Advances in Consumer Research
https://acr-journal.com/
Volume-3 | Issue-5 |May: 2026
Original Researcher Article

Herd Behaviour and its Effect on the Stock Market: A Theoretical Study of Stock Price Bubbles and Corrections

Sri Pavani Balivada[1]* , M. Uma Devi[2]
[1]Assistant Professor, Department of Management Sciences, Vallurupalli Nageswara Rao Vignana Jyothi Institute of Engineering and Technology, Hyderabad, Telangana
&
Research Scholar, Department of Commerce and Management Sciences, Andhra University, Visakhapatnam, Andhra Pradesh, India.
[2]Professor, Department of Commerce and Management Sciences, Andhra University, Visakhapatnam, Andhra Pradesh, India.
Corresponding Author:
Sri Pavani Balivada

ABSTRACT
Financial markets are usually considered an efficient system in which securities prices quickly integrate all available information. However, because of changes in market patterns, the indication from behavioural finance suggests that investors are not rational. They are irrational. Psychological influence and social interactions in the market play an important role in determining their market behaviour. One such important phenomenon is Herd Behaviour, where investors imitate the actions of other investors, and they depend more on other investors rather than their own analysis of market conditions.
Herding in stock markets leads to large buying and selling activity, leading to changes in prices from their fundamental values. Many investors follow current trends, pessimism and optimism contributing to the development of speculative bubbles, followed by market corrections. Such a kind of herding behaviour and market bubbles have been observed more often, where investorssentiment increases the price fluctuations and instability in markets.
This research paper examines the concept of herd behaviour and its consequences in stock markets, with stock market bubbles and corrections that followed. The study also highlights how investors' herd behaviour can influence market trends and market volatility. This paper found the vital role of herd behaviour in market instability and inefficiency. Therefore, investor awareness has to be increased, promoting informed decision-making and improving regulatory oversight to avoid adverse herd-driven market movements. Further research is necessary to understand this herd behaviour and its long-term consequences for market stability..
Keywords *Herd Behaviour, Behavioral Finance, Stock Market,Market Bubbles, Market Corrections, Investor Psychology, Financial Crisis*

INTRODUCTION:

Traditional Finance theory, Efficient Market Hypothesis (EMH), suggests that the price movements are a reflection of information that is available in the market. According to the assumptions of traditional theories, investors act rationally, and their investment decisions are based on careful evaluation of the market. But, repeated financial crises and market booms have questioned the assumption and indicates the investor behaviour is influenced by various irrational factors. In response, behavioural finance emerged and studies how psychological, emotional, and social influences affect investors in financial decision-making.

Herd behaviour is one of the most widely studied phenomena in behavioural finance. It refers to a situation where individuals copy the actions of a large group, rather than depending on their own judgement based on available information. This phenomenon is originated by observing nature, where birds and animals move in herds for survival and protection. A similar pattern can also be observed among humans, particularly in uncertain situations. Individuals usually believe that others possess better knowledge, leading them to follow the collective decisionsrather than personal judgement. Rook (2006), People often believe or trust group decisions, assuming the crowd is less likely to go wrong than an individual.

There are significant consequences in the financial markets because of this herd behaviour. Sometimes investors buy securities because others are buying, which creates an increase in price. As many participants join the trend, the price gains upward momentum and detaches from intrinsic values. Itfinally creates speculative bubbles. When market sentiment is negative, investors run to sell their securities in large quantities, which creates a decrease in price and market corrections. Such cases lead to an increase inmarket volatility and market inefficiency.

The impact of herd behaviour is clear in major financial events,including the Dot-com Bubble of 2000, the Global Financial Crisis of 2008, and various speculative episodes across markets. All these events demonstrate the increase in investor sentiments and also an increase in interestamong researchers to study this key factor contributing to market instability and financial inefficiency.

Understanding this behaviour is crucial for investors to avoid emotionally driven decisions during panic situations. Investors have to recognise the market movements due to crowd sentiments and avoid taking uninformed decisions based on speculation. Understanding the herd dynamics will help investors to anticipate such volatility and market corrections.

REVIEW OF LITERATURE:

Many researchers have studied this herd behaviour and its effects on financial markets. Studies have led to the development of many theories and empirical studies that explain the herd behaviour. The early contributions have focused on how individual decision-making results in collective market outcomes.

