



Overconfidence bias in investment decision making: A bibliometrics analysis

Ajit Singh Boora¹, Bhanwar Singh², Rosy Dhall³

¹⁻³ Institute of Management Studies and Research, Maharshi Dayanand University, Rohtak, Haryana, India

DOI: <https://doi.org/10.33545/26648792.2020.v2.i2a.34>

Abstract

The purpose of this article is to provide a detailed bibliometrics analysis of overconfidence bias literature. In order to deploy the bibliometrics analysis, we extracted 396 documents from the Scopus database using the Boolean search between 1992 to 2021. Our results provide that the past decade recognized the concept of overconfidence bias and witness large numbers of publications. In addition, our findings suggest that both developed and developing countries acknowledge the importance of overconfidence bias in the stock markets. Further, we found that Journal of Behavioural Finance, Pacific-Basin Finance Journal, Qualitative Research in Financial Markets, Review of Behavioral Finance, European Journal of Finance are the main source which published quality research in the field of overconfidence bias literature.

Keywords: bibliometrics analysis, overconfidence bias, stock market

1. Introduction

The concept of overconfidence bias came into existence in the early 1960s in psychological literature. Later on, the findings from psychology were integrated with economic models and examine the influence of overconfidence bias in investment decisions and investors' sentiments (Skala, 2008 ^[5]; Daniel and Hirshleifer, 2015) ^[3]. The past decade is witness that overconfidence bias is a well-established bias in the field of behavioural finance. Numerous studies documented that overconfidence bias causes excessive trading that result in lower returns to investors than those of the market, on average. Most prolific researchers in the field of behavioral finance, Odean (2000) ^[1], Barber and Odean (2000) ^[1], and Barber and Odean (2001) ^[2] tested the overconfidence theory and documented that overconfidence leads to excessive trading which increases the trading cost and results in poor portfolio returns. Therefore, in this study, we attempt to provide a deep and detailed bibliometrics analysis of overconfidence bias literature. Next, the rest of the article is organized as follows. Section 2 discusses the measure and methods of bibliometrics analysis. Section 3 discusses the results of bibliometrics analysis. Section 4 concludes the findings of the article.

2. Measure and Methods

Bibliometrics facilitates the analysis of a vast number of bibliographic sources, for example, research articles, seminar articles, review articles, books, and many more (Khan *et al.*, 2020). We retrieved the bibliometrics data from the Scopus database which is commonly acknowledged and all the more regularly recovered for quantitative examinations and the greatest wellspring of peer-reviewed literature for the social-sciences research. We retrieved the documents from the Scopus database using the Boolean search as follows. ("overconfidence bias" OR "overconfidence" OR "overconfidence effect") And ("Investment decision" OR "investment decision making" OR "Stock market")

3. Results and Discussion

3.1 General features and trends in overconfidence bias literature

We have extracted 396 documents from Scopus database using the Boolean search. We retrieved documents from 1992 to 2021. Table 1 presents types of publications on overconfidence bias literature between 1992 and 2021.

Specifically, we found 327 research articles, 40 conference papers, 13 book chapters, 12 review articles, 3 books, and 1 undefined research article on overconfidence bias literature. Figure 1 shows graphically types of publications on overconfidence bias literature.

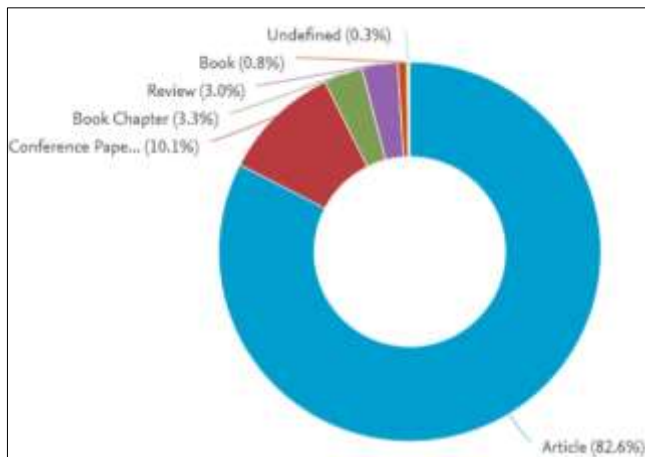
As shown in Table 2, the first article was published in overconfidence bias literature in 1992. Past decade recognized the concept of overconfidence bias and witness of large numbers of publications. In addition, our results show that 2020 (n=51, 12.88 percent) is the most productive year on overconfidence bias literature followed by the year 2019 (n=42, 10.61 percent). As shown in Figure 2, the literature on overconfidence bias emerged after the year 2004.

