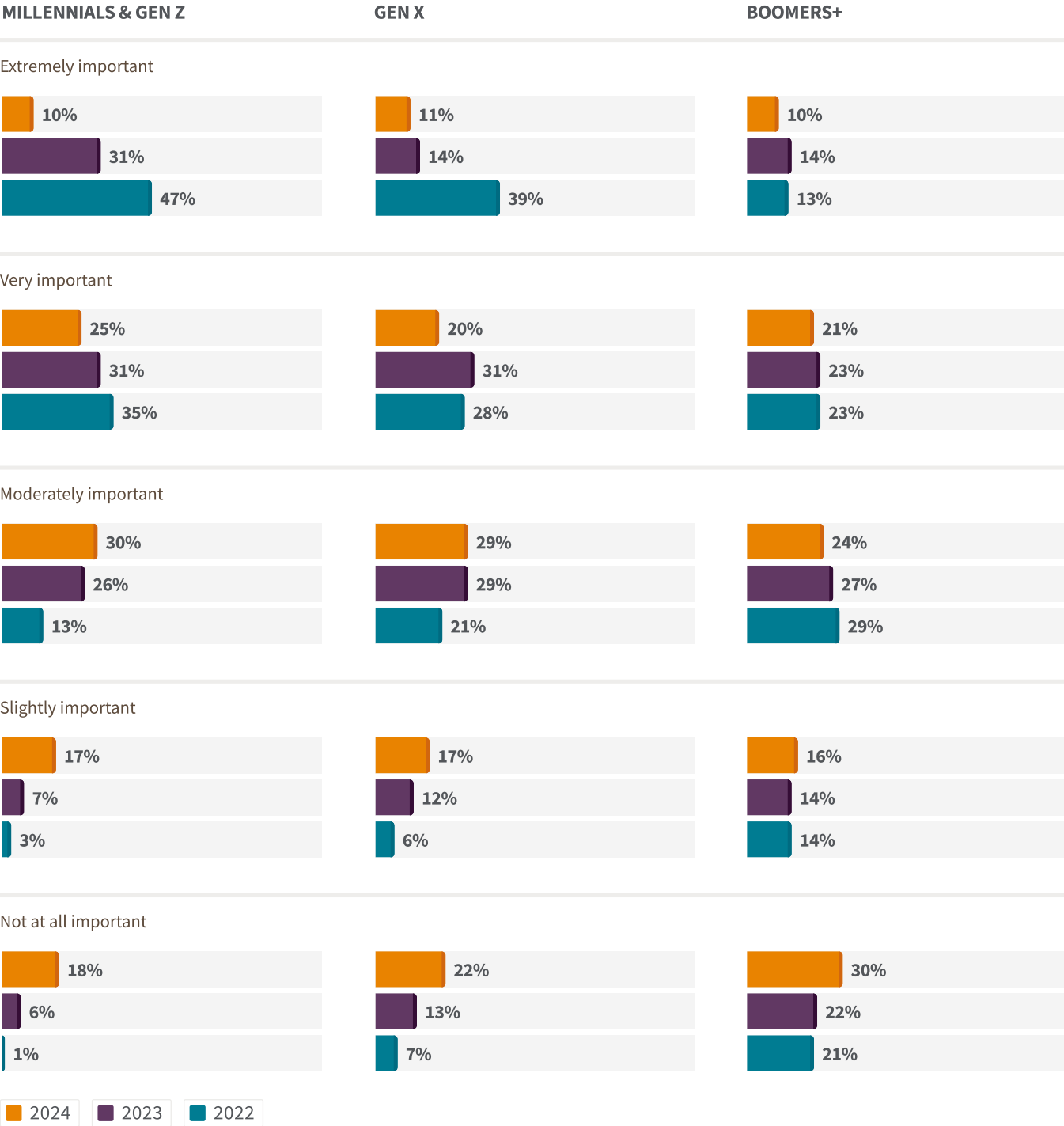


BOOMERS+



■ 2024
 ■ 2023
 ■ 2022

How important is it to you that an investment company that purchases stocks for you (through a mutual fund or ETF) uses its size and voting power to influence the social policies or practices (e.g., management diversity, income disparity between top management and workers) of the companies it invests in for you?



Should the investment company use its size and power to influence the social policies or practices of these companies, if doing so decreases the value of your investment?

