Institutional Trading Activity And Global Stock Market Integration: A Bibliometric Overview

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Abstract

Institutional investment plays a vital role in the development and stability of global stock markets. This study conducts a bibliometric analysis to map the research landscape on institutional investment in stock markets, identifying key trends, influential contributions, and emerging themes. Using data from the Scopus database, bibliometric techniques are applied in R Studio and Vosviewer to analyze publication patterns, co-authorship networks, and thematic clusters.

The findings highlight significant research areas, including institutional investors' impact on market efficiency, volatility, liquidity, and corporate governance. The analysis also reveals shifts in academic focus over time, particularly during financial crises and eco

nomic disruptions. Key research clusters indicate a growing interest in regulatory interventions, investment strategies, and institutional investors' role in shaping market dynamics. This study contributes to a deeper understanding of its intellectual development by providing a structured overview of institutional investment research. The results offer valuable insights for academics, policymakers, and market participants, facilitating future research and informed decision-making in the financial sector.

Keywords: Institutional Investment, Stock Markets, Bibliometric Analysis, R Studio, Vosviewer

Introduction

Institutional investors have emerged as dominant participants in global stock markets, significantly influencing market dynamics, price discovery, and financial stability(Phansatan et al., 2012). Their growing importance stems from their ability to mobilize and allocate vast amounts of capital, making them crucial players in shaping market trends and fostering economic growth(Lakonishok et al., 1992). Over the past few decades, the participation of institutional investors, including mutual funds, pension funds, insurance companies, and hedge funds, has significantly transformed market behavior, liquidity, and efficiency(Mukherjee & Tiwari, 2022).

Significant events, including geopolitical tensions, environmental concerns, and the rise of alternative investment strategies, have reshaped the institutional investment landscape recently. Additionally, the increasing integration of emerging markets into the global financial ecosystem has raised questions about the role of institutional investors in these markets, particularly in terms of stability and development(Poshakwale & Thapa, 2010). In the wake of major financial crises, such as the Global Financial Crisis of 2008 and the economic disruptions caused by the COVID-19 pandemic, the role of institutional investors has come under

intense scrutiny(Lee & Lee, 2021). These events have underscored the need to understand the interconnectedness of global markets and the systemic risks posed by large institutional players(Liu et al., 2014).

Academic interest in institutional investment has grown in tandem with its increasing prominence, leading to a burgeoning body of literature exploring its impact on stock market performance, volatility, and regulatory frameworks. While these studies have advanced our understanding of institutional behavior, the rapid evolution of global markets amplified by technological advancements, regulatory changes, and macroeconomic shocks continues to create new areas for exploration(Lee & Lee, 2021).

This paper employs bibliometric analysis to provide a comprehensive overview of the intellectual structure and development of research on institutional investment in global stock markets. The bibliometric analysis provides a robust methodology to map the intellectual landscape of a research field(Linnenluecke et al., 2020). This study leverages advanced bibliometric software such as Vosviewer and Biblioshiny to identify the critical milestones and emerging trends in the field by examining publication trends, influential authors and journals, bibliographic coupling, and thematic clusters.

The major reason for using both **VOSviewer** and **Biblioshiny** in this bibliometric analysis is that they complement each other in terms of functionality and visualization capabilities, allowing for a more comprehensive and robust analysis(Donthu et al., 2021). This paper's findings aim to serve as a valuable resource for academics and practitioners, offering insights into the evolution of institutional investment research and highlighting opportunities for future inquiry in a rapidly changing financial landscape.

The subsequent sections of this paper outline the methodological approach employed, present the key findings of the bibliometric analysis, and discuss their implications for academics, practitioners, and policymakers.

2. Literature Review

The influence of institutional investors in the financial markets has increased by including pension funds, mutual funds, and insurance firms. These organizations pooled money from several sources, including individual investors, and actively looked for chances to earn greater profits(Liu et al., 2014). It became simpler for institutional investors to research and invest in international markets with the advent of globalization and technological improvements, particularly in communication and information transmission(Rai & Bhanumurthy, 2004). FIIs now play a crucial role in determining market dynamics, influencing investment choices, and advancing the globalization of the financial markets as a whole. Serious worries about the negative effects, such as the risk of financial instability, inflationary pressure on consumer and asset prices, exchange rate appreciation pressures, and the danger of overheating, have been raised in the recipient countries by the swift rise in global liquidity and the massive net portfolio flows to emerging nations(Dhingra et al., 2016).

