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CONCEPTUAL FRAMEWORK OF NEWS INFORMATION AND INVESTOR BEHAVIOUR ON HERDING IN GREEN INVESTMENTS

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Abstract: *This study explores the mediation effect of news sentiment on the relationship between historical performance, stock sentiment, market uncertainty, and herding behavior in green investments, grounded in behavioral finance and information asymmetry theories. By analyzing the interplay among these variables, the research highlights how historical performance influences investor behavior through a bandwagon effect, while stock sentiment and market uncertainty encourage risk-averse strategies during volatile periods. News sentiment significantly shapes these dynamics by either amplifying or mitigating herding behavior based on the nature of news coverage. The findings underscore the importance of news as a critical mediator in the investment decisions of green stocks, providing insights into the mechanisms of sustainable finance and offering strategic guidance for navigating the complexities of green investment markets.*

Keywords: *Green Investment, Herding Behavior, News Sentiment, Stock Sentiment, Market Uncertainty*

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Introduction

Over the past few years, there has been a noticeable trend in the global financial markets towards sustainable finance, with a particular focus on green investments (Cunha et al., 2021). This trend has been accelerated by the increasing recognition of environmental, social, and governance (ESG) issues, along with the implementation of regulatory policies that are supportive of these concerns. Investors are increasingly cognizant of their investment strategies, with a growing focus on aligning them with sustainability principles. Nevertheless, as the green investment market continues to grow, it also becomes increasingly vulnerable to collective behaviour patterns, specifically the phenomenon of herding.

Herding behaviour, characterised by the inclination of investors to emulate the actions of their peers rather than relying on their own analysis or information, can exert a substantial influence on the stability of financial markets. Within the realm of green investments, the phenomenon of herding has the potential to result in the overvaluation of specific assets or sudden market corrections, thereby exerting an influence on the efficiency of the market. Hence, it is of utmost importance for investors, regulators, and policymakers to have a comprehensive understanding of the various factors that impact herding behaviour in green investments.

The objective of this study is to construct a thorough conceptual framework that analyses the correlation between different variables that impact herding behaviour in the context of green investments. This study delves into the intricate relationship between news information, historical performance, stock sentiment, market uncertainty, and green investment herding behaviour. It aims to shed light on how news information acts as a mediator, influencing the effects of these factors on the decision-making process. The significance of historical performance cannot be understated in its influence on investor expectations and behaviour. The financial history of green investments, including stock returns, growth rates, and volatility, serves as a benchmark for investors. The positive historical performance of green investments can generate optimism and strengthen the perception that they are inherently profitable, thus encouraging herding tendencies.

The Stock Sentiment indicator provides an assessment of the general market sentiment surrounding green investments. This assessment is primarily based on the analysis of news sentiment and trends observed in social media. Positive stock sentiment has the potential to elicit favourable investor perceptions, thereby motivating them to emulate the investment strategies employed by their peers. On the other hand, a pessimistic outlook can result in a phenomenon known as panic-driven herding, where investors collectively divest from green assets.

Market Uncertainty presents a macroeconomic viewpoint on investor behaviour. During periods of heightened market volatility or economic instability, investors frequently gravitate towards the safety of collective wisdom, opting to emulate the investment strategies of their peers. The measurement of market uncertainty involves the utilisation of macroeconomic indicators and volatility indices, which serve as indicators of the level of uncertainty prevailing in the wider financial markets. The phenomenon of Green Investment Herding has garnered significant attention in academic circles. The dependent variable in this conceptual model is represented by behaviour. Investors are becoming more inclined to exhibit herd-like behaviour as a result of the dynamic nature of the green investment market. In this market, the presence of informational asymmetry and the emergence of novel investment opportunities can constrain investors' ability to make independent decisions.

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The News Information variable functions as an intermediary, exerting its influence on the herding behaviour by shaping the impact of historical performance, stock sentiment, and market uncertainty. The dissemination of news information holds significant influence over investor behaviour, owing to its remarkable capacity for widespread and rapid distribution. The manner in which news regarding green investments is presented, its substance, and how it is shared can have a profound impact on the mindset of investors, either intensifying or lessening their inclination to follow the crowd.