MILLENNIALS & GEN Z



GEN X

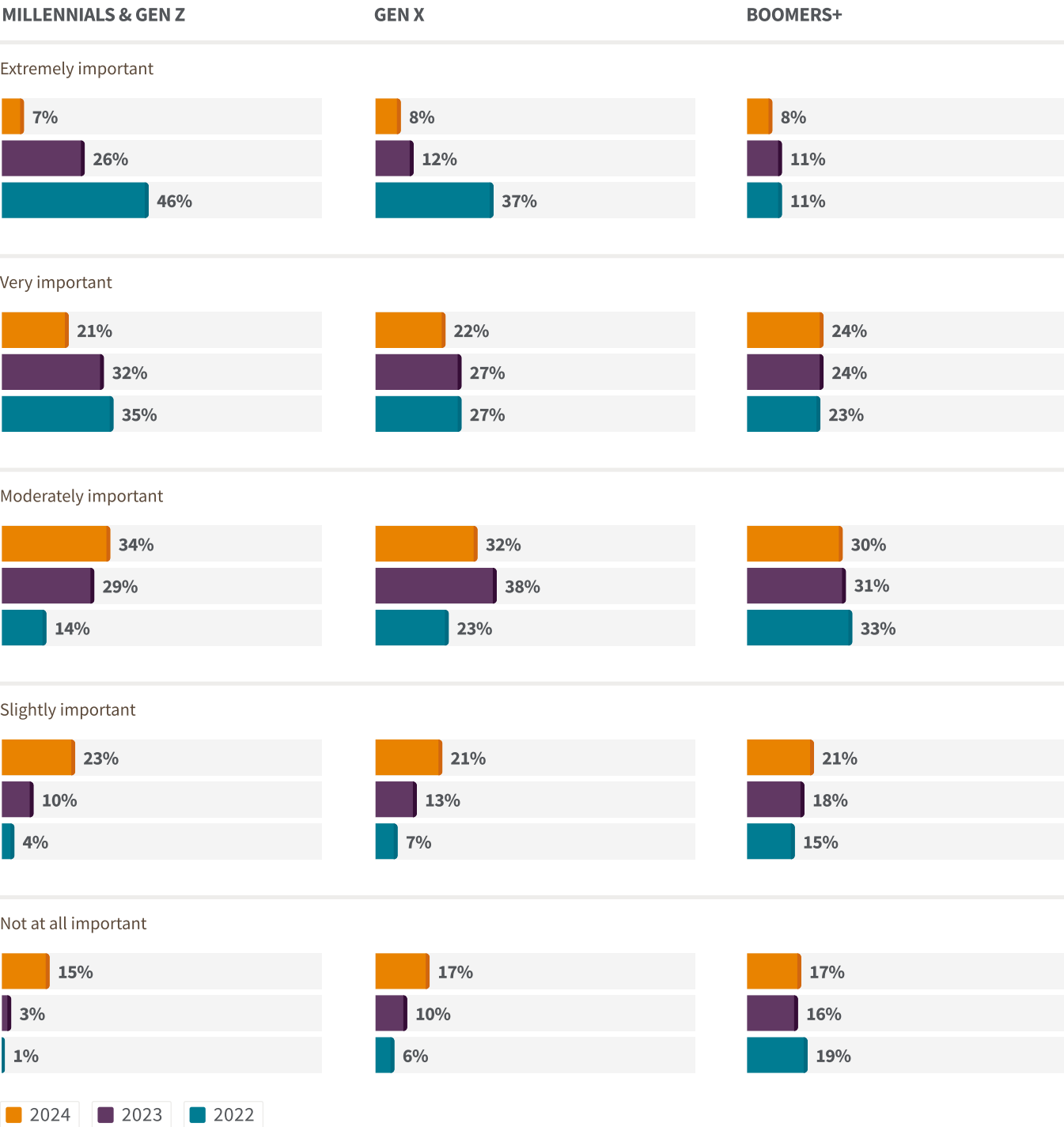


BOOMERS+



■ 2024
 ■ 2023
 ■ 2022

How important is it to you that an investment company that purchases stocks for you (through a mutual fund or ETF) uses its size and voting power to influence the governance practices of the companies it invests in for you?



Should the investment company use its size and voting power to influence the governance practices of these companies, if doing so decreases the value of your investment?

MILLENNIALS & GEN Z



GEN X

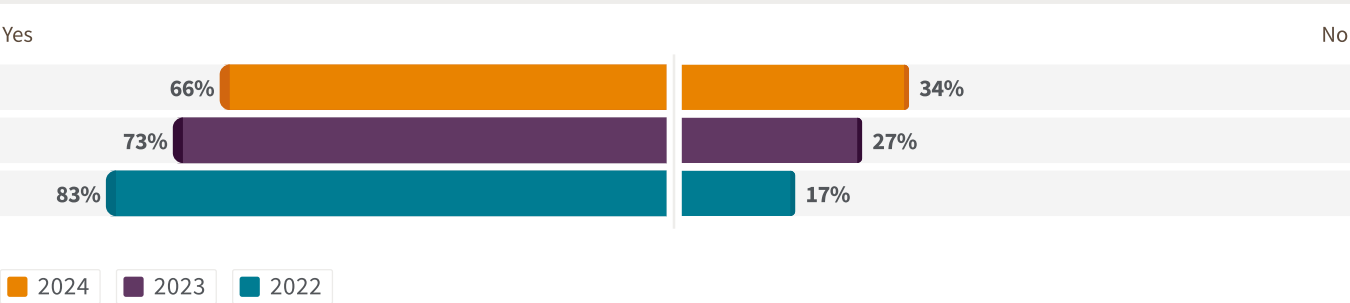


BOOMERS+

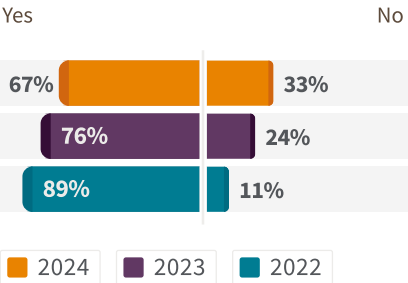


Public companies in the U.S. are required to hold an annual vote with shareholders on certain proposals that shareholders would like management to implement at the company. Should a mutual fund manager take into account your personal views when it uses shares owned by you to vote on environmental or social issues?

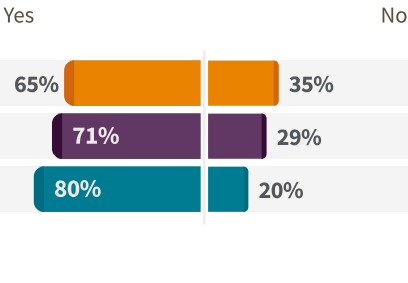
ALL RESPONDENTS



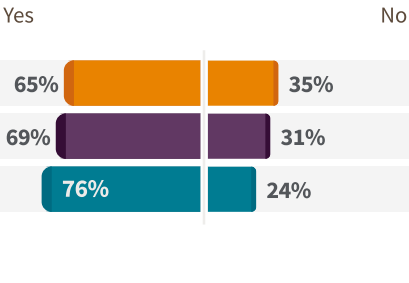
MILLENNIALS & GEN Z



GEN X



BOOMERS+



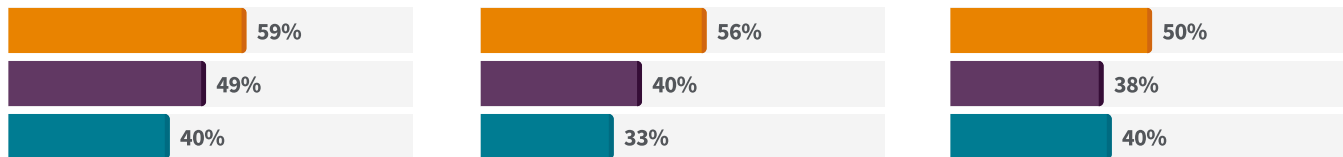
In general, what do you think are the political leanings of the individuals who manage most mutual funds?