The literature on Institutional Investment can be broadly classified into two categories: those that explore investment strategies and those that uncover the relationship between aggregate fund flows and market returns(Mukherjee & Roy, 2011). Since this is a bibliometric study of all the documents published in the area of Institutional Investment, the present review takes into consideration the reviews of both categories(Calvo & Mendoza, 2000). The concerns concerning foreign investors are drastically different from those concerning domestic investors, and the costs incurred in developing expertise at the same level generally obtained for domestic investment are substantially higher. Foreign investors use momentum trading strategies, particularly in emerging countries where foreign inflows indicate favorable future returns (Froot et al.,2001).

As DIIs (Domestic Institutional Investors)play an important role in mobilizing savings from small investors, presence of strong DIIs is important for ensuring stability in the stock market (Mukherjee & Roy, 2011). Depending upon their ability as market movers, DIIs also act as a cushion against the adverse effect caused by sudden withdrawal of FIIs in times of crisis (Dhananjaya Kadanda & Krishna Raj, 2017).Practitioners are interested in the existence of herding because relying on collective information rather than individual information may lead prices to depart from fundamental value and create profitable trading opportunities (Tan et al., 2008). Foreign speculators in emerging equities markets are often viewed negatively because of their herding tendencies and positive feedback trading strategies (Phansatan et al., 2012).

Institutional investors may be pursuing positive feedback and herding trade strategies or negative feedback trading strategy or both positive feedback and negative feedback strategies and herding; depending upon which their impact on the stock market is also divergent(Huo & Ahmed, 2018). There are three premises out of which first premise asserts that institutional investors destabilize the market, whereas the second contends that they balance individual investor feelings and promote equity market stability. The final premise is that institutional investors would have a neutral impact on the equities market(Poshakwale & Thapa, 2010). The emerging image is that institutions follow a broad range of styles and strategies and that their trades offset each other without having a large impact on prices(Lakonishok et al., 1992).

3. Methodology

The present study is based on Bibliometric analysis, which is a quantitative tool for measuring a large number of databases. In an era where empirical research frequently produces vast, fragmented, and disputed research items, the bibliometric approach is a suitable tool for scientific mapping(Aria & Cuccurullo, 2017). To collect data for the study, data were retrieved from the Scopus database from 1st January 1980 to 31st December 2024 and were used for further analysis. First, a comprehensive search in Scopus was conducted using keywords from a rigorous examination of publications in the discipline of Institutional Investment in Global Stock Markets. The fact that Scopus has so many databases is one of the reasons for its popularity. Because this field is still expanding, we decided to broaden our search for literature in this area.

Search terms included ("Institutional Investment" AND "stock market") for measuring titles, abstracts, and keywords. We excluded papers irrelevant to Institutional Investment such as those related to Foreign Direct Investment. Again, the search was limited to the English language; and also to research articles published in Economics, Econometrics, and Finance; Business, Management, and Accounting; Social Sciences and Arts and Humanities.