Table 1: Types of publications of overconfidence bias literature between 1992 and 2021

Document type	Number	%
Article	327	82.60
Conference Paper	40	10.10
Book Chapter	13	3.30
Review	12	3.00
Book	3	0.80
Undefined	1	0.30

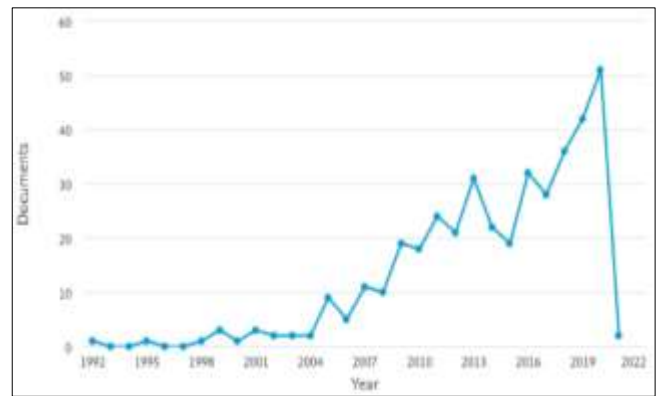
Notes: N=396.

Source: Scopus database.



Source: Scopus database.

Fig 1: Documents by types.



Source: Scopus database.

Fig 2: Documents by year.

3.2 Global Productivity

Table 3 depicts the first ten countries according to the number of published documents on overconfidence bias literature between 1992 and 2021. United States (n=103, 26.01 percent) has a major contribution in publications of researches on overconfidence bias followed by China (n=58, 14.65 percent). India is also producing a good quantity of publications on overconfidence bias. Both developed and developing countries acknowledge the importance of overconfidence bias in the stock markets. Figure 3 shows graphically the first ten countries according to the number of published documents on overconfidence bias literature.

Table 3: The first ten countries according to the number of published documents in overconfidence bias literature between 1992 and 2021

Country	N	%
United States	103	26.01
China	58	14.65
United Kingdom	36	9.09
Taiwan	31	7.83
India	26	6.57
Germany	24	6.06
Australia	20	5.05
France	16	4.04
South Korea	15	3.79
Malaysia	12	3.03

Notes: N=396.

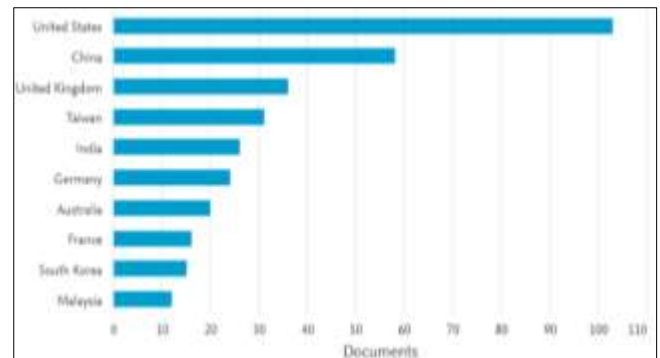
Source: Scopus database.

Table 2: Documents by year on overconfidence bias literature between 1992 and 2021

YEAR	Number	%
2021	2	0.51
2020	51	12.88
2019	42	10.61
2018	36	9.09
2017	28	7.07
2016	32	8.08
2015	19	4.80
2014	22	5.56
2013	31	7.83
2012	21	5.30
2011	24	6.06
2010	18	4.55
2009	19	4.80
2008	10	2.53
2007	11	2.78
2006	5	1.26
2005	9	2.27
2004	2	0.51
2003	2	0.51
2002	2	0.51
2001	3	0.76
2000	1	0.25
1999	3	0.76
1998	1	0.25
1995	1	0.25
1992	1	0.25

Notes: N=396.

Source: Scopus database



Source: Scopus database.

Fig 3: Documents by country.