MILLENNIALS & GEN Z

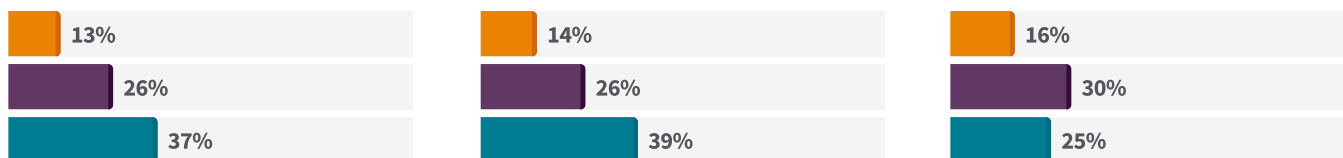
GEN X

BOOMERS+

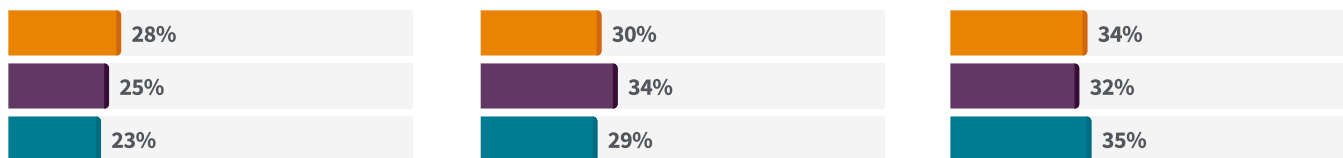
They tend to be conservative



They tend to be liberal



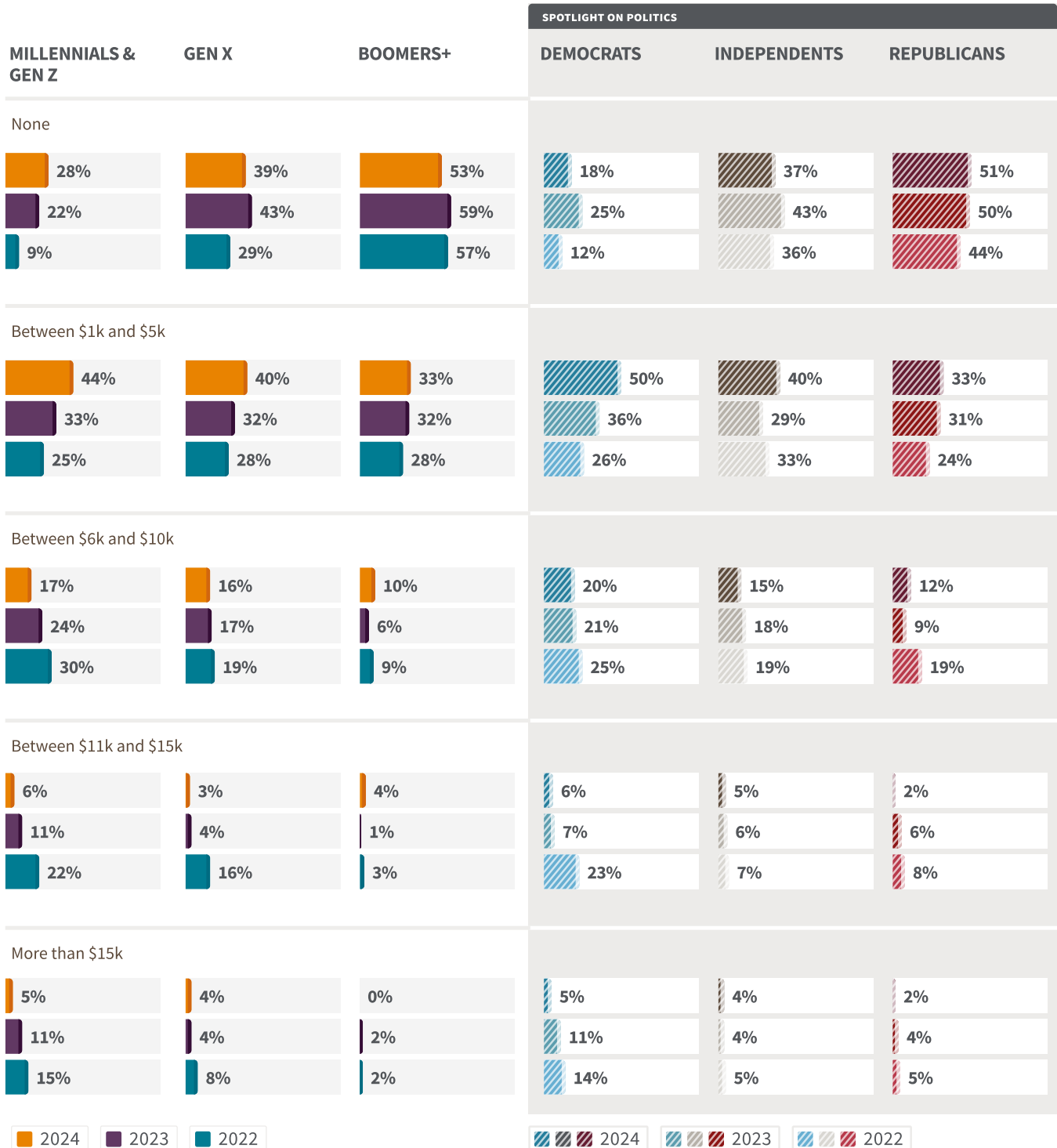
They tend to be evenly balanced between conservative and liberal