One of the important studies conducted by Banerjee (1992) proposed that individuals ignore their knowledge and try to imitate the decisions of others. This study even demonstrates that rational people canmake inefficient decisions, assuming others have superior knowledge. It explains how information-driven imitations influence people.

Using this idea, Bikhchandani, Hirshleifer, and Welch (1992) introduced the concept of informational cascades. They said that investors regularly abandon their own judgments when they see a sequence of similar decisions made by others. Many individuals follow the same action and become dependent on observed behaviour rather than using independent analysis. Such forces contributeto asset mispricing and create situations that support the formationof speculative bubbles.

The traditional financial theories,assumption that financial markets are dominated by rational participants, werequestioned by De Long, Shleifer, Summers, and Waldmann (1990). Their research introduced the idea of noise traders and highlighted that irrational investors can influence market prices. They demonstrated that collective irrational behaviour may increase the value of assets and is likely to create market bubbles and subsequent crashes.

Avery and Zemsky (1998),in their research paper, extended the existing herding theories by integratingvarious sources of uncertainty into investor decision-making. Their findings reveal that herd behaviour continuedeven in markets where priceinformation is available. These contributionssupported the argument that herding is not just a theoretical aspect but a realistic one in modern financial markets.

Further,Shiller (2000) explored the psychological aspects of herd behaviour and also highlighted the importance of investor sentiment, social influence, and media-driven narratives in determining market outcomes. According to Shiller, excessive optimism boosts investors to follow trends, causing stock prices to drift from their intrinsic values. These misrepresentations canlead tomarket corrections when expectations are no longer sustainable.

In a comprehensive review of financial market herding, Bikhchandani and Sharma (2000) recognised several factors that encourage investors to copy one another. Some of the factors are information irregularity, reputational concerns, and institutional incentives.

Similarly, Hirshleifer and Teoh (2003) studied the role of social learning and informational cascades in capital markets. Their study advised the investors to look into the other investors actions frequently and during uncertainty in the market, and observed that market behaviour is a substitute for individual analysis. Such kind of scenarios increase the market swings and excessive volatility.

Kaizoji (2000) provided additional information by explaining that the social interactions and collective interactions to create sentiment will create speculative booms and market crashes, and investor psychology may exert a stronger influence on prices than fundamental economic indicators.

Christie and Huang (1995) developed an empiricalstudy that contributed to the earliest approach to finding herd behaviour. Their findings indicate investors move in the same directions during stress and panic situations, which strengthens the market volatility and magnifies market fluctuations.

Further advancements were made by Chang, Cheng, and Khorana (2000), whointroduced the Cross-Sectional Absolute Deviation (CSAD) methodology which means of detectingherd behaviour. Using these approaches, they found herding happening o in emerging economies only during the period of uncertainty and rapid market fluctuations.

Recent studies on herd behaviour show that investor psychology is dependent on different asset classes, geographical regions and economic conditions. Literature suggests that herd behaviour still affects market volatility, asset pricing, and financial stability.

Madaan and Panda (2023) studied herd behaviour among Foreign Institutional Investors (FIIs) in the Indian stock market. Their study findings are that market volatility, trading volume and industry returns are influencing group investment decisions. They also observed that herd behaviour is exhibited during bearish conditions, which increases the market volatility. Findings also suggest that ambiguity leads to following others.

Economou, Gavriilidis, Kallinterakis, and Philippas (2023) explored herd behaviour across thirty-three international equity markets during the COVID-19 pandemic. Their work revealed that herd behaviour strengthens during times of uncertainty and financial stress. The researchers concluded that group investor actions act asan early warning for systemic financial risk, as investors tend to react similarly when met with uncertain market conditions.

Danila (2023) focused on herd behaviour within Environmental, Social, and Governance (ESG) investment indices in emerging markets. They found irrational herding behaviour among ESG investors. They suggested ESG investors are more likely to depend on long-term fundamental information rather than short-term sentiments.

In the Indian context, Dhuri and Patkar (2024) analysed herd behaviour,and results showed that herding is generally weak under normal market conditions. But, during periods of structural change, financial crises, herd behaviour becomes significantly stronger. They also found the role of extraordinary market events in inspiring investors to copy the actions of others.