This study utilises behavioural finance theory and examines the interplay between these factors, incorporating the concept of informational asymmetry. The theory of behavioural finance posits that the decision-making process of investors is greatly influenced by cognitive biases and heuristics (Ayaa et al., 2022). Additionally, the concept of informational asymmetry elucidates how disparities in information availability can result in the phenomenon of herding behaviour. Through an examination of the mediating role of news information, this study aims to offer a more comprehensive understanding of the mechanisms behind herding behaviour in the context of green investments. The contribution of this study lies in its provision of a theoretical framework that effectively integrates various informational sources and investor perceptions, thereby enriching the existing literature. In addition, the results of this study have practical implications for investors and policymakers, offering strategies to navigate the intricacies of the green investment landscape and reduce the risks linked to herding behaviour.

Literature Review

Examining the historical performance of investments offers a crucial lens through which to understand the behaviour of investors, especially in relation to green investments. The historical performance of green assets, encompassing stock returns, growth rates, and volatility, plays a crucial role in shaping the expectations of investors (Shang et al., 2024). Investors frequently depend on historical data to forecast future trends, utilising it as a heuristic tool to assess the potential profitability of their investments. The favourable historical performance of green stocks has generated a bandwagon effect, prompting investors to embrace the trend and allocate additional capital to this sector (Naveenan, Loang, Iqbal & Shah, 2024). On the other hand, a subpar historical performance has the potential to discourage investment and result in a collective disinvestment from green assets. The inclination of investors to reduce uncertainty by following known patterns leads to a reliance on past financial data. As a result, historical performance becomes a critical driver of herding behaviour.

Within the realm of green investments, the assessment of historical performance is rendered more intricate due to the emerging state of the market. Green stocks frequently exhibit increased volatility as a result of their reliance on emerging technologies and regulatory policies. This volatility has the potential to intensify herding behaviour, as investors tend to place greater reliance on historical patterns when confronted with uncertainty. Hence, the historical performance of green investments plays a crucial role in shaping collective investment strategies. Stock sentiment is a vital factor that influences investor behaviour, as it reflects the broader market's perception of green investments. It is commonly derived from the analysis of news sentiment and trends in social media, offering real-time insights into the psychology of investors. The prevailing positive sentiment surrounding green investments has a profound impact on investor behaviour, prompting them to emulate their peers in their pursuit of sustainable investment strategies. Such sentiment is frequently influenced by the narratives that revolve around sustainability, climate change, and ESG practices.

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On the other hand, a pessimistic sentiment has the potential to induce a state of panic among investors, resulting in a hasty and widespread divestment from environmentally-friendly stocks (Brands & Gavin, 2020). The impact of stock sentiment on herding behaviour is especially significant in the context of the green investment market, where there is a notable imbalance of information. Investors frequently possess limited understanding of specific green assets, rendering them more vulnerable to fluctuations in collective sentiment. Consequently, the sentiment surrounding stocks serves as a potent catalyst for the phenomenon of herding, bolstering prevailing market patterns and establishing feedback mechanisms that propel collective investment decisions.

The presence of market uncertainty brings about a macroeconomic lens through which investor behaviour is examined, exerting a notable impact on the phenomenon of herding in green investments. Assessed via macroeconomic indicators and market volatility indices, it signifies the degree of uncertainty present in the wider financial markets. During periods of increased market uncertainty, investors frequently employ risk-averse strategies, aiming to find security by emulating the investment strategies of their peers. This behaviour is based on the notion that the collective knowledge and insights of a group can assist in reducing the potential risks faced by individuals.

Within the realm of green investment, the presence of market uncertainty has the potential to amplify the tendency towards herding behaviour, primarily driven by the unique and volatile nature of this sector. Insufficient historical data and a dearth of comprehensive information regarding green assets render investors more susceptible to collective actions, especially in times of economic instability. As a result, the presence of market uncertainty can act as a driving force behind herding behaviour, prompting investors to conform to prevailing trends rather than relying on their own independent analysis.