Environmental

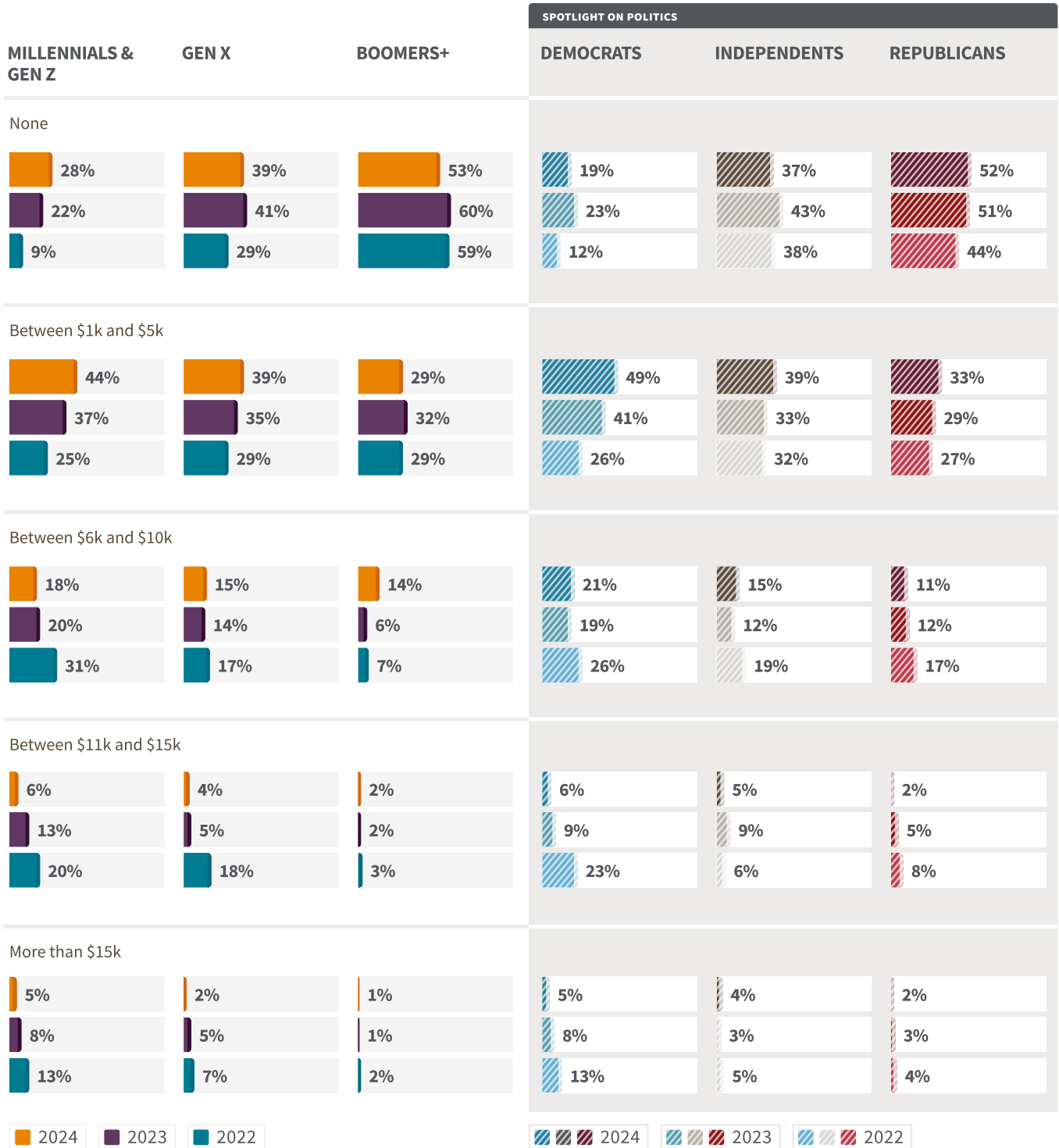
CARBON EMISSION REDUCTIONS

Assume you have retirement savings of \$100,000. How much would you be willing to lose in retirement savings to have the companies you are invested in change from industry-standard carbon emission levels to a “net zero” by 2050?



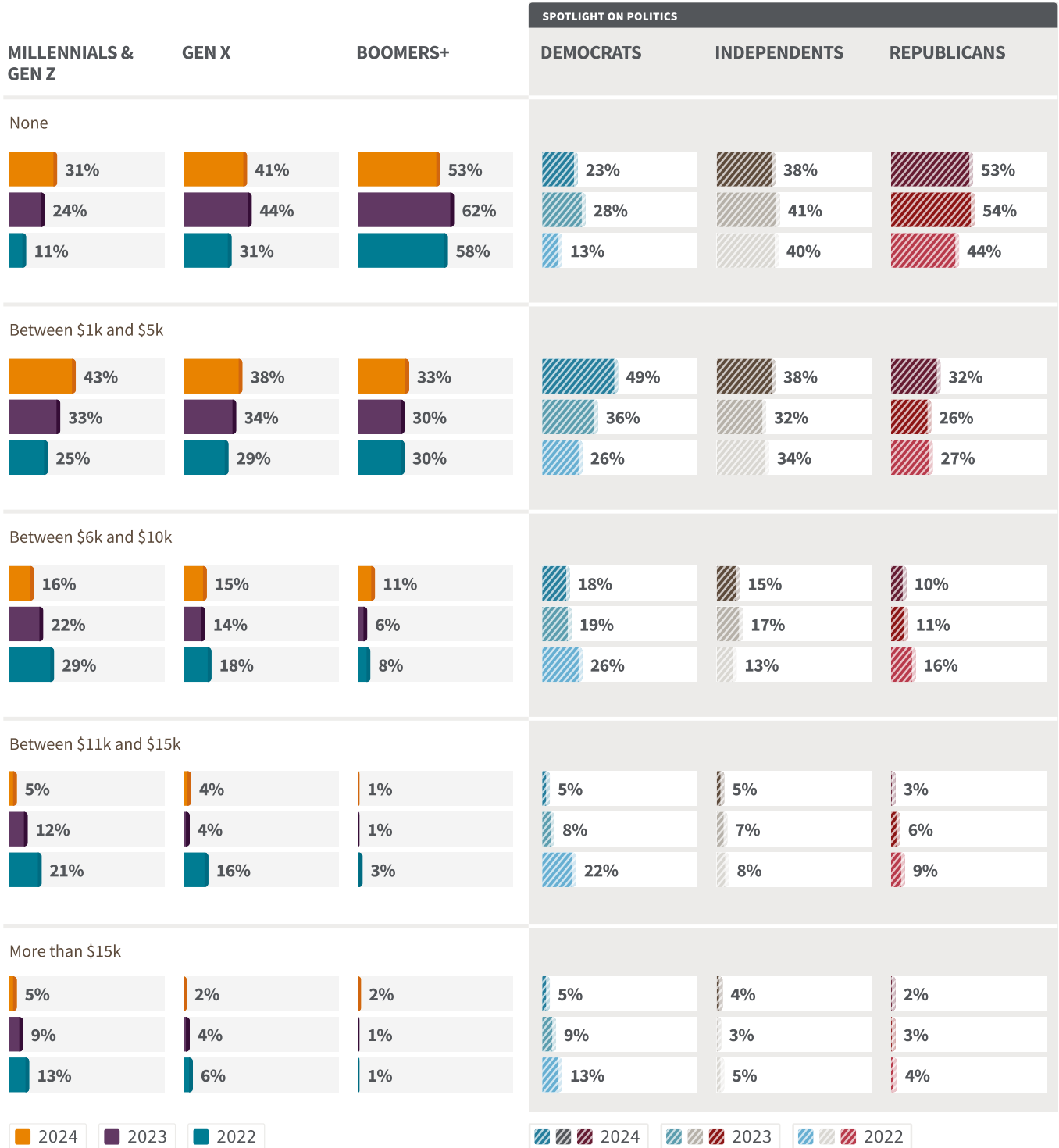
RENEWABLE ENERGY SOURCING IN SUPPLY CHAIN

Assume you have retirement savings of \$100,000. How much would you be willing to lose in retirement savings to have the companies you are invested in change from industry-standard levels of renewable energy usage by suppliers to requiring 100% renewable energy?