4. Results and Discussion

4.1 Annual Scientific Production

The graphical representation of the annual scientific production of articles related to Institutional Investment in global stock markets is extracted using Biblioshiny. The number of articles published is plotted on the Y axis and the years from 1980 to 2024 are plotted on the X axis. The graph shows a growing trend in the number of articles published in this area of research. When we consider the annual scientific production of documents each year, 2022 takes the lead with 77 articles published to its credit. It is followed by the year 2024 with 67 publications. The year with the third highest number of publications is 2023 with 59 articles. From the given graphical representation we can understand that the number of publications in this area was very limited in the beginning years. Even though there was only a gradual increase in publications since 2006, it became more fast-paced after 2018.
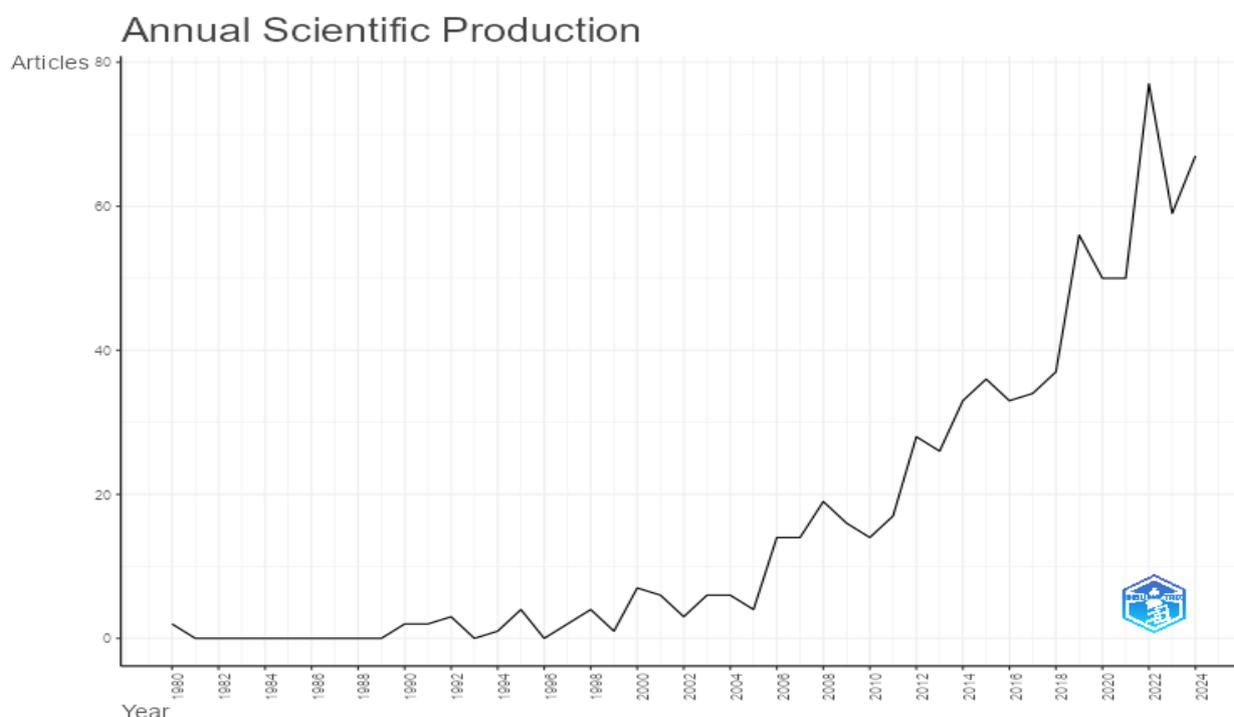
Figure 1: Annual Scientific Production of Publications

4.2 Most relevant Journals and their local impact

When the most relevant journal in terms of the number of documents published is considered, two journals take the lead with the same number of articles. Both "International Review of Financial Analysis" and "Pacific Basin Finance Journal" have 24 publications each. They are followed by "Emerging Markets Finance and Trade" with 17 publications to its credit.

Table 1: Most Relevant Journals with Their Local Impact

Source	TP	TC	H_Index	G_Index	M_Index	PY_start
International Review Of Financial Analysis	24	638	14	24	0.778	2008
Pacific Basin Finance Journal	24	925	12	24	0.6	2006
Journal Of Banking And Finance	9	1074	8	9	0.381	2005
Emerging Markets Finance And Trade	17	132	7	10	0.368	2007
International Review Of Economics And Finance	13	334	7	13	0.35	2006
Research In International Business And Finance	11	340	7	11	0.412	2009
Sustainability (Switzerland)	12	248	7	12	0.875	2018
Applied Financial Economics	11	100	6	10	0.316	2007
Emerging Markets Review	7	170	6	7	0.4	2011
Finance Research Letters	15	225	6	15	0.6	2016