The dependent variable in this study is the herding behaviour observed in green investment. The phenomenon under consideration encompasses the proclivity of investors to adhere to collective investment strategies in the realm of environmentally sustainable stocks (Rooh et al., 2023). Herding behaviour is commonly observed in green investments as a result of the dynamic nature of the market and the increasing societal focus on sustainability. Investors frequently encounter a situation where there is an imbalance of information between different parties involved and a scarcity of past data, which renders them more prone to imitating the actions of their peers. The herding phenomenon can result in notable market distortions, such as the overvaluation of green assets or sudden corrections. Furthermore, this phenomenon presents significant obstacles to achieving market efficiency, as the actions taken by groups of individuals may not consistently align with the underlying intrinsic worth of environmentally friendly investments. Gaining a comprehensive understanding of the factors that contribute to herding behaviour is of utmost importance in order to devise effective strategies aimed at minimising these risks and safeguarding the stability of the green investment market.

The role of news information is crucial in influencing green investment herding behaviour, as it acts as a mediating variable that shapes the impact of historical performance, stock sentiment, and market uncertainty. The manner in which news pertaining to green investments is presented, its substance, and the way it is shared can have a profound effect on the mindset of investors, either intensifying or lessening their inclination to follow the crowd. Positive news serves to bolster optimistic investment behaviour, thereby incentivizing investors to align their actions with prevailing collective trends. On the other hand, news that is negative or unclear in

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nature has the potential to incite panic-induced herding behaviour, resulting in the swift divestment from environmentally friendly assets.

The significance of news information in shaping herding behaviour is particularly pronounced given the rapid dissemination of information in the digital era. Financial news outlets and social media platforms have the potential to exert a significant impact on investor perceptions, leading to the formation of feedback loops that can drive collective actions. In addition, the emerging nature of the green investment market necessitates a greater dependence on news information, given the limited availability of comprehensive data on specific green assets.

The existing body of literature demonstrates that the performance of historical data, the sentiment surrounding stocks, and the level of uncertainty in the market all play significant roles in influencing the phenomenon of green investment herding. The relationships between news information and investor response are mediated, as the former plays a crucial role in shaping the latter's reactions to various informational cues. This study aims to contribute to the expanding field of sustainable finance by offering a comprehensive understanding of the dynamics involved. By examining the risks associated with herding behaviour in green investments, practical insights can be gained for effective risk management.

Underlying Theory: Efficient Market Hypothesis

The Efficient Market Hypothesis (EMH), developed by Eugene Fama in the 1960s, stands as a fundamental pillar of financial economics (Gallo, 2021). According to the hypothesis, financial markets are characterised by information efficiency, which implies that asset prices consistently incorporate all relevant information. Based on the Efficient Market Hypothesis (EMH), it is posited that investors cannot consistently achieve higher returns than what would be expected from a randomly selected portfolio of similar risk. This is because the EMH suggests that all relevant information is already incorporated into stock prices.

The concept of Efficient Market Hypothesis (EMH) is commonly analysed and categorised into three distinct forms: weak, semi-strong, and strong. According to the weak form hypothesis, stock prices incorporate all historical market prices and data, rendering technical analysis ineffective in predicting future movements. In the realm of financial analysis, the semi-strong form takes the concept further by encompassing all information that is accessible to the public, such as financial statements and news reports. This perspective posits that relying solely on fundamental analysis is insufficient for attaining exceptional profits. The strong form of the Efficient Market Hypothesis asserts that stock prices incorporate all available information, regardless of its nature, thereby rendering insider information ineffective in providing investors with an edge.

This theory has a profound influence on the conceptual comprehension of market behaviour and investor strategy. Within the framework of this research on green investment herding behaviour, the Efficient Market Hypothesis (EMH) serves as a theoretical contrast to the actual behaviours exhibited by investors. In a hypothetical scenario where markets exhibit perfect efficiency, the phenomenon of herding behaviour, specifically in the context of green investments, would be non-existent. This is due to the assumption that all investors possess equal access to information and make rational interpretations of it.