PRODUCT SUSTAINABILITY

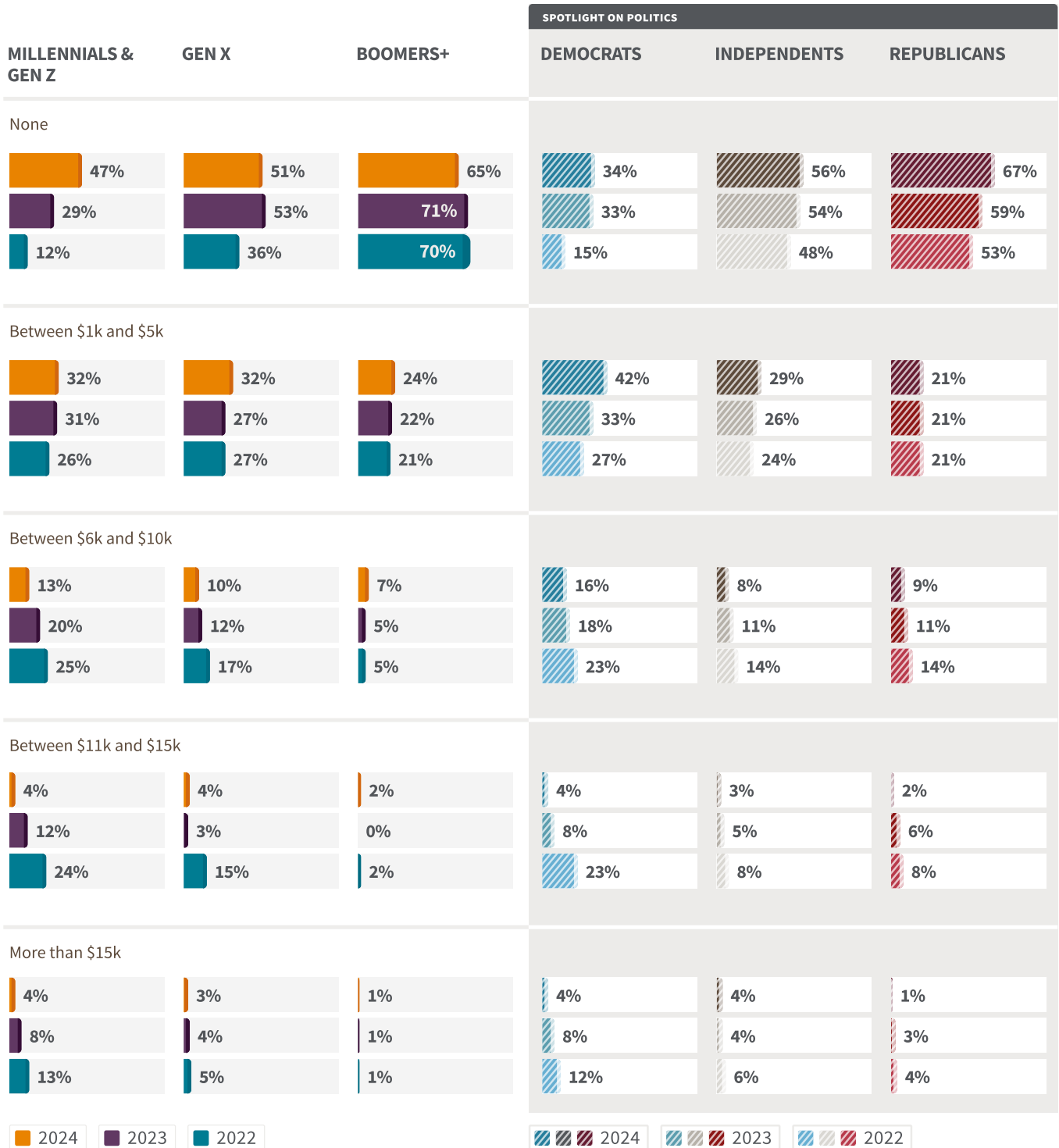
Assume you have retirement savings of \$100,000. How much would you be willing to lose in retirement savings to have the companies you are invested in change from industry-standard levels of product sustainability to requiring 100% sustainable products?