Journal-level metrics are citation metrics used to assess the bibliometric effect of individual authors. The H-index is the most well-recognized journal-level statistic. Despite its popularity, the other two variations that account for h_index's weakness are g_index and m_index(Pathak & M., 2019).
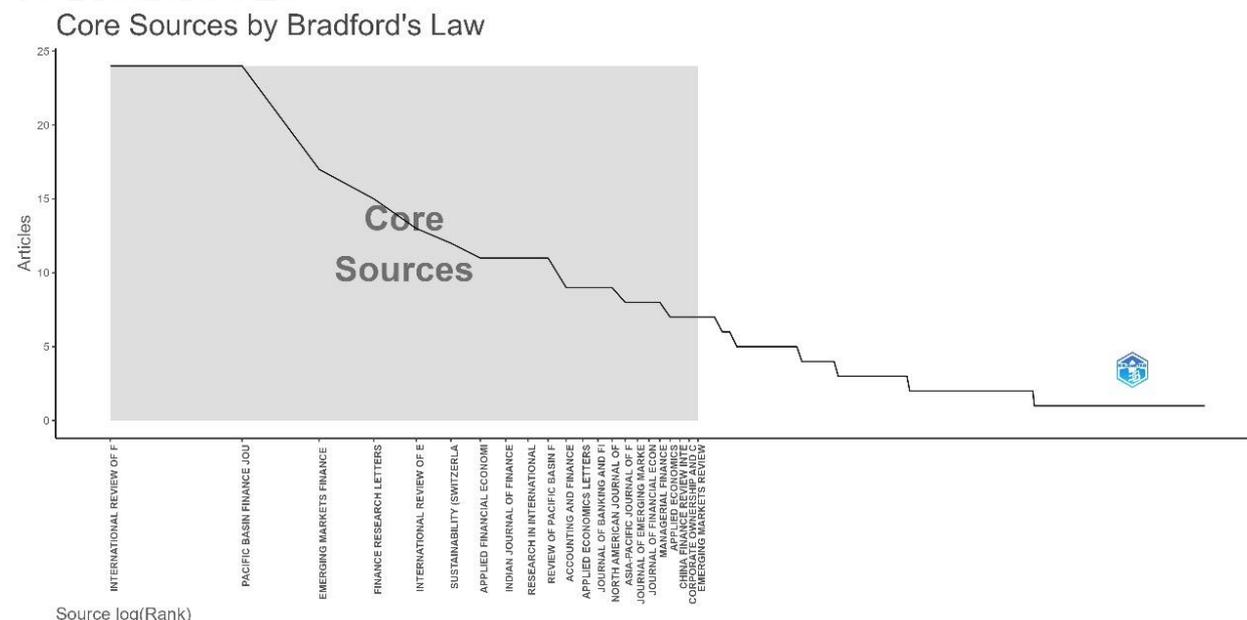
4.3 Bradford's Law

Figure 2: Core sources by Bradford's Law

Bradford's Law is used to analyze the distribution of articles across journals in a given field. It helps identify the core journals that publish the most research on a specific topic. As per this law, only a small number of journals publish a large proportion of the articles on a given topic. These are the "core journals." The literature is divided into zones, with the first zone containing the core journals, followed by subsequent zones containing more journals but with fewer articles per journal. . From Figure 2, we can conclude that the given dataset confirms to the Bradford's Law. When we consider the cumulative frequency of articles published, we can understand that it is the top six journals which contributes to almost 100 publications. The next eleven journals together contributes to the next 100 articles. It indicates that the large proportion of articles in the area is published by a small proportion of journals.