Rahaman (2024) has done acomplete review of the prevailing literature on herd behaviour in financial markets. The study identified information asymmetry, social influence, overconfidence, and the fear of missing out (FOMO) as key factors driving investor imitation. He also highlighted that social media and digital communication are playing a vital role in investors decisions. They also studied how technological advancements increased the speed of the growth of herd behaviour through financial markets.

Le, Nguyen, and Thien's (2024) study threw some light oninvestor behaviour in cryptocurrency markets during the Russia–Ukraine conflict. Remarkable notice in the behaviour of investors in anti-herding behaviour rather than traditional herding. They seemed to depend on their own judgement rather than following the crowd. The findings also suggested that investors behaviour may change across the asset classes, and also that geopolitical uncertainty does not always lead to collective decision-making.

Nguyen, Crane, Conlon, and Bezbradica (2024) has studies about ETF's and cryptocurrencies, and their findings showed some groups of assets before spreading to broader financial markets. This also studied how localized investor sentiment can contribute to sector-specific bubbles and consequent effects.

Zhang et al. (2024) examined the relationship between business cycles and herd behaviour. The study found that herding behaviour is significantly stronger during recession times than during economic expansions. The study concluded that uncertainty linked with adverse economic conditions leads investors to rely on the actions of others, thereby increasing the collective decision-making.

METHODOLOGY

Objectives of the Study:

The present study aims to examine the concept of herd behaviour in financial markets and its implications for stock market performance. The objectives of the study are as follows:

To explain the concept of herd behaviour in financial markets and to understand how herd behaviour influences investor's decision-making processes.

To examine key historical cases of stock price bubbles and market corrections.

To analyze the role of herd behaviour in the formation of stock price bubbles and market corrections.

To explore the theoretical relationship between herd behaviour, speculative bubbles, and market corrections.

To review the existing literature on herd behaviour and investor psychology.

To provide practical insights and recommendations.

Need for the study:

Stock market fluctuations are not always due to the financial performance of the company, but in many instances are due to a change in the investors behaviour.Changes in investors behaviour happen due to so many factors. One such important factor is Herd behaviour, which occurs when investors decide to follow others actions rather than relying on their own analysis for investment. Such kid of collective decision making is known as herd behaviour, and it changes the stock prices away from fundamental analysis and contributes to stock bubbles and subsequent market corrections.

The study of such kind of behaviour is very important as it provides valuable information to make markets normal without abnormal fluctuations. By studying how investors influence one another and why stock prices rise far from their intrinsic value. This also understands the reasons for historical financial instability and market disruptions. Additionally, the study also provides deeper insights into some factors that trigger the financial crisis and market downturns. Herd-driven investment behaviour usually creates optimism in a boom and panic in uncertainty.

The findings of this studyare morehelpful for policymakers,regulators, and market participants. A better understanding of herd behaviour also supports regulatory measures and risk management strategies. This study contributes to the literature by highlighting the importance of behavioural finance and highlighting the role of psychological and social factors in shaping financial markets.

By exploring the relation between by exploring the relationship between investor behaviour, stock price bubbles, and market corrections, we can understand the perspective on how emotions, perceptions and collective actions influence market dynamics andfinancial stability.

Scope of the study:

The present study is a theoretical understanding of the role of herd behaviour in financial markets and how it influences stock market movements, the formation of bubbles and market corrections.This study is mainly concentrated on understanding the principles of behavioural finance and explains how they shape investor decisions.

This research mainly concentrates on the behavioural aspects of investing and the ways in which collective investor actions can affect market outcomes. Special attention is also given to understanding how herd

behaviour causes stock prices to deviate from their fundamental values.

This study completely depends on the secondary source of information like academic journals, books, research articles and also some related literature. Through the combination of existing knowledge, the study aims to provide a conceptual understanding of the relationship between herd behaviour, speculative bubbles and market correction.

This study also adopts a broader perception by examining herd behaviour across the world, rather than specifically concentrating on a particular country, stock exchange, individual market, etc.