Nevertheless, the actuality frequently diverges, especially in emerging and less comprehended markets such as the realm of green investments. Green investments are subject to a multitude

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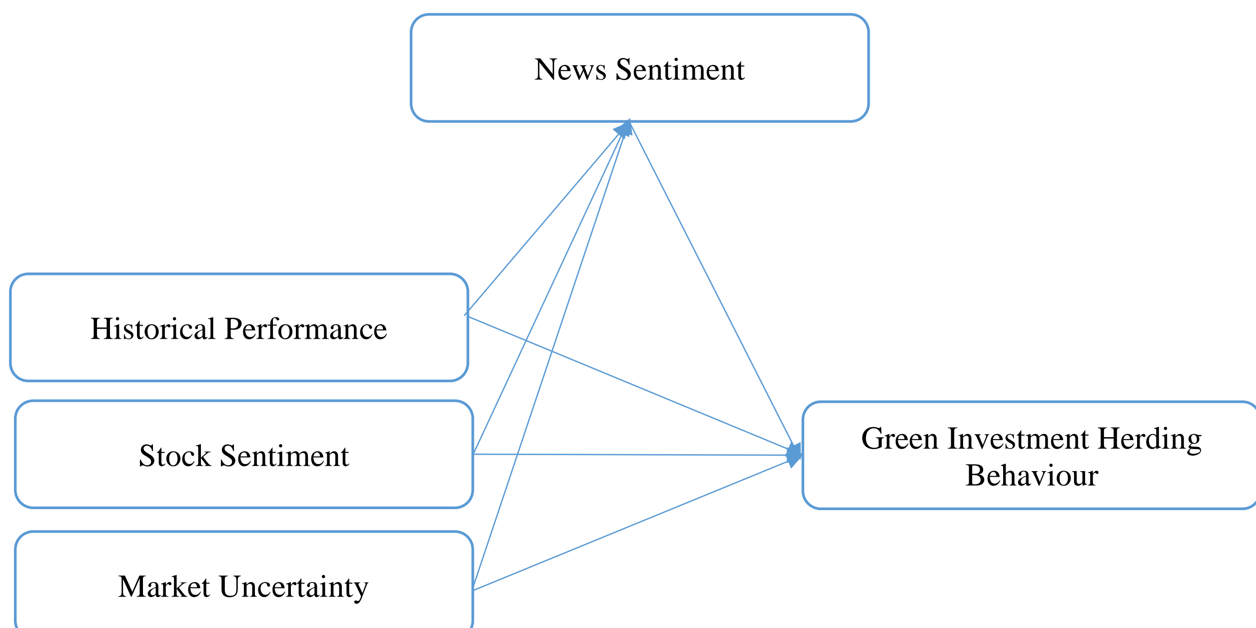
of factors that may not be readily apparent in market prices (Broadstock et al., 2022). These factors encompass a range of elements, such as advancements in technology, alterations in regulations, and transformations in consumer behaviour with a focus on sustainability. The absence of comprehensive, readily understandable information can result in disparities in how investors perceive green investments. This discrepancy frequently results in herding behaviour, wherein investors may emulate the actions of their peers rather than formulating decisions solely based on the information at hand.

Furthermore, the study emphasises the significance of news sentiment as a mediator, shedding light on a potential semi-strong form inefficiency. The potential impact of news dissemination and its effect on investor behaviour suggests that the integration of publicly available information into market prices is not immediate or uniform. On the other hand, the manner in which information is presented and processed can give rise to intermittent inefficiencies, whereby specific information exerts a more pronounced influence on the market at varying times or in diverse manners.

The comprehensive comprehension of the Efficient Market Hypothesis (EMH) within the realm of environmentally friendly investments presents numerous opportunities for scholarly investigation and discourse. The text presents a compelling argument against the prevailing belief in the constant efficiency of markets. It posits that the decision-making process in investments is influenced not only by economic factors but also by psychological and sociological elements (Suresh & Loang, 2024). Specifically, it highlights the impact of herding behaviour, which is driven by news sentiment, on investment decisions. This study aims to explore the relationship between herding behaviour and market inefficiencies in the green investment space, shedding light on how these two factors are interconnected. By examining the gaps in the Efficient Market Hypothesis (EMH), this research seeks to provide insights into the causes and consequences of herding behaviour in this specific context. By engaging in this practice, it adds to the academic conversation surrounding the intersection of market theory and investor behaviour in the context of changing market dynamics and information dissemination methods.