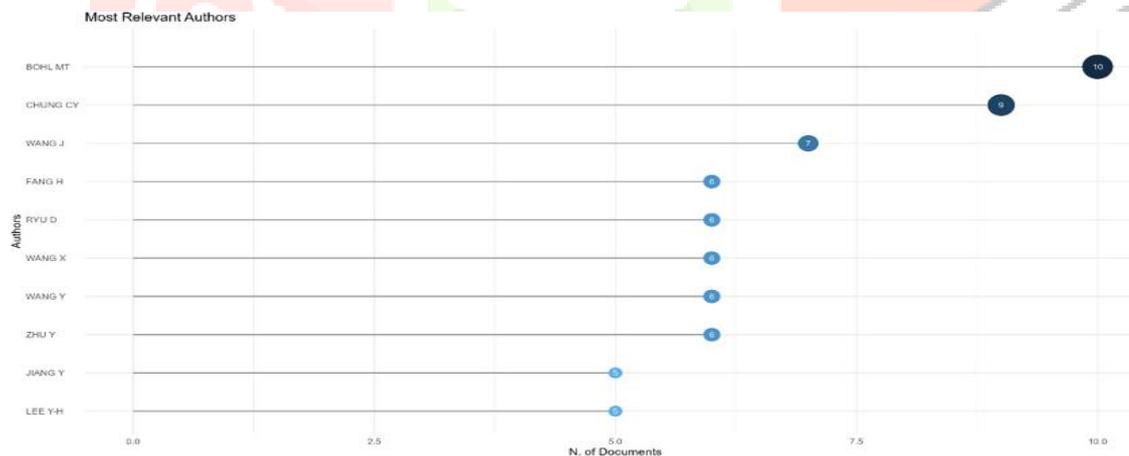## 4.4 Most Relevant Authors

Figure 3: Most Relevant Authors

The most relevant author in the number of publications is found using the Biblioshiny package. The top position goes to Bohl. M.T who has 10 publications. The second most prolific author is Chung. C.Y., with 9 articles published to his credit, followed by Wang, J, with 7 publications

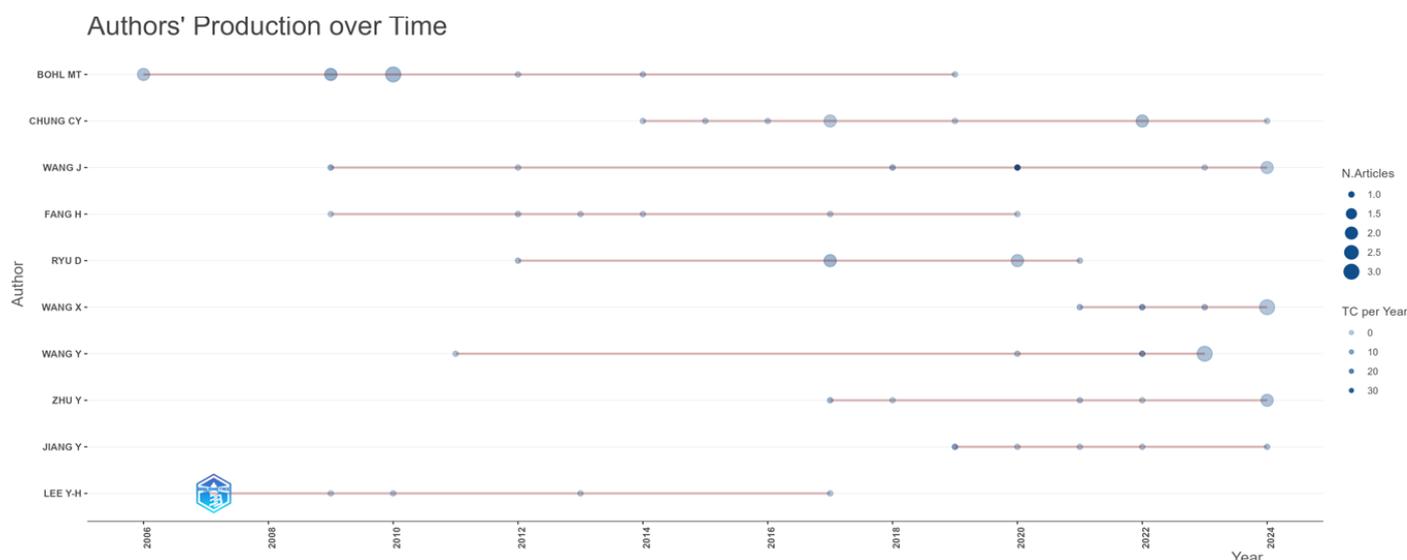## 4.5 Authors' Production over Time

Figure 4: Authors' Production over Time

Another analysis was also done to find the annual production over time by these relevant authors. This particular analysis clearly shows the period from which each author started publishing, along with the number of publications during each year and the last year of their publication. It also helps to identify the authors who contributed during each of the years. The size of the bubbles shows the number of publications, while the change in the darkness of the bubbles represents the citations received by each article

Among the most prolific authors, Bohl. H started publishing in 2006 and continued up to 2019. After 2006, he has again published two articles in 2009 for which he got 124 citations. In 2010, he published three articles which have received 75 citations in total. But so far he hasn't received any citation for his article published in 2012. However, for his next publication in 2014, he could get 21 citations.