The scope of this research is the conceptual and theoretical dimensions of herd behaviour and its implications for market stability. Detailed quantitative analysis, statistical modelling, and case-specific investigations fall outside the boundaries of the study. Instead, the primary objective is to develop a deeper understanding of how collective investor behaviour influences stock market dynamics and contributes to the emergence of bubbles and corrections.

DISCUSSIONS

The Psychology Behind Herd Behaviour in Financial Markets

Herd behaviour is the most important concept in behavioural finance, and it explains why investors often deviate from rational economic principles. If individual investment decisions are based on the actions of others rather than the available information, then herd behaviour exists in the financial markets. This tendency in investors is generally observed during an uncertain period. There are so many psychological and social factors that contribute to the development of herd behaviour. Investors are frequently influenced by social pressures, reputation, information asymmetry, uncertainty, greed, etc. Sometimes investors are also motivated by market trends, like others appear to be benefiting, they also want to invest, which implies the Fear of missing out FOMO. As a result, the investors abandon the available information and follow the crowd behaviour.

Researchers generally distinguish between two forms of herd behaviour: rational herding and irrational herding. Rational herding behaviour is exhibited by investors due to the unavailability of information, or because investors believe other market participants possess more information, so they imitate their actions. The crowd may appear to be logical and ignore its own information, and be favourable to follow the actions of others. On the other hand, irrational herding is exhibited primarily by emotions rather than logicaldecisions. Feelings such as fear, greed, excitement, and panic encourage investors to follow existing market trends without evaluating fundamentals. This type of behaviour often contributes to significant mispricing and increases the formation of speculative bubbles and market crashes.

The psychological roots of herd behaviour are the human tendency to get validation from others during uncertainty. People assume that the collective decision of a group is more accurate than their own individual judgement. This tendency may be beneficial in certain contexts, but it has significant consequences in financial markets, leading to excessive buying or selling activity.

Collective investor actions can increase market movements significantly. During the time of optimism, large numbers of investors may purchase assets, which pushes the prices upward and creates strong market movements. On the other hand, when negative sentiment dominates the market, selling can trigger declines in asset prices. Such coordinated behaviour often increases instability and contributes to the formation of boom-and-bust cycles.The influence of social media is greater in the digital era through online platforms, where information spreads more among investors.Market situations and trending topics can create sentiment and encourage investors in herd behaviour.

Historical Examples of Market Bubbles

Tulip Mania: An Early Example of Speculative Excess

One of the best examples of speculative bubbles is Dutch Tulip Mania. It occurred in the 17th century.During that period, tulip bulbs became more popular, and one of the esential commodity and particularly few categories of people are viewed thisas walth and prestige. As demand increases, price also increases rapidly, attracting many participants to purchase by anticipating the future profits. The increase in prices is due to speculation and collective enthusiasm. Investors were influenced, and thought prices may definitely rise, which encourages greater participation in the market. However, when demand declined, confidence weakened, and the bubble collapsed abruptly. Prices fell sharply, causing financial losses to the investors.

This Tulip mania remains an important historical example of herd behaviour and how speculative optimism can push asset prices beyond the basic value. This also explains the risk which is associated with relying on crowd sentiment rather than fundamental analysis and the importance of independent decision-making in financial markets.

The Dot-Com Bubble: The Impact of Excessive Optimism

Another good example of herd behaviour is the Dot-Com Bubble of the late 1990s and early 2000s. The rapid increase and growth in internet-related businesses created excitement among investors and showed more enthusiasm to pour investment in internet startups by ignoring the traditional measures related to performance and profitability.

Many firms gained extraordinary market valuations even with limited revenue and poor business models or no profits at all. Investors believed that the Internet would transform the global economy and create abnormal wealth. Fear of missing potential gains stimulated more investors to enter the market and pushed the price upward.

The ultimate collapse of the bubble revealed how dangerous excessive optimism and speculative investment. Also, investors began to question the sustainability of the increase in stock prices and the decline in stock prices, which significantly created losses in the technology sector. This Dot-Com Bubble illustrated

how herd behaviour combined with unrealistic expectations and emotional decision-making creates distortions in financial markets.