3.3 Productivity of authors, institutions, and source titles

Goyal, N. and Kumar, S. from India lead in publications of overconfidence bias. Barber, B.M., Odean, T., Yung, K., and Hirshleifer, D. are the most productive authors from the United States (see Table 4). Figure 4 presents graphically the first ten authors by record count in overconfidence bias literature between 1992 and 2021. Table 5 presents the productivity of institutes in terms of publication on overconfidence bias literature between 1992 and 2021. Chung-Ang University, Renmin University of China, Malaviya National Institute of Technology Jaipur, University of Cambridge, University of Sfax, and Asia University Taiwan are the first five contributors in this field of

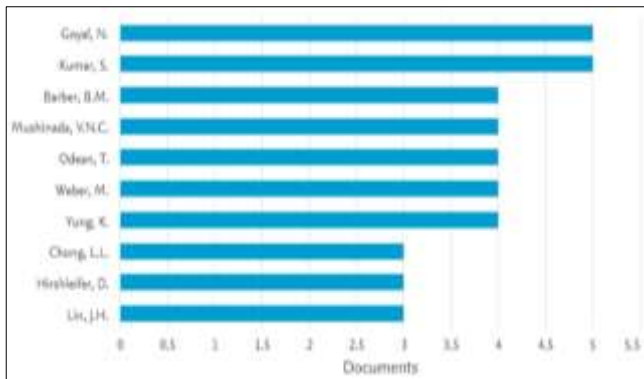
overconfidence bias literature. Figure 5 presents graphically the productivity of institutes in terms of publication on overconfidence bias literature between 1992 and 2021. Journal of Behavioural Finance (n=8, 2.02 percent), Pacific-Basin Finance Journal (n=8, 2.02 percent), Qualitative Research in Financial Markets (n=8, 2.02 percent),

Review of Behavioral Finance (n=8, 2.02 percent), European Journal of Finance (n=7, 1.77 percent) are the main source which published quality research in the field of overconfidence bias literature (see Table 6). Figure 6 presents graphically the productivity of journals in terms of publication on overconfidence bias literature between 1992 and 2021.

Table 4: The First Ten Authors by Record Count In Overconfidence Bias Literature between 1992 and 2021

Author	Institution	Country	N	%
Goyal, N.	Alliance University, Bengaluru	India	5	1.26
Kumar, S.	Malaviya National Institute of Technology Jaipur, Jaipur	India	5	1.26
Barber, B.M.	UC Berkeley Haas School of Business, Berkeley	USA	4	1.01
Mushinada, V.N.C.	IBS Hyderabad, Hyderabad	India	4	1.01
Odean, T.	University of California, Davis	USA	4	1.01
Weber, M.	Universität Mannheim, Mannheim	Germany	4	1.01
Yung, K.	Strome College of Business, Norfolk	USA	4	1.01
Chong, L.L.	Multimedia University, Malacca Town, Malaysia	Malaysia	3	0.76
Hirshleifer, D.	UCI Paul Merage School of Business, Irvine	USA	3	0.76
Lin, J.H.	Tamkang University, Tamsui	Taiwan	3	0.76

Source: Scopus database



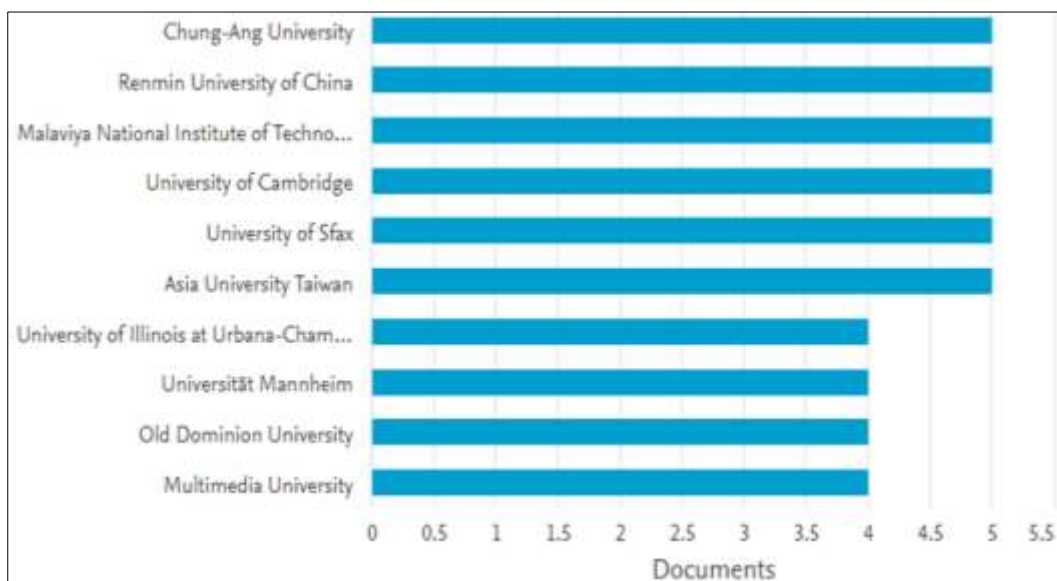
Source: Scopus database.