4.6 Most Cited Document

This analysis table was extracted from Biblioshiny. The most relevant article is identified by considering the number of citations received by them, As per this criterion, with a total of 1074 citation, the paper titled "Institutional Investors and Stock Prices" published in the Qualitative Journal of Economics in 2001 stands out to be the most relevant document. The author of the document is Gompers. P.A. This article examines institutional investors' demand for stock characteristics and how it affects stock prices and returns.

The second most relevant document is "Corporate Governance proposals and shareholder activism: the role of institutional investors" authored by Gillan.S.L with a citation of 914.The study examines shareholder proposals over time and finds significant differences in sponsor identity and time. As per this study, voting outcomes and short-term market reactions are influenced by these factors. It also establishes that institutional or coordinated group proposals gain more support than individual ones.

"Equity premia as low as 3%? Evidence from Analysts" authored by James Claus in The Journal of Finance is the third most relevant article with747 citations to its credit.The study calculates the equity premium for US shares since 1926 using market valuations and future projections. Between 1985 and 1998, the premium was approximately three percent or less in the United States and five other markets.

Table 2: Most cited documents

Author, Year& Publisher	Paper	TC
GOMPERS PA, 2001, Q J ECON	Institutional Investors and Equity Prices	1074
GILLAN SL, 2000, J FINANC ECON	Corporate Governance proposals and shareholder activism: the role of institutional investors	914
CLAUS J, 2001, J FINANC	Equity premia as low as 3%? Evidence from Analysts	747
BASHER SA, 2006, GLOBAL FINANC J	Oil Price Risk and Emerging Stock markets	573
GRULLON G, 2004, REV FINANC STUD	Advertising, Breadth of Ownership and Liquidity	464
TAN L, 2008, PAC BASIN FINANC J	Herding Behaviour in Chinese Stock markets: An Examination of A and B shares.	413
AKHTARUZZAMAN M, 2021, ECON MODEL	Is gold a hedge or safe- haven in asset in the COVID-19 crisis?	324
GABAIX X, 2006, Q J ECON	Institutional Investors and Stock market Volatility	306
AGGARWAL R, 2005, J BANK FINANC	Portfolio Preference of Foreign Institutional Investors	284
MENZLY L, 2010, J FINANC	Market Segmantation and Cross Predictabilty of Returns	264

4.7 Trend Topics Analysis

The Trend Topics Analysis visualizes how the popularity of various keywords in your dataset has evolved. This helps identify emerging, declining, or persistent trends in your research field. The bubble size indicates the frequency (i.e., the number of publications) using that term in a given year. The horizontal line span indicates the duration (range of years) over which a term was active in the literature.

