

Navigating the Herd: A Bibliometric Examination of Investor Psychology in Financial Markets

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Abstract. The concept of 'herding behavior' in finance, characterized by individuals mimicking the actions of others, has gained prominence following major financial crises like the Dot-com bubble, Global Financial Crisis, Euro Zone Crisis, and the Covid-19 Pandemic (Chakraborty 2023; Hasan, Tunaru, and Vioto 2023; Jiang et al. 2022; Batmunkh et al. 2020; Chiang and Zheng 2010). Often, this behavior involves overlooking personal information in favor of following the crowd (Erdenetsogt and Kallinterakis 2016; Kurz and Kurz-Kim 2013), leading to market inefficiencies and mispricing (Alhaj-Yaseen and Yau 2018; Bikhchandani and Sharma 2000; Blasco, Corredor, and Ferreruella 2012; Cakan et al. 2019; Nofsinger and Sias 1999). Academically termed as 'animal spirits' (Avery and Zemsky 1998), this collective behavior often disregards rational evidence, particularly during uncertain times, leading to heightened market volatility and potential market bubbles. Understanding herding behavior is thus crucial for financial analysts, researchers, and policymakers.

Bibliometric analysis has emerged as a vital tool in finance research, enabling the management of extensive data and impacting academic work. It's widely used to explore various financial topics like supply chain, cultural finance, managerial finance, banking, and green finance (Xu et al. 2018; Goodell et al. 2023; Baker, Kumar, and Pandey 2020; Biancone et al. 2020; Zhang, Zhang, and Managi 2019). Applying this to herding behavior research reveals key trends and significant contributions, charting the progress of theories and identifying unexplored areas.

This study employs bibliometric analysis, following the performance analysis framework of Donthu et al. (2021), to provide an in-depth examination of herding behavior research. It analyzes citations, publications, keyword trends, and themes, offering a comprehensive view of the field's progression, current state, and future prospects. This approach is beneficial for sharing knowledge and making informed decisions regarding collaborations and journal selections.

The paper presents a thorough review of herding behavior research using data from the Web of Science and Scopus databases. It notes a significant increase in both publications and citations over recent decades, highlighting the field's growth. The review explores 'Who, Where, and When' of herding behavior research, providing insights for various stakeholders in the field, including scholars, practitioners, policymakers, and academic institutions. It helps them understand research patterns and make decisions about collaborations, journal choices, and funding strategies. The paper also examines geographical trends, authorship, collaboration patterns, and journal contributions, offering a global perspective on herding behavior research in financial markets. Finally, it suggests future research directions to further the understanding and discussion of herding behavior in this domain.

Keywords: herding behavior, investor psychology, financial markets, bibliometric analysis, performance analysis

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