Theoretical Framework



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The theoretical framework developed for this study delves into the complex interplay between different market factors and investor behaviour within the realm of green investments (Xin & Loang, 2024). An essential aspect of this model revolves around the mediating function of news information. It is proposed that news information plays a crucial role in shaping the impact of historical performance, stock sentiment, and market uncertainty on the behaviour of herding in green investments.

The concept that the investor's behaviour is influenced by the historical performance of green investments is based on the idea that previous returns and market trends serve as a dependable predictor for future results. This variable encompasses various factors including stock returns, growth rates, and the specific volatility associated with green investments. According to conventional financial theory, superior past performance has the potential to enhance investor confidence, thereby setting in motion a chain reaction where triumph begets further triumph. This phenomenon can give rise to a collective behaviour among investors, as they gravitate towards these apparently prosperous investments, swayed by the allure of impressive returns and a sense of stability.

The sentiment of stocks serves as a crucial element in this study, as it reflects the market sentiment towards green investments. The prevailing sentiment on social media, news outlets, and analytical forecasts greatly influences its formation, exhibiting significant variations in response to current events, reports, and broader market trends (Gan et al., 2020). Positive sentiment has the potential to greatly enhance investor confidence and their inclination to invest in environmentally-friendly stocks. This phenomenon can lead to a collective behaviour among investors, where they imitate the investment choices of their peers. This behaviour is often driven by a fear of not capitalising on lucrative opportunities. On the other hand, a pessimistic outlook can result in widespread selling, demonstrating the significant impact that sentiment can have on market volatility and the choices made by investors.

The level of market uncertainty can be assessed by examining various macroeconomic indicators and market volatility indices. These indicators and indices provide insights into the stability or instability of the broader economic environment. Amid periods characterised by heightened uncertainty, investors may find themselves gravitating towards emulating the investment strategies employed by the prevailing majority or influential market participants, operating under the assumption that safety can be found in numbers. This aspect of the framework delves into the phenomenon of investors reacting to external economic shocks or instability, emphasising the role of external market conditions in facilitating a collective response among individual investors.

The central focus of the model revolves around the collective investment actions undertaken by individuals within the domain of green stocks. The phenomenon of herding behaviour in this particular context is significantly impacted by the actions and reactions of fellow investors, often resulting in market movements that deviate from rationality. This behaviour is not merely a reaction to the immediate stimuli of market conditions, but rather it is profoundly shaped by the interpreted and perceived future potential, which is contingent upon the information presently accessible.

The role of news information as a mediating variable is of utmost importance in establishing a connection between the independent variables and the dependent variable of herding behaviour. The spread and manner in which news regarding green investments is communicated can have

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a substantial impact on how investors perceive and make decisions. As an illustration, the dissemination of favourable information regarding green technologies has the potential to generate a significant level of attention and financial backing towards green stocks, thereby strengthening the phenomenon of herding behaviour. On the other hand, news that focuses on the potential risks or failures within the green sector has the potential to discourage investment. This illustrates the role of news as a mechanism that influences the interpretation of historical data, market sentiment, and uncertainty.

Research Methodology

Panel Data Regression

This study utilises panel data regression as a central analytical technique to investigate herding behaviour in the context of green investments. Panel data regression is a valuable analytical tool that combines cross-sectional and time-series data to effectively capture the intricate dynamics of investor behaviour over time (Shobande & Ogbeifun, 2023). By accounting for variability across individual investors, this approach allows for a comprehensive understanding of the complexities involved.

Panel data sets are characterised by the inclusion of multiple observations over time for the same subjects. This unique feature enables researchers to discern changes, trends, and patterns that would otherwise remain hidden in purely cross-sectional or time-series data. An inherent benefit of this approach lies in its ability to account for variations among individuals. Investors possess distinct and unobservable characteristics that can impact their investment choices. By employing panel data regression, it becomes possible to isolate these effects and concentrate on the influences of the variables under scrutiny. Furthermore, a notable benefit lies in the enhancement of the accuracy of the estimations. Panel data is advantageous in terms of providing a larger number of data points, which in turn increases the degrees of freedom and decreases collinearity among explanatory variables. This ultimately leads to improved reliability of the regression results. In addition, the utilisation of panel data enables the exploration of dynamics and alterations within individuals over time, a critical aspect in comprehending the evolution of investors' reactions to variables such as stock sentiment and market uncertainty.