Both Tulip Mania and the Dot-Com Bubble demonstrate that herd behaviour is not a new phenomenon but a recurring feature of financial markets. These incidents highlight how collective investor sentiment can drive prices away from fundamental values, creating unsustainable market conditions that ultimately lead to sharp corrections. Understanding these historical events provides valuable insight into the mechanisms through which herd behaviour influences market dynamics and contributes to financial instability.

4.3 The Impact of Herd Behaviour on Financial Markets and Investment Decisions

4.3.1. The Influence of Herd Behaviour on Financial Markets

Herd behaviour has a significant influence on financial market activities;it often affects the stock price and market stability. When a large group of investors make decisions based on the market sentiment rather than their independent analysis. This moves the stock values far away from their fundamental values. Such collective decision-making creates optimism or pessimism, which creates market volatility.

During optimism or positive sentiment in the market, itcan increase the prices of stocks by exhibiting herd behaviour as other investors are earning more profits, which creates an inclination in the price. This collective decision-making attracts additional investors, creating a self-reinforcing cycle of buying activity. This type of behaviour in the market created the Dot-Com Bubble of the late 1990s.

On the other hand, herd behaviour can also increase market slumps. When uncertainty or negative news affects investor sentiment, fear can spread rapidly,and investors may rush to sell their stocks simply because others are doing the same without evaluating the value of their investments. The Global Financial Crisis of 2008 provides a clear example of how panic-driven selling can magnify market losses and increase financial instability.

These incidents illustrate the close relationship between herd behaviour and market volatility. When investment decisions are driven primarily by crowd psychology rather than objective analysis, price movements tend to become more extreme and less predictable.

4.3.2. Strategies for Investors to Reduce the Influence of Herd Behaviour

Given the potential risks associated with herd-driven decision-making, investors can benefit from adopting strategies that encourage independent thinking and disciplined investment practices.

Understanding the potential risk associated with herd-driven decision making, investors can adopt certain strategies for disciplined investment practices.

One such approach is contrarian investing. Contrarian investors intentionally take positions that are different from existing market conditions.When they believe the market is no longer changing according to fundamental values, then they take this strategy. It is assumed that emotional reactions often create positive and negative sentiments. During the periods of excessive optimism, they become cautious and reduce exposure to overvalued assets. During pessimism, they identify the opportunities to acquire undervalued securities. Successful contrarian investing requires patience, confidence and a strong commitment to fundamental analysis.

Another strategy is passive index investing. Rather than investing for a short period and attempting to predict short-term movements, passive investors seek long-term returns by investing in diversified markets. This approach reduces speculative trading and minimises short-term emotional reactions. By maintaining a diversified portfolio and focusing on long-term objectives, investors reduce exposure to risk and herd-driven decision-making.

4.3.3. The Role of Cognitive Biases in Herd Behaviour

Investor behaviour is also influenced by a variety of cognitive biases that can reinforce herd tendencies. Among the most influential are loss aversion and confirmation bias.

The tendency of individual investors to experience the pain of losses isgreater than the satisfaction driven by an equivalent gain. This results in investors reacting emotionally when the market declines in panic selling, even when long-term fundamentals remain unchanged. Such behaviour intensifies the down market movements and contributes to market instability.

Confirmation bias occurs hen investor seekinformation that supports their beliefs and ignore all the evidence that questions their beliefs. During speculative booms, this tendency encourages investors to focus on positive information, collective optimism, which causes overvaluation. By restrictive exposure to alternative perspectives, confirmation bias may increase the possibility of herd-driven investment decisions.

Identifying these psychological influences is essential for making informed financial decisions. Investors who actively evaluate diverse sources of information and remain aware of their own biases are better positioned to avoid irrational decision-making and excessive reliance on market sentiment.

4.3.4. Herd Behaviour and Market Corrections

Market corrections are a natural feature in financial markets. They typically occur when prices rise beyond the levels of economic fundamentals. Herd behaviour usually plays a vital role in both the development of imbalances in the market and followed by corrections.

Several factors may trigger market corrections, like assets becoming overvalued, the emergence of unfavourable economic news, a decrease in the confidence of investors, less liquidity, etc.The market participants will start questioning current valuations, sentiments that create a negative herd effect.