Social

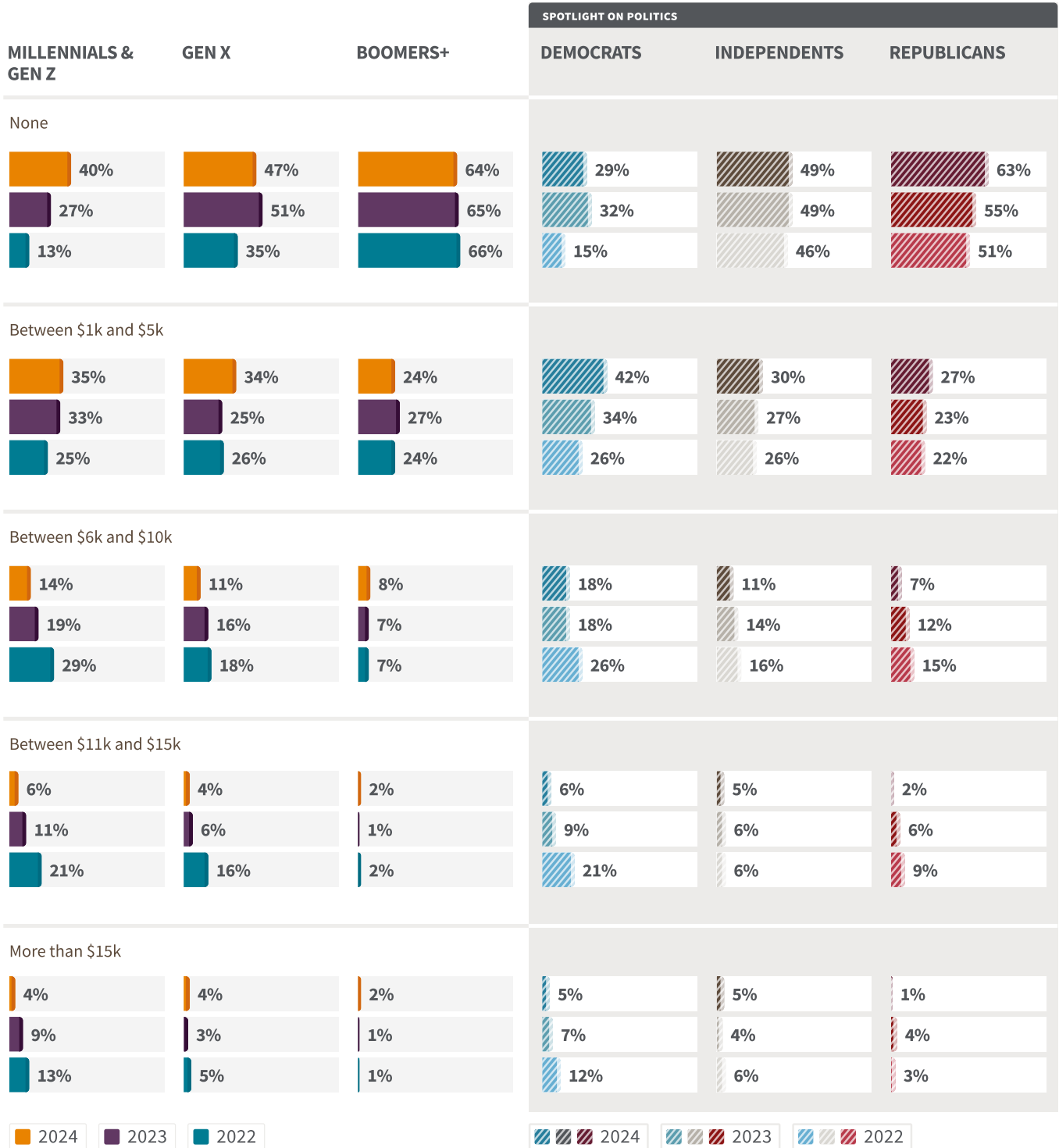
WORKPLACE DIVERSITY

Assume you have retirement savings of \$100,000. How much would you be willing to lose in retirement savings to have the companies you are invested in change from industry-average levels of gender and racial diversity to mirror the diversity levels of the general population?



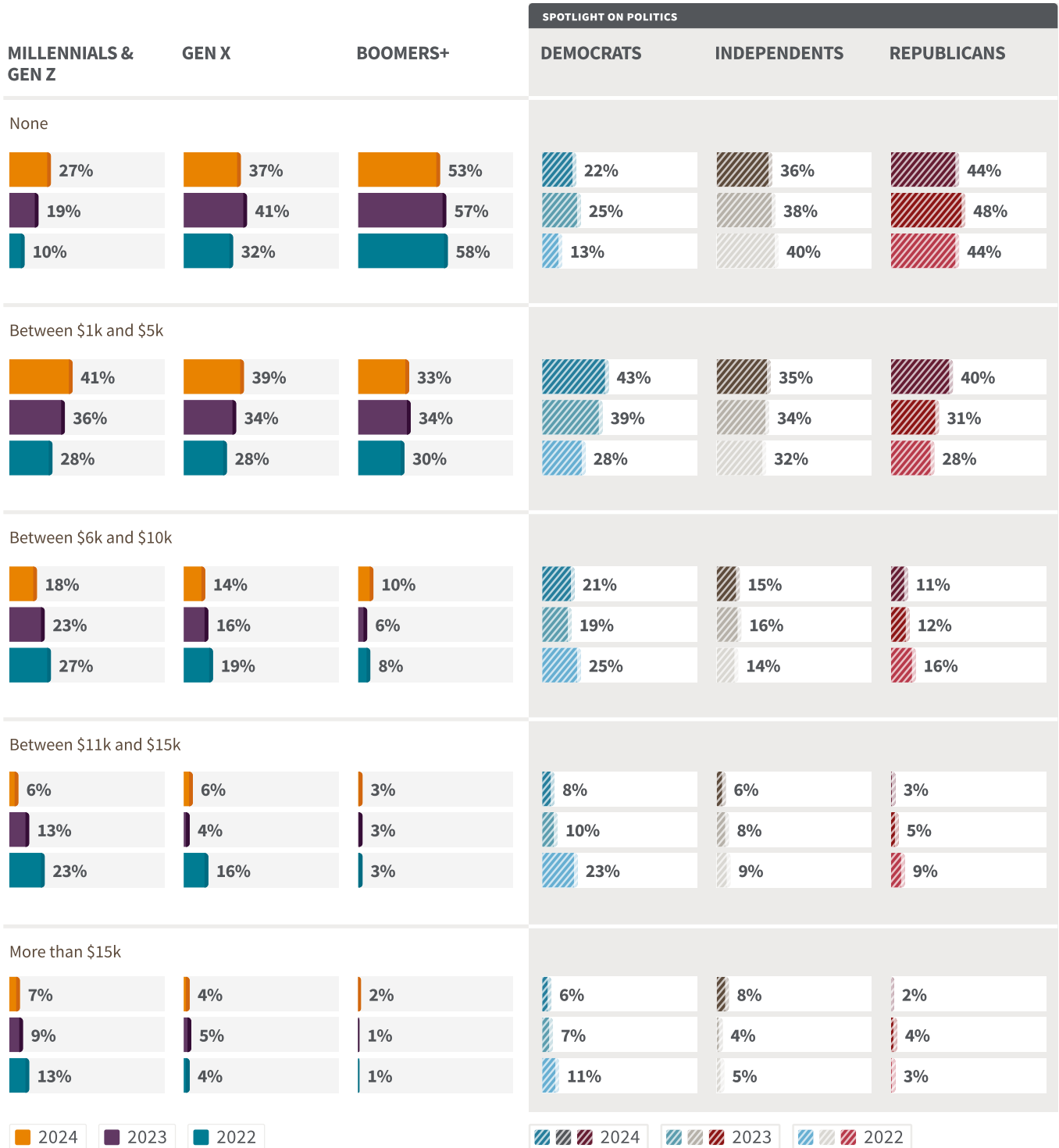
PAY INEQUALITY

Assume you have retirement savings of \$100,000. How much would you be willing to lose in retirement savings to have the companies you are invested in change from industry-average gender wage inequality to no gender wage inequality?