Panel data analysis is particularly valuable in mitigating the problem of endogeneity, which can stem from the presence of omitted variable bias, measurement errors, or simultaneity. For example, it is conceivable that the collective behaviour of investors could have an impact on market sentiment or even the way historical performance is perceived. The study seeks to address endogeneity concerns by employing techniques such as fixed effects or random effects models. The fixed effects model places its emphasis on the examination of changes within individuals over a period of time, thereby effectively accounting for all characteristics of the individuals that remain constant over time, regardless of whether they have been measured or not. This model is especially valuable for evaluating the effects of variables that are anticipated to vary over time, such as the sentiment surrounding stocks or the economic conditions manifested in market uncertainty.

In contrast, the random effects model posits that the effects specific to each individual are independent of the predictor variables throughout all time periods. It is more efficient than the fixed effects model if this assumption is valid, as it incorporates both within-individual and between-individual variations. When it comes to selecting between these models, a common

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approach is to conduct a Hausman test to ascertain whether the distinct errors exhibit any correlation with the regressors included in the model.

Given the potential for intricate connections, whereby previous herding behaviour may impact present herding behaviour or investor sentiment, the study could also incorporate dynamic panel data models. Methods such as the Generalised Method of Moments (GMM) are well-suited for analysing the feedback loops and dynamic interactions among variables in a given system. The study employs panel data regression to thoroughly examine the hypothesised relationships within a structured framework that takes into consideration the intricacies of individual behaviours over time and the interdependencies among the variables. This methodology enhances the empirical rigour of the research and offers profound insights into the causal mechanisms that influence investor behaviour in the realm of green investments. As a result, it contributes to the development of more informed and effective investment strategies and policies.

Ethical Considerations

When conducting research that involves human subjects or sensitive data, it is of utmost importance to prioritise ethical considerations. This is crucial in order to safeguard the rights of participants and maintain the integrity of the research process. This research project examines the relationship between news information and investor behaviour, with a specific emphasis on herding behaviour in green investments. The study entails the collection and analysis of both primary and secondary data. In this context, it is imperative to address ethical considerations in order to maintain the utmost integrity in research conduct.

Participants in the study, especially those who complete the quantitative questionnaire, will receive comprehensive information regarding the research objectives, the nature of their involvement, and the utilisation of their data. This objective will be accomplished by furnishing a thorough and well-informed consent form to the potential participants prior to their engagement in the survey. The form will explicitly indicate that participation is voluntary, and participants retain the prerogative to withdraw at any point without incurring any adverse repercussions. In addition, the researchers will furnish participants with contact information, enabling them to address any concerns or inquiries they may have.

Considering the nature of the study, which entails the gathering of potentially sensitive data from investors, it is imperative to prioritise the principles of confidentiality and anonymity. The data gathered via questionnaires will be subjected to anonymization measures to safeguard against the identification of individual participants. Every individual involved in the study will be allocated a distinct identifier, and the corresponding data will be kept in a separate location from the main dataset to ensure the preservation of confidentiality. In addition, when presenting the findings, aggregated data will be utilised to guarantee the anonymity of each participant. In order to ensure the protection of participant identities, the handling of qualitative data obtained from interviews will adhere to established guidelines.

The issue of data security is of utmost importance, especially when dealing with confidential financial data. The research team will implement rigorous data security protocols to ensure the prevention of unauthorised access. The digital data will be stored within encrypted files, ensuring that access is limited solely to individuals who have been granted authorization. Similarly, any physical data will be safeguarded through secure locking mechanisms. Periodic

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backups will be conducted to mitigate the risk of data loss. Furthermore, once the study concludes, all personally identifiable information will be meticulously and securely eradicated.