Fig 4: Documents by the author.

Table 5: The first ten institutes according to the number of published documents in overconfidence bias literature between 1992 and 2021

Institute	Country	N	%
Chung-Ang University	South Korea	5	1.26
Renmin University of China	China	5	1.26
Malaviya National Institute of Technology Jaipur	India	5	1.26
University of Cambridge	UK	5	1.26
University of Sfax	Tunisia	5	1.26
Asia University Taiwan	Taiwan	5	1.26
University of Illinois at Urbana-Champaign	USA	4	1.01
Universität Mannheim	Germany	4	1.01
Old Dominion University	USA	4	1.01
Multimedia University	Malaysia	4	1.01

Source: Scopus database



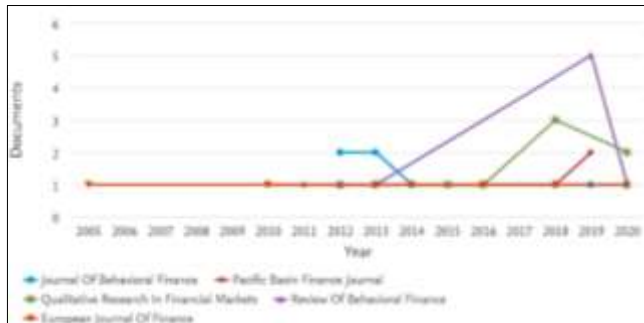
Source: Scopus database.

Fig 5: Documents by the institute.

Table 6: The first five source according to the number of published documents in overconfidence bias literature between 1992 and 2021

Journal	N	%
Journal Of Behavioral Finance	8	2.02
Pacific-Basin Finance Journal	8	2.02
Qualitative Research In Financial Markets	8	2.02
Review Of Behavioral Finance	8	2.02
European Journal Of Finance	7	1.77

Source: Scopus database



Source: Scopus database.

Fig 6: Documents by source.

4. Conclusion

The purpose of this article is to provide a detailed bibliometrics analysis of overconfidence bias literature. Overconfidence bias is a well-established and common bias in behavioural finance literature. To deploy the bibliometrics analysis, we extracted 396 documents from the Scopus database using the Boolean search between 1992 to 2021.

The past decade recognized the concept of overconfidence bias and witness large numbers of publications. In addition, our findings provided that both developed and developing countries acknowledge the importance of overconfidence bias in the stock markets.

Goyal, N. and Kumar, S. from India lead in publications of overconfidence bias. Furthermore, in the context of the USA, Barber, B.M., Odean, T., Yung, K., and Hirshleifer, D. are the most productive authors. Chung-Ang University, Renmin University of China, Malaviya National Institute of Technology Jaipur, University of Cambridge, University of Sfax, and Asia University Taiwan are the first five contributors in this field of overconfidence bias literature. Further, we found that Journal of Behavioural Finance, Pacific-Basin Finance Journal, Qualitative Research in Financial Markets, Review of Behavioral Finance, European Journal of Finance are the main source which published quality research in the field of overconfidence bias literature. Finally, our study provides credentials that can be utilized to understand the consequences of overconfidence bias by investors, regulators, policymakers, and researchers.

Acknowledgement

The authors are grateful to the editor of the journal and the anonymous referees for their extremely useful suggestions to improve the quality of the article. All usual disclaimers apply.

Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship and/or publication of this article.

Funding

The authors received no financial support for conducting research, authorship and/or publication of this article.

References

1. Barber BM, Odean T. Trading Is Hazardous to Your Wealth: The Common Stock Investment Performance of Individual Investors. *The Journal of Finance*. 2000; 55:773-806. doi: 10.1111/0022-1082.00226
2. Barber B, Odean T. Boys Will be Boys: Gender, Overconfidence, and Common Stock Investment. *The Quarterly Journal of Economics*. 2001; 116(1):261-292. Retrieved October 27, 2020, from <http://www.jstor.org/stable/2696449>
3. Daniel Kent, David Hirshleifer. "Overconfident Investors, Predictable Returns, and Excessive Trading." *Journal of Economic Perspectives*. 2015; 29(4):61-88.
4. Odean T. "Do investors trade too much?," *American Economic Review*. 1999; 89(5):1279-1298.
5. Skala Dorota. "Overconfidence in Psychology and Finance – an Interdisciplinary" *Literature Review*. Published in: *Bank i Kredyt*. 2008; 4:33-50.