From the above Trend Analysis map, we can identify the major early trending terms (2003-2010) as **Asia, Eurasia, Far East, and Foreign Direct Investment,** which emphasize that the earlier studies represented geographical or macroeconomic areas. The mid-period (2010 to 2017) trending topics mainly focused on **financial crises, investment**, the **stock market**, and **empirical analysis**. Since the bubbles are larger here, showing higher frequency, we can interpret that there was increased academic interest in this area after the 2008 global financial crisis. Terms like **China**, **institutional investors**, **regression analysis**, and **corporate strategy** are more frequent during the period from 2018 to 2023. The important keywords post 2020 include **corporate strategy**, **regression analysis**, and **institutional investors,** which indicate their current relevance and future potential for research. Early research emphasized **geographical themes** and **FDI**, while recent studies have pivoted to **analytical approaches**, **country-level studies**, and **market strategies**.
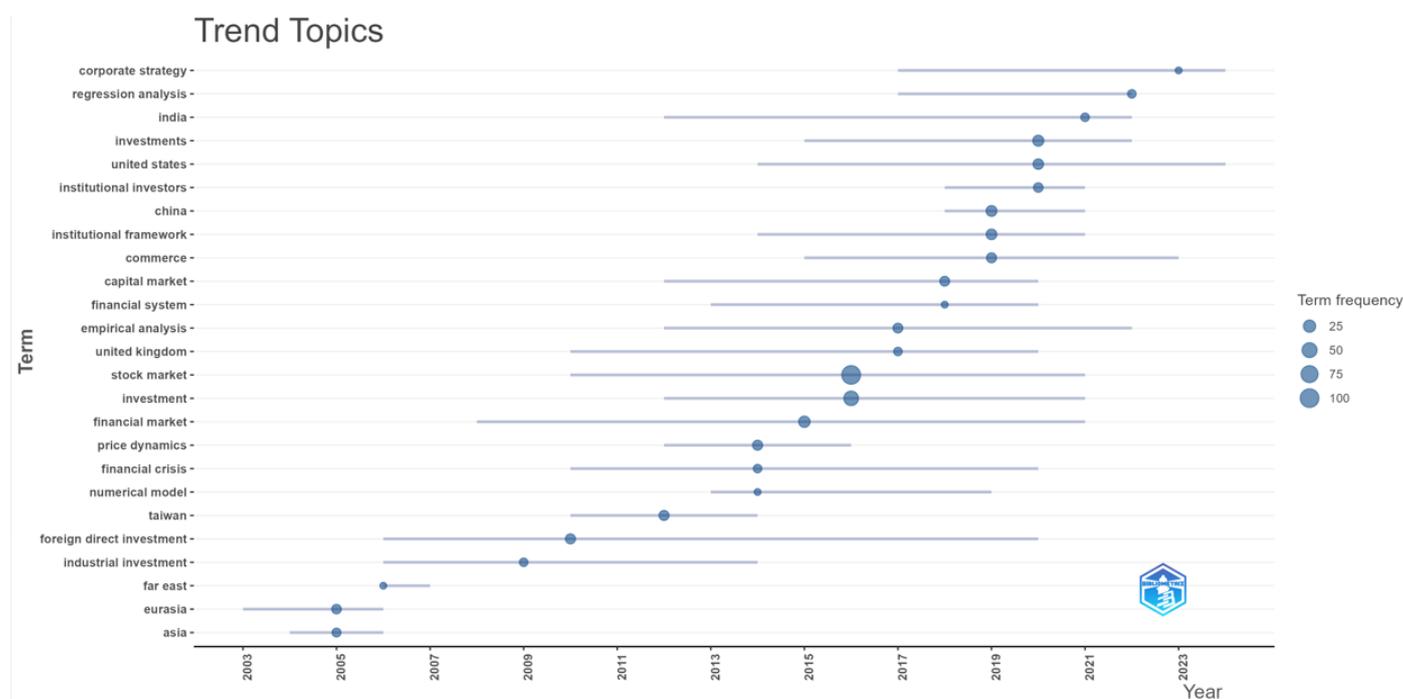
Figure 5: Trend Topic Analysis

4.8 Bibliographic Coupling

Bibliographic coupling is a bibliometric technique used to identify the degree of relatedness between research documents based on their **shared references**. Two documents are said to be *bibliographically coupled* when they **cite one or more of the same sources**. The Bibliographic Coupling was done using Vosviewer which gave an output as Figure 6.The bibliographic coupling was done on the documents of the given dataset by considering the documents with atleast 30 citations each and also setting the minimum size of each cluster as 15. This lead to the identification of 125 documents of which some of the items in the network are not connected to each other. Finally, taking into consideration the largest connected set with 97 documents ,the whole documents were divdided into four clusters**.**

Cluster 1 (Red): Institutional Behavior and Market Dynamics : There are 35 items in this cluster. The key authors in this cluster include Gompers P.A., Tan L., Chiang T., Grullon G., Akhtaruzzaman M., Gabaix X., and Basher S.A. These authors work extensively on institutional trading behavior, herding, liquidity, and market performance. **Thus we can conclude that this cluster focuses on** Institutional investors' trading behavior, market dynamics, and the behavioral or volatility effects of institutional participation

Cluster 2 (Blue): Institutional Ownership and Corporate Governance : This cluster which consists of 21 items mainly focuses on the role of institutional investors in corporate governance, shareholder activism, and firm performance. The key authors in this cluster include Gillan S.L., Larcker D.F., Harmes A., Agrawala, Montalban S. Gillan and Larcker   This cluster connects governance, transparency, and institutional influence over managerial decisions.   The proximity to the red cluster indicates overlap between governance mechanisms and performance outcomes.