Corrections generally begin with a decline in investors' confidence and are followed by increasing selling pressure as more participants seek to reduce their exposure. This escalation in panic selling and fear

dominates the decision-making, which drives prices rapidly. These incidents will create considerable losses in the short term, but restore the market and bring the stock values closer to the fundamental levels.Historical market crashes explain how collective fear amplifies the downward price movements,and speculative bubbles intensify the market corrections when sentiment reverses.

4.3.5. Implications for Investors

This study on herd behaviour provides valuable insights toinvestors, which helps them navigate financial markets effectively. Good investment decisions are more likely a result of fundamental analysis, Economic analysis, industry analysis and company analysis. Investors should remain careful when market movements appear to be driven by speculation, enthusiasm, and fear.

Investors should develop the habit of independent thinking and critical evaluation of information to reduce the influence of herd behaviour. Investor should also take timeto analyse whether their emotions are influencing the decision-making process, especially during optimism and pessimism.

By maintaining a disciplined investment approach focusing on objective analysis rather than the collective sentiment of the investors, one can better manage uncertainty and reduce the exposure to irrational market movements, and more informed decisions support long-term financial goals.

FINDINGS

This study reveals how herd behaviour plays a significant role in influencing stock market movements. They make frequent decisions based on the actions and opinions of others rather than depending on their own evaluation, company performance and market fundamentals. This results in herd behaviour and often becomes a strong force to shape the market trends.

This study also found that herd behaviour is one of the important contributing factors to create stock price bubble. During the market optimism, investors are motivated by fear of missing out on potential gains, so they widely spread buying activities, which drives the stock prices beyond the intrinsic value. Such deviations create speculative bubbles.

The study also found that market corrections and crashes are associated with a reversal of herd behaviour. Once the market sentiments are changed, collective forces which are increased the prices accelerate the price declines, resulting in sharp market corrections and an increase in volatility.

Another important finding is that psychological factors and emotional factors influence the investment decisions, which is a pure deviation from rational behaviour. Some Behavioural finance theories suggest that emotions like fear, greed, overconfidence, anxiety, fear of missing out, optimism, and pessimism shape investor behaviour, leading to deviation from objective financial evaluation

Finally, this study also highlights the market instability and its cyclical nature. Herd behaviour creates a pattern of expansion and contraction of markets,which are due to over-optimism and pessimism, followed by market corrections. These cycles create market fluctuations and support the importance of understanding investors' psychology.

Suggestions

For Investors:

Investors should avoid making decisions based on prevailing market conditions or based on the actions of other investors.

Investors should carefully evaluate fundamental analysis before making investment decisions.

Investors have to develop a diversified portfolio to avoid exposure to riskas well as speculative market bubbles and their market corrections.

Investors should be aware of psychological factors that influence their decision-making. Emotions like fear and greed contribute to irrational behaviour in decision-making, which is a costly mistake.

Investors should adopt a disciplined investment strategy based on a long-term objective, and objective analysis helps investors to avoid the negative consequences of market-driven movements.

For Policymakers and Regulators

Regulatory authorities should strengthen the surveillance of unusual price movements, trading patterns, etc., to identify herd behaviour early. It helps to reduce the likelihood of market fluctuations and financial instability.

The investor education program has to be increased to create awareness of behavioural biases and their impact on decision-making.

By improving financial literacy, policymakers can encourage rational market participation and reduce herd behaviour.

Enhancing transparency and improving the availability of reliable market information can reduce information asymmetry.

CONCLUSION

The present research study concludes that herd behaviour is the most influential factor that changes the market dynamics. The tendency to imitate the actions of others plays an important role in the formation of market bubbles, followed by market corrections.Investors increasingly rely on market sentiment and collection decision making rather than independent analysis, which contributes to the stock prices moving away from intrinsic value. This creates market inefficiencies and instability.

The findings of the study also emphasized on psychological and social influences are shaping the market outcomes. Financial markets are not information-driven but emotionally driven. The review of literature further demonstrates that during uncertainty, the social influence, cognitive biases and limited information lead to increased market volatility, distortion of prices and financial instability.

Given suggestions to investors, regulators and policy makers must consider behavioural factors along with

traditional financial indicators when making decisions. Investor awareness programs, strengthening regulatory oversight, and improving market transparency can help mitigate the adverse effects of herd-driven market activity. A deeper understanding of herd behaviour essential for more stable, efficient, and resilient financial markets.