When examining secondary data sources such as financial reports, market sentiment data, and social media trends, it is of utmost importance to exercise caution in order to prevent the disclosure of any proprietary or sensitive competitive information. The study will concentrate on aggregated market trends and patterns rather than the specific investment strategies of individual firms. This approach aims to minimise the potential risk of misusing competitive information. Although the study presents negligible physical or psychological risks to participants, the research team will make every effort to mitigate any potential inconvenience or discomfort that may arise from participation. The questionnaire will be carefully crafted to steer clear of intrusive or delicate inquiries, and the anticipated time commitment will be explicitly communicated to effectively manage the expectations of participants.

In order to uphold the utmost integrity of the research, it is imperative that any potential conflicts of interest are fully disclosed. This encompasses the consideration of any financial or personal relationships that may have the potential to exert influence over the results of the study. The research team is dedicated to upholding transparency and impartiality throughout the process of data collection, analysis, and reporting.

Conclusion and Implications

This study presents a thorough theoretical framework that explains the complex dynamics that influence herding behaviour in green investments. Through a comprehensive analysis of the interplay between historical performance, stock sentiment, market uncertainty, and green investment herding behaviour, along with the inclusion of news information as a mediating variable, this study contributes to the advancement of our knowledge regarding the determinants of sustainable finance. The results of the study demonstrate that the behaviour of investors in the green investment market is influenced by various factors, including historical performance, stock sentiment, and market uncertainty. Nevertheless, the impact of these factors is significantly moulded by the tone and distribution of news information.

The significance of historical performance in shaping investor expectations and behaviour cannot be overstated. When the historical performance of green investments is favourable, it instills a sense of optimism among investors, further solidifying the notion that these investments possess inherent profitability and fostering a tendency towards herd mentality. On the other hand, unfavourable historical performance discourages investment and may result in a collective withdrawal of funds from environmentally friendly assets. Stock sentiment plays a significant role in shaping the herding behaviour of investors in green investments. The perception of the market regarding environmentally-friendly investments, predominantly influenced by news and social media patterns, has a profound effect on the mindset of investors. Favourable perceptions are often influenced by positive sentiment, leading investors to mimic the investment strategies of their peers. In contrast, a pessimistic outlook has the potential to induce a sense of fear and urgency among investors, leading to a swift and collective divestment from environmentally-friendly assets.

The presence of market uncertainty, as indicated by macroeconomic indicators and volatility indices, adds a macroeconomic aspect to the phenomenon of herding behaviour. During periods of increased market uncertainty, investors often gravitate towards risk-averse strategies by mimicking the investment behaviours of their peers. The distinctive and unpredictable

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characteristics of green investments accentuate this inclination, as limited historical data and comprehensive information render investors more vulnerable to collective actions.

The interplay between news information, historical performance, stock sentiment, market uncertainty, and green investment herding behaviour has been extensively studied in academic research. The manner in which news regarding green investments is conveyed and spread has a substantial impact on how investors perceive and act upon such information. Positive news serves to bolster optimistic investment behaviour, whereas negative or ambiguous news has the potential to intensify collective panic. With the advent of the digital age, the swift and widespread distribution of information has had a profound impact on the financial landscape. In particular, financial news outlets and social media platforms have emerged as influential forces in shaping investor sentiment and driving collective decision-making.

The study presents a range of implications for both theoretical understanding and practical application. From a theoretical standpoint, the incorporation of news information as a mediating factor enhances the comprehension of herding behaviour. This study adds to the existing body of research in the field of behavioural finance, offering valuable insights into the influence of information asymmetry and cognitive biases on investment behaviour within the realm of sustainable finance. From a pragmatic standpoint, the discoveries carry noteworthy ramifications for investors, policymakers, and financial analysts. Investors can derive significant advantages from a more comprehensive comprehension of the factors that exert influence on herding behaviour in green investments. This enhanced understanding will enable them to cultivate investment strategies that are both well-informed and efficacious. These insights can be utilised by financial analysts to enhance their ability to interpret market trends with greater accuracy, thereby enabling them to offer more informed advice to their clients. The findings of this study can be utilised by policymakers and regulators to develop regulations that foster market stability and mitigate the risks linked to herding behaviour in green investments. One potential avenue for improvement involves increasing the level of transparency in disclosures related to green investments. Additionally, it may be beneficial to establish comprehensive guidelines for the responsible dissemination of news.

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