Cluster 3 (Green): Sustainable and Responsible Institutional Investment: This cluster consists of 25 items, and Claus J., Thomä J., Flammer C., Goodfellow C., Holland J., and Basak S. are the key authors in this cluster. . The main focus of this cluster is on the institutional investors' integration of ESG principles and sustainability goals into investment strategies.

Cluster 4 (Yellow): Cross-Border and Emerging Market Institutional Investment: This cluster with 15 items focuses on Foreign institutional investment in emerging and global markets, focusing on capital flows, contagion, and integration. This cluster has Jabbouri I., Wang J., Chen X., Adams Z., Glück C., Brooks C., El Ouadghiri I. as the key authors. Focus tends to be on **volatility transmission, market integration,** and **globalization of financial markets.**
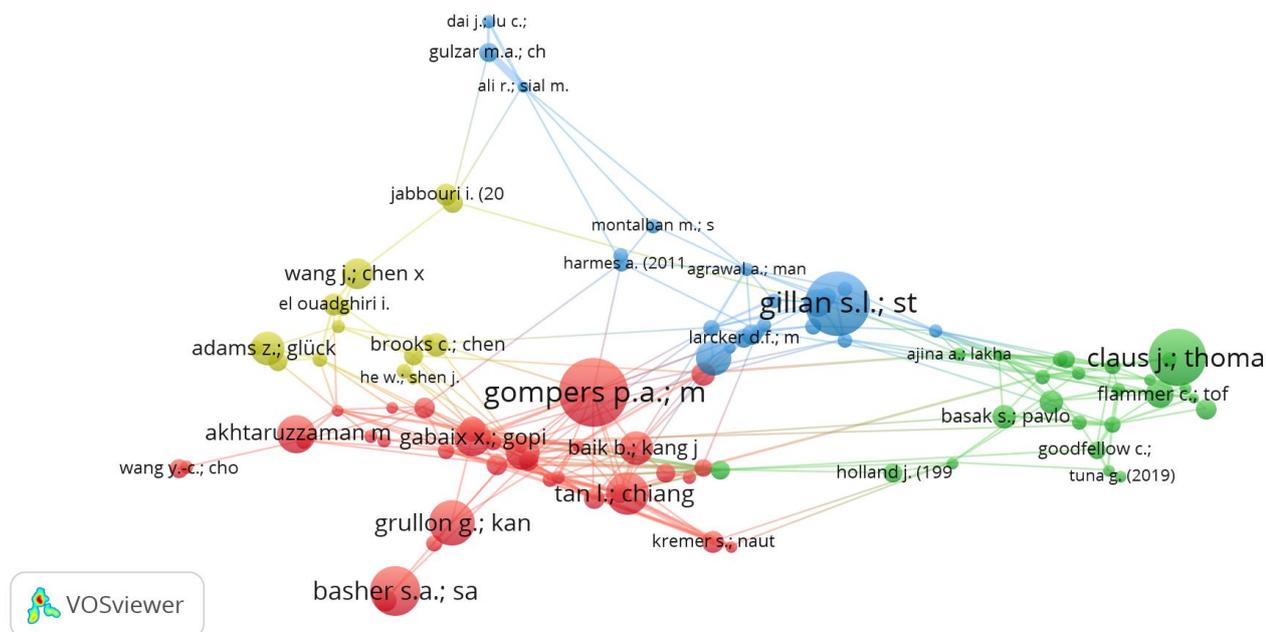
Figure 6: Bibliographic Coupling of Documents

Conclusions

. The study made an exhaustive exploration into the theme of Institutional Investment in the publications; recognized prolific scholars and their contributions; explored social networks and collaborations across institutions, countries, and regions over time, and presented the thematic analysis of the field of smart learning environments by showing its current status regarding the themes, and prospects.

. Future research should focus on the intersection of global financial crises, institutional regulations, and advanced trading technologies to understand the evolving role of institutional investors in stock markets.

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