REFERENCES

1. Avery, C., & Zemsky, P. (1998). Multidimensional uncertainty and herd behavior in financial markets. American Economic Review, 88(4), 724–748.
2. Banerjee, A. V. (1992). A simple model of herd behavior. The Quarterly Journal of Economics, 107(3), 797–817. https://doi.org/10.2307/2118364
3. Balivada, S. P., & Devi, M. U. (2024). Effect of behavioural biases on investment decisions: A special reference to individual investors in West Godavari District. Empirical Economics Letters, 23(Special Issue 1), 122–132. https://doi.org/10.5281/zenodo.14199164
4. Bikhchandani, S., Hirshleifer, D., & Welch, I. (1992). A theory of fads, fashion, custom, and cultural change as informational cascades. Journal of Political Economy, 100(5), 992–1026. https://doi.org/10.1086/261849
5. Bikhchandani, S., & Sharma, S. (2000). Herd behavior in financial markets: A review (IMF Working Paper No. WP/00/48). International Monetary Fund. https://doi.org/10.5089/9781451846737.001
6. Danila, N. (2023). Herding behaviour in ESG stock index: Evidence from emerging markets. IIM Kozhikode Society & Management Review. Advance online publication. https://doi.org/10.1177/09721509231199300
7. De Long, J. B., Shleifer, A., Summers, L. H., & Waldmann, R. J. (1990). Noise trader risk in financial markets. Journal of Political Economy, 98(4), 703–738. https://doi.org/10.1086/261703
8. Dhuri, V., & Patkar, S. (2024). Herding behaviour in the Indian stock market: An empirical study. Asian Economic and Financial Review, 14(4), 264–275. https://doi.org/10.55493/5002.v14i4.5018
9. Economou, F., Gavriilidis, K., Kallinterakis, V., & Philippas, N. (2023). Herding behavior and systemic risk in global stock markets. Journal of Empirical Finance, 73, 107–133. https://doi.org/10.1016/j.jempfin.2023.05.004
10. Hirshleifer, D., & Teoh, S. H. (2003). Herd behaviour and cascading in capital markets: A review and synthesis. European Financial Management, 9(1), 25–66. https://doi.org/10.1111/1468-036X.00207
11. Kaizoji, T. (2000). Speculative bubbles and crashes in stock markets: An interacting-agent model of speculative activity. Physica A: Statistical Mechanics and Its Applications, 287(3–4), 493–506. https://doi.org/10.1016/S0378-4371(00)00447-0
12. Le, H.-H., Nguyen, B. T., & Thien, N. N. (2024). Herding behavior in the cryptocurrency market: The case of the Russia–Ukraine conflict. Journal of Industrial and Business Economics, 51(1), 99–110. https://doi.org/10.1007/s40812-023-00279-9
13. Madaan, V., & Panda, L. (2023). Determinants of industry herding in the Indian stock market. IUP Journal of Applied Finance, 29(3), 7–29.
14. Nguyen, A. P. N., Crane, M., Conlon, T., & Bezbradica, M. (2024). Herding unmasked: Insights into cryptocurrencies, stocks and U.S. ETFs. arXiv Preprint. https://arxiv.org/abs/2407.08069
15. Pavani, B. S., & Devi, M. U. (2022). A study of investor behavior and psychological biases in financial markets. International Journal of Advanced Research in Management, 13(1), 99–104.
16. Rahaman, S. M. (2024). Herding behaviour in financial markets: A literature review. ShodhKosh: Journal of Visual and Performing Arts, 5(6), 1–12. https://doi.org/10.29121/shodhkosh.v5.i6.2024.4819
17. Shiller, R. J. (2000). Irrational exuberance. Princeton University Press.
18. Zhang, Y., et al. (2024). Business cycles and herd behavior in stock returns: Theory and evidence. Financial Innovation, 10, Article 6. https://doi.org/10.1186/s40854-023-00540-z
19. Zhou, W.-X., &Sornette, D. (2006). Fundamental factors versus herding in the 2000–2005 U.S. stock market. Physica A: Statistical Mechanics and Its Applications, 360(1), 180–188. https://doi.org/10.1016/j.physa.2005.06.064..

.