LABOR WORKING CONDITIONS

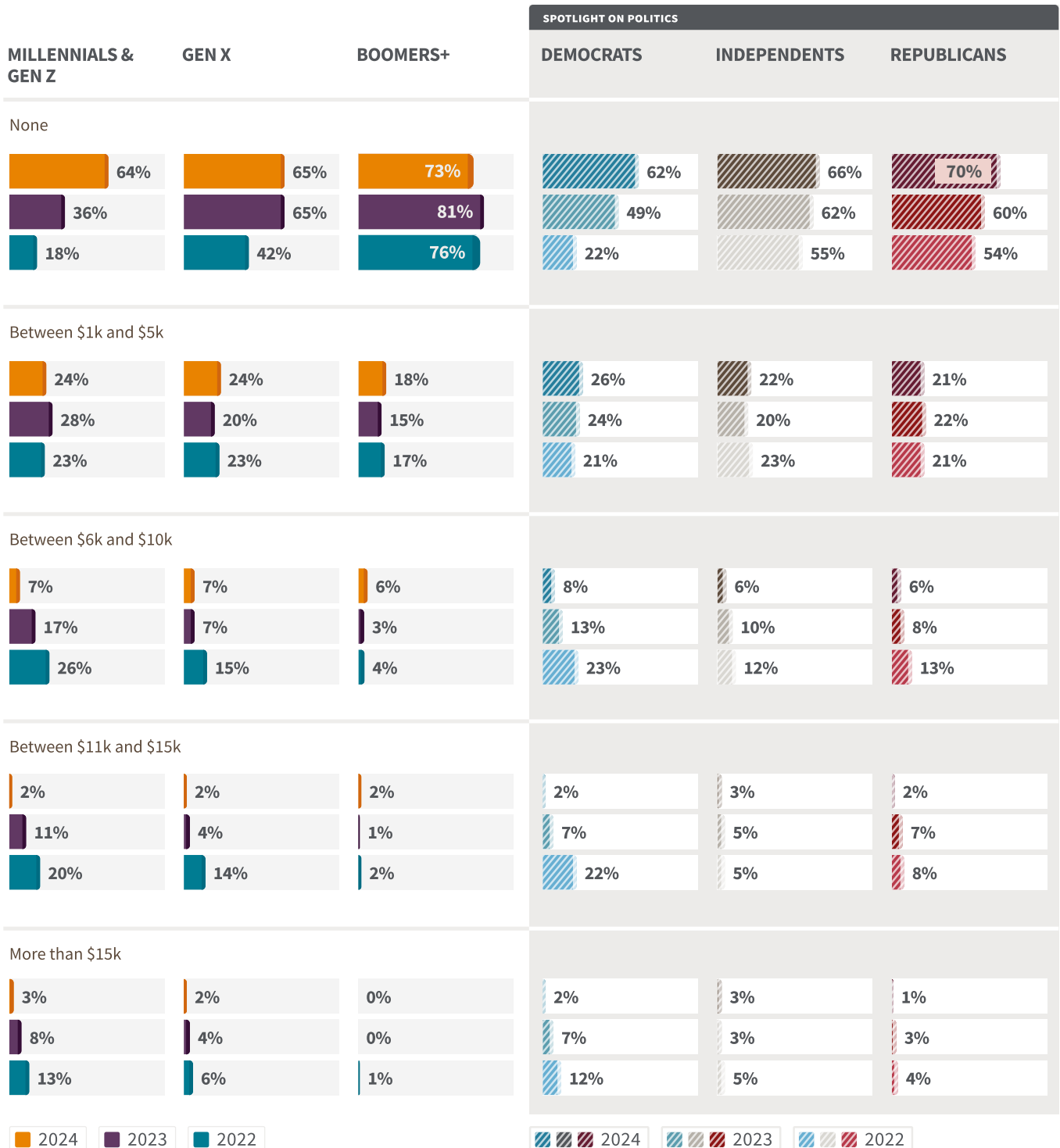
Assume you have retirement savings of \$100,000. How much would you be willing to lose in retirement savings to have the companies you are invested in be required to provide the following to all employees: healthcare coverage for domestic partners, parental leave, onsite daycare, flexible work hours?



Governance

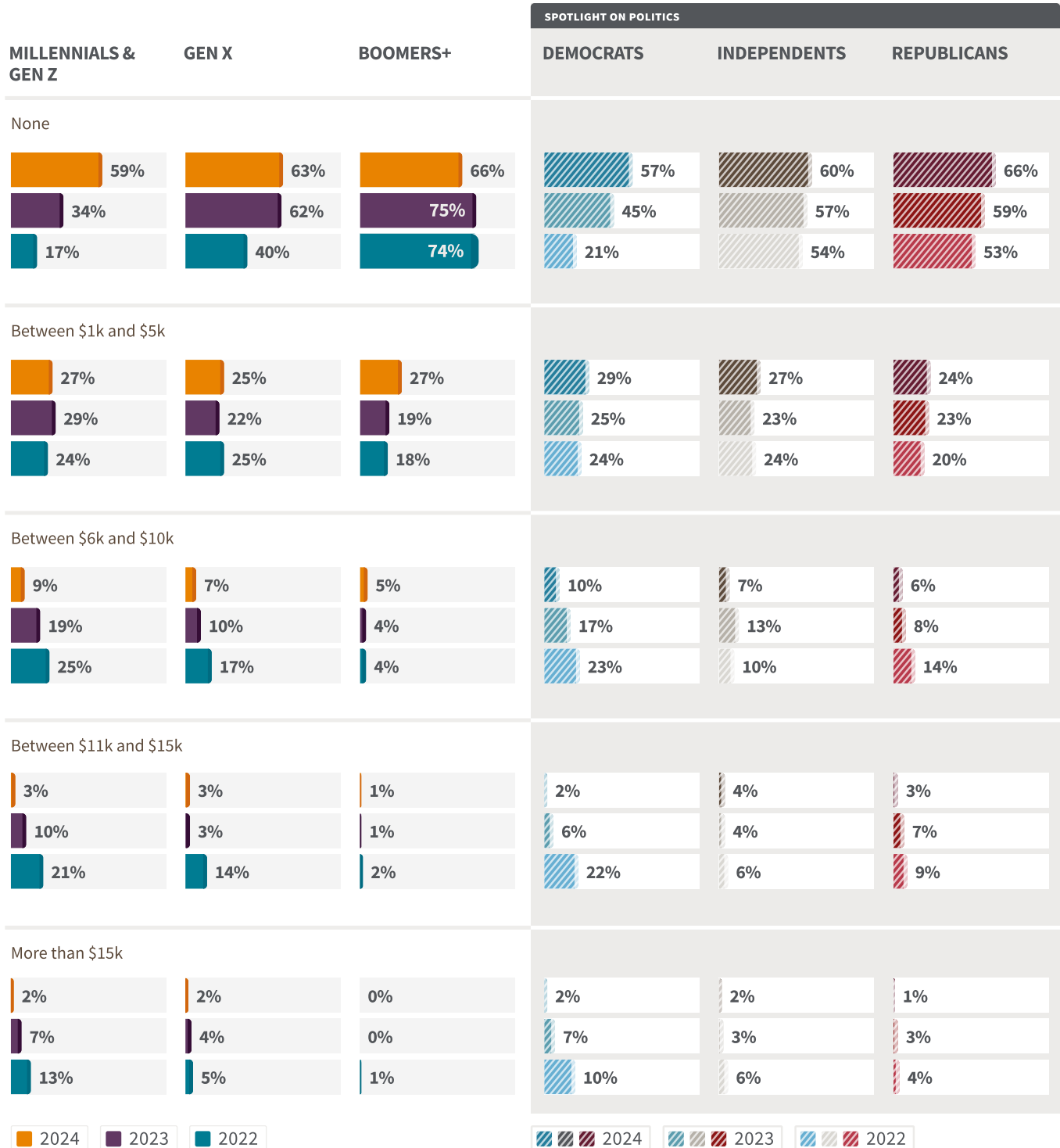
CEO ALSO CHAIRMAN OF THE BOARD

Assume you have retirement savings of \$100,000. How much would you be willing to lose in retirement savings to have the companies you are invested in be required to separate the chairman and CEO roles?



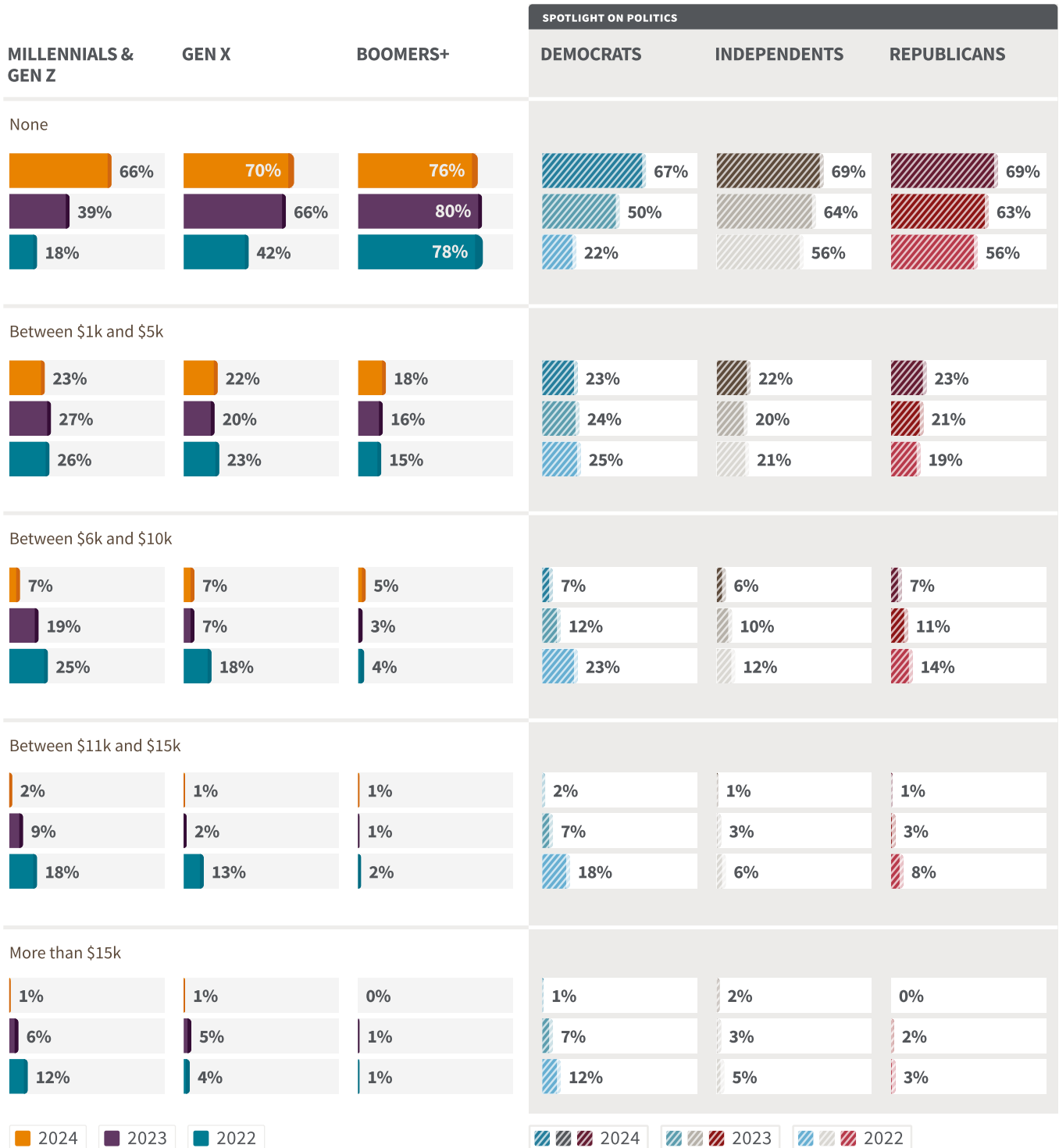
INDEPENDENCE OF THE BOARD

Assume you have retirement savings of \$100,000. How much would you be willing to lose in retirement savings to have the companies you are invested in be required to have all board members with no personal or business relations with the company (other than the CEO)?



BOARD MEMBERS NOT OVERLY BUSY IN TERMS OF OUTSIDE OBLIGATIONS

Assume you have retirement savings of \$100,000. How much would you be willing to lose in retirement savings to have the companies you are invested in limit the number of other board positions their directors can hold to two or less?





METHODOLOGY

In summer 2024, Stanford Graduate School of Business, the Hoover Institution Working Group on Corporate Governance, and the Arthur and Toni Rembe Rock Center for Corporate Governance at Stanford University hired Prolific to conduct a nationwide survey of 2,072 individual investors — broadly distributed by gender, race, age, household income, and state residence — to understand how American investors view environmental, social, and governance (ESG) priorities among the companies in their investment portfolio. Respondents were screened to include only individuals with investments in the stock market through retirement or taxable accounts. Stanford University is solely responsible for the contents of this survey.

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Brian Tayan is a member of the Corporate Governance Research Initiative at Stanford Graduate School of Business. He has written broadly on the subject of corporate governance, including boards of directors, succession planning, compensation, financial accounting, and shareholder relations. He is coauthor with David Larcker of the books *The Art and Practice of Corporate Governance*, *A Real Look at Real World Corporate Governance*, and *Corporate Governance Matters*.

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ABOUT US

Corporate Governance Research Initiative

The Corporate Governance Research Initiative at Stanford Graduate School of Business focuses on research to advance the intellectual understanding of corporate governance, both domestically and abroad. By collaborating with academics and practitioners from the public and private sectors, we seek to generate insights into critical issues and bridge the gap between theory and practice. Our research covers a broad range of topics that include executive compensation, board governance, CEO succession, and proxy voting.

Website: gsb.stanford.edu/cgri

The Rock Center for Corporate Governance

The Arthur and Toni Rembe Rock Center for Corporate Governance is a joint initiative of Stanford Law School and Stanford Graduate School of Business. The center was created to advance the understanding and practice of corporate governance in a cross-disciplinary environment where leading academics, business leaders, policymakers, practitioners, and regulators can meet and work together.

Website: rockcenter.stanford.edu

The Hoover Institution Working Group on Corporate Governance

The Hoover Institution Working Group on Corporate Governance brings together scholars, industry practitioners, and policymakers to engage in constructive and open debate about the logical consistency, treatment of evidence, and policy implications of proposed reforms to the regulatory systems that impact corporations. It also generates and disseminates research investigating the optimal conditions that allow corporations to sustain their crucial role in contributing to American economic growth and innovation.

Website: <https://www.hoover.org/research-teams/corporate-governance-working-group>



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